HOUSE OF REPRESENTATIVES—*Wednesday, May 14, 1980*

The House met at 12 o'clock noon.

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

We praise You, O Lord, for all good and faithful people who seek to reach out to others in deeds of mercy and love. We give thanks when some need assurance or confidence, others are ready to lend encouragement, when some falter or fail, others offer forgiveness, when some walk through difficult paths, others are present to support and light the way. For acts of peace and trust done for us and among us, we are grateful. O Lord, encourage all your people to realize their ministry by being reconcilers one to another in all avenues of service. Amen.

THE JOURNAL

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

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

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

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

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 373, nays 16, answered "present" 2, not voting 41, as follows:

[Roll No. 232]

YEAS—373

Abdnor
Addabbo
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Archer
Ashbrook
Ashley
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey
Baldus
Barnard
Barnes
Bauman
Beard, R.I.
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Bevill
Bingham
Blanchard
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carney
Carr
Carter
Cavanaugh
Chappell
Cheney
Clausen
Clinger
Coelho
Coleman
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corcoran
Corman
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Derrick
Derwinski
Devine
Dickinson
Dicks
Dixon
Donnelly
Dornan
Dougherty
Downey
Drinan
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Edwards, Okla.
Emery
English
Erdahl
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fisher
Fithian
Flippo
Florio
Foley
Fountain
Fowler
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gephardt
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Grassley
Gray
Green
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammerschmidt
Hance
Hansen
Harris
Harsha
Hawkins
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Holtzman
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jeffords
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Kemp
Kildee
Kindness
Kogovsek
Kostmayer
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long, La.
Long, Md.
Lott
Lujan
Luken
Lundine
Lungren
McClory
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Maguire
Markey
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mazzoli
Mica
Michel
Mikulski
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nelson
Nichols
Nolan
Nowak
Oakar
Oberstar
Obey
Panetta
Pashayan
Patten
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts
Robinson
Rodino
Roe
Rosenthal
Rostenkowski
Roth
Rousselot
Roybal
Royer
Rudd
Russo
Sabo
Santini
Satterfield
Sawyer
Scheuer
Schulze
Sebelius
Seiberling
Sensenbrenner
Shannon
Sharp
Shelby
Shumway
Shuster
Simon
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
St Germain
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stratton
Studds
Stump
Swift
Synar
Tauke
Taylor
Thomas
Thompson
Traxler
Trible
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vento
Volkmer
Walgren
Wampler
Watkins
Waxman
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NAYS—16

Conable
Forsythe
Gingrich
Goodling
Harkin
Heckler
Jacobs
Jones, Okla.
Lloyd
Lowry
Miller, Calif.
Mottl
Quayle
Schroeder
Walker
Wilson, Bob

ANSWERED "PRESENT"—2

Neal
Ottinger

NOT VOTING—41

Anderson, Ill.
Applegate
Beard, Tenn.
Biaggi
Bolling
Brown, Calif.
Chisholm
Clay
Cleveland
Davis, S.C.
Deckard
Dellums
Diggs
Dingell
Dodd
Duncan, Oreg.
Eckhardt
Ford, Mich.
Ford, Tenn.
Giaimo
Gramm
Hanley
Howard
McCloskey
Mathis
Mavroules
Mineta
Mitchell, Md.
Moffett
O'Brien
Pepper
Rangel
Rose
Runnels
Stark
Steed
Stockman
Stokes
Symms
Weaver
Wolpe

□ 1510

So the Journal was approved.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 330. Concurrent resolution authorizing concerts by the National Symphony on Capitol Grounds.

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

H.R. 3807. An act to amend subtitle IV of title 49, United States Code, to codify recent law and improve the Code without substantive change.

□ 1520

APPOINTMENT OF CONFEREES ON S. 2253, ROCK ISLAND RAILROAD TRANSITION ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2253) "An act to provide for an extension of directed service on the Rock Island Railroad, to provide transaction assistance to the purchasers of portions of such railroad, and to provide arrangements for protection of the employees," with a Senate amendment to the House amendment thereto, disagree to the Senate amendment to the House amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore (Mr. MOAKLEY). Is there objection to the request of the gentleman from West Virginia?

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

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, this unanimous consent is only to go to conference; is that correct?

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

Mr. ROUSSELOT. I yield to the gentleman.

Mr. STAGGERS. That is correct.

Mr. ROUSSELOT. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from West Virginia? The Chair hears none and, without objection, appoints the following conferees: Messrs. STAGGERS, VAN DEERLIN, FLORIO, SANTINI, Ms. MIKULSKI, Messrs. MURPHY of New York, MATSUI, BROYHILL, MADIGAN, and LEE.

There was no objection.

RETIREMENT OF MARIO E. CAMPIOLI

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

Mr. BROOKS. Mr. Speaker, Mr. Mario E. Campioli has announced his retirement, effective May 16, 1980, from the position of Assistant Architect of the Capitol, a position he has held since May 1, 1959.

During his 21 years on the Hill, Mario has served as the chief adviser to the Architect of the Capitol on all matters pertaining to architectural design, changes and improvements in the U.S. Capitol and other buildings in the Capitol complex. Among his more notable accomplishments have been his work on the restoration of the Old Senate and Supreme Court Chambers, partial restoration of the Old House Chamber (now known as Statuary Hall), and restoration of the Capitol rotunda; as the Architect's representative, he was also in charge of the extension of the east front of the Capitol, construction of the Rayburn Building, and the James Madison Memorial Building. During the latter part of 1970 and early 1971, he served as Acting Architect of the Capitol.

I have known Mario all these years as a pleasant and responsive technician who is a recognized authority in classical architecture and his expert advice has been sought frequently by the committees and commissions of the Congress having jurisdiction over the buildings and grounds on Capitol Hill. He has always been a loyal professional who put the best interests of the Congress ahead of all else.

Mario was particularly well equipped for his present job, having served as the director of architecture for Colonial Williamsburg from 1949 to 1957; following that he served as project director for the consulting architectural-engineering firm engaged by the Architect of the Capitol for the extension of the east front of the Capitol project.

In 1974, Mario was honored by the American Institute of Architects when he was elected a fellow of the institute.

Congratulations to you, Mr. Campioli, for a job exceptionally well done, and to you and your wife, Margaret, I extend my very best wishes for many happy, productive, and satisfying years.

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

Mr. BROOKS. I yield to the gentleman.

Mr. ANNUNZIO. Mr. Speaker, I thank the gentleman for yielding, and associate myself with his remarks.

Mr. Speaker, I rise to express my congratulations to Mario E. Campioli on his many outstanding years of service as Assistant Architect of the Capitol and Director of Architecture, who is retiring this week.

Mario Campioli joined the Capitol Architect's Office in 1959, and for more than 20 years has compiled a splendid record of achievement in directing the ongoing architectural projects in the Capitol Building itself and in the other buildings under the jurisdiction of the Congress. He received an award from the Washington chapter of the American Institute of Architects for his beautiful work on the restoration of the original Senate and Supreme Court Chambers.

Even before he joined the staff of the Capitol Architect, Mario had completed a brilliant career as the director of architecture in Colonial Williamsburg, Va., from 1949 to 1957, and that town is now considered the most outstanding example in this country of restoration of Early American architecture.

He also was an associate in the architectural firm of Dwight James Baum, who received the Gold Medal Award in Architecture from President Hoover in 1932. His career includes work on Washington's American Red Cross Building, architect for plans to restore Tazewell Hall relocated from Williamsburg to Newport News, Va., detailing of the National Gallery of Art, as well as many other projects too numerous to mention.

Mr. Campioli has received awards for his magnificent work from the American Registered Architects, the Sons of Columbus of America, the District of Columbia Council of Engineering and Architectural Societies, and he was a Samual F. B. Morse medalist in watercolor in 1932.

Born in Parma, Italy, in 1910, and an emigrant to America in 1911, Mario E. Campioli has made truly significant and historical contributions to American architecture and to the greatness of our Nation, and again, I congratulate him on his distinguished service, and I extend to him my warmest best wishes for a healthy and happy retirement.

JUDGE'S RULING ON OIL IMPORT FEE GOOD NEWS

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

Mr. CONTE. Mr. Speaker, for those Members of Congress who have received hundreds of constituent letters pleading that the administration not add to this country's economic despair, I recommend today's lead article in the Washington Post. The headline reads "Federal Judge Bars Fee on Oil Imports; Carter Sets Appeal."

For the more than 100 Members who have cosponsored legislation to prohibit the President from implementing this revenue-raising fee which would adversely affect the American motorist, this decision is most welcomed.

For those Members whose constituents rely upon home heating oil to heat their homes in winter as well as Members whose constituents produce domestic crude oil and resent higher taxes on their product, the news is optimistic.

Mr. Speaker, this is merely round one of the fight. The administration intends to appeal this decision by the Federal district court in the near future. The more than 100 Members who agree that this tax should be prohibited from implementation by the executive branch must realize the importance of standing together for round two.

JUDGE DOES WORK OF THE CONGRESS

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

Mr. MICHEL. Mr. Speaker, it should be a source of embarrassment to this House that a lone Federal judge in Washington had to be called upon to put a stop to the mad taxer.

It took a Federal judge to prevent the implementation of the new Carter gas tax, just a day before it was to be imposed at the gas pump.

This House has had plenty of opportunity to stop the tax, but it did not. Given the response from my district, in just 1 day, there is no doubt in my mind whatsoever that the consuming public desperately wanted the Congress to act. Instead, the Congress chose once again to penalize the public.

Why do we penalize them? Is it to conserve? The American public reduced gas consumption last year by 10 percent. Our own Federal bureaucracy, reduced its gas consumption during the same period by only 1.8 percent. The Department of Energy reduced consumption by only 4 percent.

This tax was not a conservation tool, it was a budget-balancing tool, and it is high time we balanced our budgets without higher taxes.

□ 1530

THE PRESIDENT'S OIL IMPORT FEE

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

Mr. RUDD. Mr. Speaker, yesterday my office received over 500 telephone calls from Arizonans protesting the President's oil import fee, which will raise gasoline prices an additional 10 cents a gallon.

Within the last couple days, a Federal judge has ruled the President's action illegal.

Why has Congress sat on its hands as the President abuses his Executive powers to levy such a tax, which will impose further unwarranted economic hardship on our people?

The failure of Congress to take action could be interpreted by the public as passive support for the President's import fee.

I oppose this fee, and tomorrow will sign a discharge petition to bring to the floor the Latta bill, H.R. 6829, repealing the President's authority to impose this additional burden on American motorists.

I urge all my colleagues to join in this effort to take action against the President's oil import fee.

THE 24-HOUR BUDGET

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

Mr. SHUSTER. Mr. Speaker, the 24-hour virus has been replaced in Washington with the 24-hour budget. As we have heard, on Monday the Senate proclaimed a balanced budget by counting the $10 billion in revenue from the oil import fee, and, as we have heard, on Tuesday the court struck down the fee as unconstitutional. That means the Senate's budget is unbalanced.

On the House side our budget included the fee as a means to give a tax cut, so either the tax cut is out the window or the balanced budget is out the window. The Democrats' budget is in shambles. But there is an alternative. The alternative is the Republican budget, and we call upon our friends on the other side to join us in supporting a budget which provides for a balanced budget, with a $32 billion tax cut, that includes elimination of the oil import fee.

The Republican budget achieves both a tax cut, and it is balanced by restraining spending increases to $50 billion in increases, not the $66 billion that the Democrats have imposed upon the American people. Now is the time to join the Republicans on their alternative.

OUR OUT-OF-BALANCE BUDGET

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

Mr. ROUSSELOT. Mr. Speaker, Monday, the other body passed its version of the first concurrent budget resolution for fiscal year 1981. Following the precedent set by the House last week, the Senate too is calling its budget "balanced." I do not agree. Our long-awaited "balanced budget" was out of balance before it ever got off the floor of the House.

Why? Because not only is our Democrat-controlled Congress unable to keep a lid on Federal spending, but it is also unable to estimate accurately how much its programs are going to cost the American taxpayer. The illusionary quality of the Democrats' balanced budget was demonstrated just last week when the Congress voted to increase the fiscal year 1980 food stamp budget by almost 50 percent—an action that I did not support. That is the second time in 2 years that the Democrat Congress has underestimated the cost of the food stamp program. And there is no indication that its record will improve.

While the budget balance is phony, the tax increase is not—if anything the $96 billion tax revenue increase projected for fiscal year 1981 is on the low side. The only place the fiscal year 1981 budget is balanced is squarely on the backs of the American taxpayers.

THE PRESIDENTIAL CANDIDATES' DEFENSE ADVISERS

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

Mr. DORNAN. Mr. Speaker, the falcons of prey in the Fourth Estate up there behind me are looking forward to the Presidential general election, but they are crying out for one good defense talking point, something that will "happen," if President Reagan is sworn in that will "not happen," if President Jimmy Carter is miraculously returned to power—well I have a great clear-cut defense issue for them.

Take note: The B-1 bomber will be ordered into production on the afternoon of January 20 if Reagan is elected to the Presidency. Why? Because Reagan is brilliant enough to surround himself with the very best defense advisers in the free world.

In this week's issue of Aviation Week there is a listing of defense advisory teams of Governor Reagan, President Carter, and of the Senator from Massachusetts, EDWARD KENNEDY.

Here is the superb star-studded Reagan team:

> Gen. David Burchinal, former Commander, U.S. Air Force in Europe, and a successor, Gen. John W. Vogt; Adm. Thomas Moorer, former Chairman of the Joint Chiefs of Staff; Lt. Gen. Edward Rowny, the JCS officer on the SALT talks; Gen. Lewis Walt, former Commandant of the Marine Corps; Lt. Gen. Daniel Graham, ex-head of the Defense Intelligence Agency; Gen. Russell E. Dougherty, former Chief of the Strategic Air Command, and Lt. Gen. John Davis, ex-head of the National Security Agency.

Now that is impressive. Over 200 years of collective service to our country.

The list continues—

President Carter's defense advisory team is basically—

> Harold Brown, Secretary of Defense, and Gen. David C. Jones, Chairman of the Joint Chiefs.

And, of course, General Jones has always wanted a B-1 fleet.

Aviation Week continues—

> On the other hand, Senator Edward Kennedy's campaign staff said he essentially is his own defense adviser but "he has talked with Admiral (Elmo) Zumwalt and others," adding: "Kennedy voted against the B-1 but so did the President."

A list of defense advisers is worth a million words.

A CONSTITUENT'S CONCERN: CURTAILING OF MEDICAID AND LETTING DOWN BARRIERS FOR THOUSANDS OF CUBANS

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

Mr. DICKINSON. Mr. Speaker, I really sincerely believe that the people whom I represent in the Second Congressional District of Alabama and in my State are as compassionate and feel as much sorrow and emotion for the displaced people of Cuba as any people in this country. I believe this, but we have a very real and growing concern now with the waves of Cuban refugees entering our country.

We remember the great influx of Vietnamese refugees which were brought into Eglin Air Force Base, Fla., which is just 20 miles from my district, when the Communists took over Southeast Asia. Now we see the Cubans coming in. I just received a telephone call from a constituent who, from his own admission, said he did not get too much schooling, but he said, "Congressman, tell me this." He said, "They have announced in my State of Alabama that we are having to discontinue or severely curtail medicaid, that the old folks are going to be cut off of medicine, home visits by nurses, and all that goes with it." He said that he has friends and relatives in nursing homes which may be closed for lack of State funds, putting those folks in the street or forcing the families to make other arrangements.

How is it in this country that we do not have the money to take care of the old folks, the aged, the indigent, and the ill, but we can let down the barriers and take in thousands upon thousands upon thousands of Cubans? Where are we going to put them. And how can we afford that if we cannot afford to take care of our own?

ELECTION AS MEMBER OF COMMITTEE ON RULES

Mr. RHODES. Mr. Speaker, I offer a privileged resolution (H. Res. 668) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 668

Resolved, That Gene Taylor, of Missouri, be and he is hereby elected a member of the Committee on Rules.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FIVE HUNDRED SANDINISTS FIGHTING WITH CUBANS IN ANGOLA

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

Mr. ASHBROOK. Mr. Speaker, on occasion I have been accused, as other Members have, of exercising tactics which result in the delay of some legislation. To that I plead guilty because on occasion legislation should be delayed.

I cannot think of any better point than the effort of this administration to channel 75 million of American taxpayers' dollars into Nicaragua. That fraud has been delayed repeatedly. If you will just read the most recent official Government USIA report, it is very interesting. It says:

During the second half of April, the Sandinists of Nicaragua sent 500 enlisted men to Angola at the request of Cuban President Fidel Castro, the European bureau of the National Front for the Liberation of Angola, FNLA, announced on Wednesday.

This is an official U.S. document, by the way. Just think of that—500 Nicaraguan Sandinists in Angola at the same time our State Department is trying to pressure you, the Members of this body, to channel $75 million to that country.

Delay—what a wonder thing delay has been. The more we delay it, the less likely that the Communists will ever get that $75 million, because with the passage of every week, just like Cuba and Castro before them, the Sandinists show their true colors—red.

CONFERENCE REPORT ON S. 1309—FOOD STAMP ACT AMENDMENTS OF 1980

Mr. FOLEY submitted the following conference report and statement on the Senate bill (S. 1309) to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes.

CONFERENCE REPORT (H. REPT. NO. 96-957)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1309) to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recomment to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Food Stamp Act Amendments of 1980".

TITLE I—REDUCTION IN FOOD STAMP ERROR AND FRAUD AND REVISION OF DEDUCTIONS

MEALS IN SHELTERS FOR BATTERED WOMEN AND CHILDREN

SEC. 101. (a) Section 3 of the Food Stamp Act of 1977 is amended by—

(1) striking out in clause (1) of subsection (g) "and (7)" and inserting in lieu thereof "(7), and (8)";

(2) striking out in subsection (g) "and (7)" and inserting in lieu thereof "(7)";

(3) inserting immediately before the period at the end of subsection (g) the following; ", and (8) in the case of women and children temporarily residing in public or private nonprofit shelters for battered women and children, meals prepared and served, by such shelters";

(4) inserting in the last sentence of subsection (i) after "section 1616(e) of the Social Security Act," the following: "temporary residents of public or private nonprofit shelters for battered women and children,"; and

(5) striking out in clause (2) of subsection (k) "and (7)" and inserting in lieu thereof "(7), and (8)". (b) Section 10 of the Food Stamp Act of 1977 is amended as follows:

(1) inserting after "purchased" a comma;

(2) striking out the comma immediately after "residents"; and

(3) inserting after "programs" the following: ", public and private nonprofit shelters that prepare and serve meals for battered women and children".

EXCLUDING ENERGY ASSISTANCE PAYMENTS FROM INCOME

SEC. 102. Section 5(d) of the Food Stamp Act of 1977 is amended by—

(1) striking out "and" before "(10)"; and

(2) inserting before the period at the end thereof the following: ", and (11) any payments or allowances made under any Federal, State, or local laws for the purpose of providing energy assistance".

CONSUMER PRICE INDEX

SEC. 103. Section 5(e) of the Food Stamp Act of 1977 is amended by inserting "for all urban consumers" after "Consumer Price Index" each time those words appear.

DEPENDENT CARE DEDUCTIONS FOR WORKING ADULTS

SEC. 102. Section 5(d) of the Food Stamp 5(e) of the Food Stamp Act of 1977 is amended by—

(1) striking out "and" before "(10)"; and

(2) inserting before the period at the end thereof the following: ", and (11) any payments or allowances made under any Federal, State, or local laws for the purpose of the maximum allowable level of which shall be $90 per month, per household, when such care enables a household member to accept or continue employment, or training or education that is preparatory for employment, and";

(2) in the fourth sentence, striking out everything after "March 31" down to the period at the end of the sentence; and

(3) in clause (B), striking out "that for the excess shelter expense deduction contained in clause (2) of the preceding sentence" and inserting in lieu thereof the following: "described in clause (1) of the preceding sentence".

EXPANDED MEDICAL DEDUCTIONS FOR THE ELDERLY

SEC. 105. Effective October 1, 1981, section 5(e)(A) of the Food Stamp Act of 1977 is amended by—

(1) inserting "or their spouses" before "exclusive of special diets,"; and

(2) striking out "$35" and inserting in lieu thereof "$25".

MEDICAL DEDUCTION FOR THE BLIND AND DISABLED IN CERTAIN AREAS

SEC. 106. Effective October 1, 1981, section 5(e) of the Food Stamp Act of 1977 is amended by:

(1) in the fourth and last sentences, inserting "and blindness" after each time "disability" appears; and

(2) in the fourth and last sentences, striking out "title II" each time that it appears and inserting in lieu thereof: "titles I, II, X, XIV, and XVI".

RETROSPECTIVE ACCOUNTING

SEC. 107. Section 5(f) of the Food Stamp Act of 1977 is amended to read as follows:

"(f) Household income for those households that by contract for other than an hourly or piecework basis, or by self-employment, derive their annual income in a period of time shorter than one year, shall be calculated by the State agency for the purpose of determining household eligibility by being averaged over a twelve-month period. For those households that receive nonexcluded income of the type specified in subsection (d)(3) of this section, such income shall be calculated by being averaged over the period for which it is provided. State agencies shall elect and use one of the following two methods in calculating income for all other households:

"(1) taking into account the income reasonably anticipated to be received by the household in the certification period for which eligibility is being determined and the income that has been received by the household during the thirty days preceding the filing of its application for food stamps so that the State agency may reasonably ascertain the income that is and will be actually available to the household for the certification period; or

"(2) using income received in a previous month as the basis, in accordance with standards prescribed by the Secretary, except for the month of application and subsequent months specified by the Secretary for newly applying households (other than households reapplying within thirty days after the end of a prior certification period). In addition, the Secretary shall make modifications or exceptions to this method of income calculation with respect to households experiencing sudden and significant losses of income (including households experiencing losses of income of $50 per month or more) or the addition of a new member, households in immediate need in accordance with the provisions of section 11(e)(9) of this Act, migrant farmworker households, and other classes of households if the Secretary determines that this method of income calculation would be impracticable to administer or would cause serious hardship for such households. In promulgating regulations governing the method of income calculation described in this subsection, the Secretary shall consult with the Secretary of Health and Human Services so that, wherever feasible, and consistent with the purposes of the applicable Acts, households receiving income under title IV-A of the Social Security Act shall have income calculated on a consolidated and comparable basis.".

VEHICLE USE BY HANDICAPPED HOUSEHOLD MEMBERS

SEC. 108. The second sentence of section 5(g) of the Food Stamp Act of 1977 is amended by—

(1) inserting after "other than one used to produce earned income" the following: "or that is necessary for transportation of a physically disabled household member"; and

(2) striking out "or to transport disabled household members".

STATE OPTION ON ADMINISTRATIVE FRAUD HEARINGS

SEC. 109. Section 6(b) of the Food Stamp Act of 1977 is amended by inserting after the first sentence thereof a new sentence as follows: "Each State agency shall proceed against such alleged fraudulent activity either by way of administrative fraud hearings in accordance with clause (1) of this subsection or by referring such matters to appropriate legal authorities for civil or criminal action in accordance with clause (2) of this subsection, or both.".

PERIODIC REPORTING

SEC. 110. Section 6(c) of the Food Stamp Act of 1977 is amended by striking out everything after the first sentence and inserting in lieu thereof the following:

"(1) State agencies that elect to use a system of retrospective accounting in accordance with section 5(f)(2) of this Act shall require certain categories of households to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary. Other State agencies, which have received the approval of the Secretary, may also require such categories of households to file periodic reports. Each household that is not required to file such periodic reports on a monthly basis shall be required to report or cause to be reported to the State agency, on a form designed or approved by the Secretary, changes in income or household circumstances which the Secretary deems necessary in order to assure accurate eligibility and benefit determinations.

"(2) Any household required to file a periodic report under paragraph (1) of this subsection shall, (A) if it is eligible to participate and has filed a timely and complete report, receive its allotment, based on the reported information for a given month, within thirty days of the end of that month unless the Secretary determines that a longer period of time is necessary, (B) have available special procedures that permit the filing of the required information in the event all adult members of the household are mentally or physically handicapped or lacking in reading or writing skills to such a degree as to be unable to fill out the required forms, (C) have a reasonable period of time after the close of the month in which to file their reports on forms approved by the Secretary, and (D) be afforded prompt notice of failure to file any report timely or completely, and given a reasonable opportunity to cure that failure (with any applicable time requirements extended accordingly) and to exercise its rights under section 11(e)(10) of this Act.

"(3) Reports required to be filed under paragraph (1) of this subsection shall be considered complete if, in accordance with standards prescribed by the Secretary, they contain sufficient information to enable the State agency to determine household eligibility and allotment levels. All report forms, including those related to periodic reports of circumstances, shall contain a description, in understandable terms in prominent and bold face lettering, of the appropriate civil and criminal provisions dealing with violations of this Act including the prescribed penalties. The reporting requirements contained in paragraph (1) of this subsection shall be the sole such requirements for reporting changes in circumstances for participating households. In promulgating regulations implementing these reporting requirements, the Secretary shall consult with the Secretary of Health and Human Services, and, wherever feasible, households that receive assistance under title IV-A of the Social Security Act and that are required to file comparable reports under that Act shall be provided the opportunity to file reports at the same time for purposes of both Acts.".

CONFORMING AMENDMENTS FOR RETROSPECTIVE ACCOUNTING AND PERIODIC INCOME REPORTING

SEC. 111. Section 3(c) of the Food Stamp Act of 1977 is amended to read as follows:

"(c) 'Certification period' means the period for which households shall be eligible to receive authorization cards. For those households that are required to submit periodic reports under section 6(c)(1) of this Act, the certification period shall be at least six months but no longer than twelve months. For households that are not required to submit periodic reports, the certification period shall be determined as follows:

"(1) In the case of a household all of whose members are included in a federally aided public assistance or general assistance grant, the period shall coincide with the period of such grant.

"(2) In the case of all other households, the period shall be not less than three months: *Provided*, That such period may be up to twelve months for any household consisting entirely of unemployable or elderly or primarily self-employed persons, or as short as circumstances require for those households as to which there is a substantial likelihood of frequent changes in income or household status, and for any household on initial certification, as determined by the Secretary.".

SEC. 112. Section 5(d)(2) of the Food Stamp Act of 1977 is amended by inserting after the second comma the following: "subject to modification by the Secretary in light of section 5(f)(2) of this Act,".

SEC. 113. Section 11(e)(4) of the Food Stamp Act of 1977 is amended by inserting immediately after "subsection" the following: ": *Provided*, That the timeliness standards for submitting the notice of expiration and filing an application for recertification may be modified by the Secretary in light of sections 5(f)(2) and 6(c) of this Act if administratively necessary".

PARTICIPATION BY STRIKERS

SEC. 114. Section 6(d) of the Food Stamp Act of 1977 is amended by adding at the end thereof a new paragraph (4) as follows:

"(4) Notwithstanding any other provision of law, a household shall not participate in the food stamp program at any time that any member of such household, not exempt from the work registration requirements of paragraph (1) of this subsection, is on strike as defined in section 501(2) of the Labor Management Relations Act, 1947, because of a labor dispute (other than a lockout) as defined in section 2(9) of the National Labor Relations Act: *Provided*, That a household shall not lose its eligibility to participate in the food stamp program as a result of one of its members going on strike if the household was eligible for food stamps immediately prior to such strike: *Provided further*, That such ineligibility shall not apply to any household that does not contain a member on strike, if any of its members refuses to accept employment at a plant or site because of a strike or lockout: *Provided further*, That such ineligibility shall not apply if the household meets the income qualifications, assets requirements, and work registration requirements, as mandated in subsection (1) of this section.".

INCOME AND RESOURCES OF INELIGIBLE ALIEN

SEC. 115. Section 6(f) of the Food Stamp Act of 1977 is amended by adding at the end thereof, a new sentence as follows: "The income (less a pro rata share) and financial resources of the individual rendered ineligible to participate in the food stamp program under this subsection shall be considered in determining the eligibility and the value of the allotment of the household of which such individual is a member.".

MATCHING OF INCOME INFORMATION AND OTHER VERIFICATION

SEC. 116. Section 11(e)(3) of the Food Stamp Act of 1977 is amended by—

(1) inserting after "section 5(d) of this Act" the following: "(in part through the use of the information, if any, obtained under subsection (h) and (i) of section 16 of this Act)"; and

(2) inserting after "sections 5 and 6 of this Act," the following: "although the State agency may verify prior to certification, whether questionable or not, the size of any applicant household and any factors of eligibility involving households that fall within the State agency's error-prone household profiles as developed by the State agency from the quality control program conducted under section 16 of this Act and as approved by the Secretary".

PHOTO IDENTIFICATION

SEC. 117. Section 11(e) of the Food Stamp Act of 1977, as amended, is amended by striking out "and" at the end of paragraph (15), and adding at the end thereof a new paragraph (17) as follows:

"(17) that the State agency shall require each household certified as eligible to participate by methods other than the out-of-office methods specified in the last sentence of paragraph (2) of this subsection in those project areas or parts of project areas in which the Secretary, in consultation with the Department's Inspector General, finds that it would be useful to protect the program's integrity, to present a photographic identification card when using its authorization card in order to receive its coupons.".

REPORTING ILLEGAL ALIENS

SEC. 118. Section 11(e) of the Food Stamp Act of 1977, as amended by section 117 of this Act, is amended by adding at the end thereof a new paragraph (18) as follows:

"(18) notwithstanding paragraph (8) of this subsection, for the immediate reporting to the Immigration and Naturalization Service by the State Agency of a determination by responsible for the certification or recertification of households that any member of a household is ineligible to receive food stamps because that member is present in the United States in violation of the Immigration and Nationality Act;"

COMPUTERIZATION

SEC. 119. Section 11(e) of the Food Stamp Act of 1977, as amended by section 118 of this Act, is amended by inserting "and" at the end of paragraph (18) and adding at the end thereof a new paragraph (19) as follows:

"(19) at the option of the State agency, for the establishment and operation of an automatic data processing and information retrieval system that meets such conditions as the Secretary may prescribe and that is

designed to provide efficient and effective administration of the food stamp program.".

STATE COMPLIANCE WITH LAW

SEC. 120. Section 11(g) of the Food Stamp Act of 1977 is amended by—

(1) inserting after "determines" the following: ", upon information received by the Secretary, investigation initiated by the Secretary, or investigation that the Secretary shall initiate upon receiving sufficient information evidencing a pattern of lack of compliance by a State agency of a type specified in this subsection,";

(2) inserting "without good cause" before "to comply";

(3) striking out "or" before "the State plan of operation";

(4) inserting after "section," the following: "or the Secretary's standards for the efficient and effective administration of the program established under section 16(b)(1) of this Act"; and

(5) inserting before the period at the end of the second sentence the following: ", and, whether or not the Secretary refers such matter to the Attorney General, the Secretary shall proceed to withhold from the State such funds authorized under sections 16(a) and 16(c) of this Act as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14 of this Act.".

SEC. 121. Section 16(b) of the Food Stamp Act of 1977 is amended by striking out the last sentence thereof.

SOCIAL SECURITY OFFICE APPLICATION

SEC. 122. Section 11(i)(2) of the Food Stamp Act of 1977 is amended by striking out "simplified affidavit" and inserting in lieu thereof "simple application".

SPECIAL FINANCIAL AUDIT REVIEW OF HIGH PARTICIPATION STATES

SEC. 123. Section 11 of the Food Stamp Act of 1977 is amended by adding at the end thereof a new subsection (l) as follows:

(l) Whenever the ratio of a State's average food stamp participation in any quarter of a fiscal year to the State's total population in that quarter (estimated on the basis of the latest available population estimates as provided by the Department of Commerce, Bureau of the Census, Series P-25, Current Population Reports (or its successor series)) exceeds 60 per centum, the Office of the Inspector General of the Department of Agriculture shall immediately schedule a financial audit review of a sample of project areas within that State, and shall, upon completion of the audit, provide a report to Congress of its findings and recommendations within 180 days. Any financial audit review subsequent to the first such review, required under the preceding sentence, shall be conducted at the option of the Office of the Inspector General.".

FORFEITURE OF PROPERTY INVOLVED IN ILLEGAL FOOD STAMP TRANSACTIONS

SEC. 124. Section 15 of the Food Stamp Act of 1977 is amended by adding at the end thereof a new subsection (g) as follows:

"(g) The Secretary may subject to forfeiture and denial of property rights any nonfood items, moneys, negotiable instruments, securities, or other things of value that are furnished or intended to be furnished by any person in exchange for coupons or authorization cards in any manner not authorized by this Act or the regulations issued under this Act. Any forfeiture and disposal of property forfeited under this subsection shall be conducted in accordance with procedures contained in regulations issued by the Secretary.".

STATE INCENTIVES FOR REDUCING ERROR

SEC. 125. Section 16(c) of the Food Stamp Act of 1977 is amended by—

(1) striking out "Effective October 1, 1978, the" and inserting in lieu thereof "The";

(2) inserting "(1) effective October 1, 1978," after "such share to";

(3) inserting "(A)" after "State agency whose";

(4) inserting "semiannual" before "cumulative";

(5) striking out "section is less" and inserting in lieu thereof "section are less";

(6) inserting before the period at the end thereof the following: "and (B) whose rate of invalid decisions in denying eligibility as calculated in the quality control program conducted under subsection (d)(1) of this section is less than a nationwide percentage that the Secretary determines to be reasonable;

"(2) effective October 1, 1980, 65 per centum of all such administrative costs in the case of a State agency meeting the standards contained in paragraph (1) of this subsection;

"(3) effective October 1, 1980, 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rate as determined under paragraph (1)(A) of this subsection is greater than five per centum but less than eight per centum or the national standard payment error rate for the base period, whichever is lower, and which also meets the standard contained in paragraph (1)(B) of this subsection; and

"(4) effective October 1, 1980, 55 per centum of all such administrative costs in the case of a State agency whose annual rate of error reduction is equal to or exceeds 25 per centum. No State agency shall receive more than one of the increased federally funded shares of administrative costs set forth in paragraphs (1) through (4) of this subsection".

STATE LIABILITY FOR ERRORS

SEC. 126. Section 16 of the Food Stamp Act of 1977 is amended by adding at the end thereof a new subsection (g) as follows:

"(g)(1) The Secretary shall institute an error liability program under which each State agency shall, other than for good cause as determined by the Secretary, pay to the Secretary or have withheld by the Secretary as described in paragraph (4) of this subsection, the amount by which the dollar value equivalent of the State agency's payment error rate, as determined by the Secretary, for each six-month period, exceeds the dollar value equivalent of either—

"(A) the State agency payment error rate for the base period less a national annual rate of error reduction, as determined by the Secretary, taking into account program circumstances and rates of error reduction in comparable Federal or federally assisted programs, or

"(B) the national standard payment error rate for the base period, whichever is higher.

"(2) As used in this subsection, (A) 'base period' means, for fiscal year 1981, the six months beginning October 1, 1979, and ending March 31, 1980 and, for each fiscal year thereafter, the six months beginning October 1 and ending March 30 of the prior fiscal year; (B) 'payment error rate' means the percentage of all food stamp allotments which are issued in a given period by a State agency to households that fail to meet the eligibility requirements of sections 5 and 6 of this Act, are overissued to eligible households, and are underissued to eligible households; (C) 'national standard payment error rate' means the weighted mean payment error rate for all State agencies; and (D) 'dollar value equivalent' means the value of allotments determined by multiplying a given error rate by the dollar value of all the allotments issued by a State agency during the particular period in question.

"(3) The Secretary shall conduct a study to determine whether it is feasible to include in the calculation of each State agency's payment error rate, and in the calculation of the national standard payment error rate, invalid decisions by each State agency denying eligibility to households that are in fact eligible. If the Secretary determines that such a change in the method of calculation is feasible, the Secretary shall implement changes in the method of calculating payment error rates for the purposes described in this section.

"(4) If the Secretary makes a claim against a State for payment under paragraph (1) of this subsection, that State may seek administrative and judicial review of such claim under the procedures set forth in section 14 of this Act. If such claim is ultimately determined to be valid or is not contested by the State, it shall be collected by the Secretary and may be collected through State payment, through withholding amounts otherwise payable to the State agency under subsection (a) of this section, or through other mechanisms authorized by the Federal Claims Collection Act of 1966.".

DISCLOSURE PROVISIONS

SEC. 127. (a)(1) Subsection (i) of section 6103 of the Internal Revenue Code of 1954 (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end thereof the following new paragraph:

"(7) DISCLOSURE OF CERTAIN RETURN INFORMATION BY SOCIAL SECURITY ADMINISTRATION TO DEPARTMENT OF AGRICULTURE AND TO STATE FOOD STAMP AGENCIES.—

"(A) IN GENERAL.—The Commissioner of Social Security may disclose return information from returns with respect to net earnings from self-employment (as defined in section 1402), wages (as defined in section 3121(a) or 3401(a)), and payments of retirement income which have been disclosed to the Social Security Administration as provided by paragraph (1) or (5) of this subsection—

"(i) upon request, to officers and employees of the Department of Agriculture, and

"(ii) upon written request, to officers and employees of a State food stamp agency.

"(B) RESTRICTION ON DISCLOSURE.—The Commissioner of Social Security shall disclose return information under subparagraph (A) only for purposes of, and to the extent necessary in, determining an individual's eligibility for benefits, or the amounts of benefits, under the food stamp program established under the Food Stamp Act of 1977.

"(C) STATE FOOD STAMP AGENCY.—For purposes of this paragraph, the term 'State food stamp agency' means any agency described in section 3(n)(1) of the Food Stamp Act of 1977 which administers the food stamp program established under such Act."

(2)(A) Subparagraph (A) of section 6103(p)(3) of such Code (relating to records of inspection and disclosure) is amended by striking out "(1) (1) or (4)(B) or (5)" and inserting in lieu thereof "(1) (1), (4)(B), (5), or (7)".

(B) Paragraph (4) of section 6103(p) of such Code (relating to safeguards) is amended by striking out "(1) (3) or (6)" in so much

of such paragraph as precedes subparagraph (A) thereof and inserting in lieu thereof "(1) (3), (6), or (7)".

(C) Clause (i) of section 6103(p)(4)(F) of such Code is amended by striking out "(1) (6)" and inserting in lieu thereof "(1) (6) or (7)".

(D) The first sentence of paragraph (2) of section 7213(a) of such Code is amended—

(i) by striking out "or any educational institution" and inserting in lieu thereof "any educational institution, or any State food stamp agency (as defined in section 6103(1)(7)(C))", and

(ii) by striking out "subsection (d), (l)(6), or (m)(4)(B)" and inserting in lieu thereof "subsection (d), (l)(6) or (7), or (m)(4)(B)".

(3) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

(b)(1) Section 303 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d)(1) The State agency charged with the administration of the State law—

"(A) shall disclose, upon request and on a reimbursable basis, to officers and employees of the Department of Agriculture and to officers or employees of any State food stamp agency any of the following information contained in the records of such State agency—

"(i) wage information,

"(ii) whether an individual is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received (or to be received) by such individual.

"(iii) the current (or most recent) home address of such individual, and

"(iv) whether an individual has refused an offer of employment and, if so, a description of the employment so offered and the terms, conditions, and rate of pay therefor, and

"(B) shall establish such safeguards as are necessary (as determined by the Secretary of Labor in regulations) to insure that information disclosed under subparagraph (A) is used only for purposes of determining an individual's eligibility for benefits, or the amount of benefits, under the food stamp program established under the Food Stamp Act of 1977.

"(2) Whenever the Secretary of Labor, after reasonable notice and opportunity for hearing to the State agency charged with the administration of the State law, finds that there is a failure to comply substantially with the requirements of paragraph (1), the Secretary of Labor shall notify such State agency that further payments will not be made to the State until he is satisfied that there is no longer any such failure. Until the Secretary of Labor is so satisfied, he shall make no further certification to the Secretary of the Treasury with respect to such State.

"(3) For purposes of this subsection, the term 'State food stamp agency' means any agency described in section 3(n)(1) of the Food Stamp Act of 1977 which administers the food stamp program established under such Act."

(2) Paragraph (2) of section 304(a) of the Social Security Act is amended by striking out "subsection (b) or (c)" and inserting in lieu thereof "subsection (b), (c), or (d)".

(3) The amendments made by this subsection shall take effect on January 1, 1983.

PAYMENT OF CERTAIN LEGAL FEES

SEC. 128. Section 16 of the Food Stamp Act of 1977, as amended by section 126 of this Act, is amended by adding at the end thereof a new subsection (h) as follows:

"(h) Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this Act; and".

COST SHARING FOR COMPUTERIZATION

SEC. 129. Section 16 of the Food Stamp Act of 1977, as amended by section 128 of this Act, is amended by adding at the end thereof a new subsection (i) as follows:

"(i) Effective October 1, 1980, the Secretary is authorized to pay to each State agency an amount equal to—

"75 per centum of the costs incurred by the State agency in the planning, design, development, or installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this Act, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State plans under the Aid to Families with Dependent Children Program under title IV of the Social Security Act: *Provided*, That there shall be no such payments to the extent that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency's administrative costs under any other subsection of this section.".

CONTINUATION OF CASH-OUT PILOT PROJECTS

SEC. 130. Section 17(b)(1) of the Food Stamp Act of 1977 is amended by adding at the end thereof a new sentence as follows: "Any pilot or experimental project implemented under this paragraph involving the payment of the value of allotments in the form of cash to eligible households shall be continued until October 1, 1981, if the State so requests.".

WORKFARE JOB-SEARCH TIME PERIOD

SEC. 131. Section 17(b)(2) of the Food Stamp Act of 1977, as amended, is amended by adding after the phrase "thirty days" in the second sentence the following: "(ten days in at least one pilot project area designated by the Secretary)".

WORKFARE PILOT PROJECT REVISIONS

SEC. 132. (a) Section 17(b)(2) of the Food Stamp Act of 1977 is amended by striking out everything after "Act," in the last sentence and inserting in lieu thereof the following: "shall issue interim reports no later than October 1, 1979, October 1, 1980, and March 30, 1981, shall issue a final report describing the results of such pilot projects based upon their operation from their commencement through the fiscal year ending September 30, 1981, and shall pay to the agencies or organizations operating such pilot projects 50 per centum of all administrative costs involved in such operation.".

(b) The provisions of section 17(b)(2) of the Food Stamp Act of 1977 for the sharing of administrative costs, as added by subsection (a) of this section, shall be effective on the date of enactment of this Act.

STUDY OF CPI

SEC. 133. Section 17 of the Food Stamp Act of 1977, is amended by adding at the end thereof a new subsection (e) as follows:

"(e) The Director of the Congressional Budget Office, in consulation with the Secretary, the Secretary of Commerce, and the Secretary of Labor, shall review the Consumer Price Index and the various alternative consumer price or cost-of-living indices, such as the Personal Consumption Expenditure (PCE) Deflator, to examine the limitations of each statistical alternative and the factors causing the various indices to differ with each other and to reflect inconsistencies with their own prior year indices in measuring the cost-of-living or the rate of inflation. The study shall seek to determine whether the Consumer Price Index is the most accurate indexation base for the food stamp program, or whether an alternative or combination of alternatives may be the more accurate indexation base to reflect consumer prices or changes in the costs of living. The Director of the Congressional Budget Office shall report the results of the study to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry, of the Senate, together with such recommendations as the Director deems appropriate, by February 1, 1981.".

USE OF FEDERAL FUNDS TO INTERFERE WITH PROGRAM IMPLEMENTATION

SEC. 134. Section 18(a) of the Food Stamp Act of 1977 is amended by—

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

(2) adding at the end thereof a new paragraph (2) as follows:

"(2) No funds authorized to be appropriated under this Act or any other Act of Congress shall be used by any person, firm, corporation, group, or organization at any time, directly or indirectly, to interfere with or impede the implementation of any provision of this Act or any rule, regulation, or project thereunder, except that this limitation shall not apply to the provision of legal and related assistance in connection with any proceeding or action before any State or Federal agency or court. The President shall ensure that this paragraph is complied with by such order or other means as the President deems appropriate.".

ANNUAL ADJUSTMENT OF THE THRIFTY FOOD PLAN

SEC. 135. Section 3(o) of the Food Stamp Act of 1977 is amended by—

(1) striking out "and" before "(4)";

(2) inserting "through January 1, 1980," after "(4)"; and

(3) inserting before the period at the end thereof the following: ", (5) on January 1, 1981, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding September 30, and (6) on January 1, 1982, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding September 30 and the subsequent three months ending December 31 as projected by the Secretary in light of the best available data; and, as of every January 1 thereafter, for the nine months ending the preceding September 30 and the subsequent three month ending December 31 as projected by the Secretary in light of the best available data."

ADJUSTMENTS OF DEDUCTIONS

SEC. 136. Section 5(e) of the Food Stamp Act of 1977 is amended by—

(1) striking out the comma after "1978" in the second sentence and inserting "through January 1, 1980," immediately thereafter;

(2) inserting before the period at the end of the second sentence the following: ", and, on January 1, 1981, shall be adjusted to the nearest $5 to reflect such changes for the twelve months ending the preceding September 30; and, on January 1, 1982, shall be adjusted to the nearest $5 to reflect such

changes for the twelve months ending the preceding September 30 and the subsequent three months ending December 31 as projected by the Secretary in light of the best available data; and, as of every January 1 thereafter, for the nine months ending the preceding September 30 and the subsequent three months ending December 31 projected by the Secretary in light of the best available data";

(3) striking out "(commencing July 1, 1978)" in clause (2) of the fourth sentence and inserting in lieu thereof "on July 1, 1978, and July 1, 1979" in lieu thereof; and

(4) inserting before the period at the end of the fourth sentence the following: ", on January 1, 1981, adjusted to the nearest $5 increment to reflect such changes for the eighteen-month period ending the preceding September 30, and, on January 1, 1982, adjusted to the nearest $5 to reflect such changes for the twelve months ending the preceding September 30 and the subsequent three months ending December 31 as projected by the Secretary in light of the best available data, and, on every January 1 thereafter, adjusted annually to the nearest $5 increment to reflect such changes for the nine months ending the preceding September 30 and the subsequent three months ending December 31 projected by the Secretary in light of the best available data".

ADJUSTMENT OF POVERTY GUIDELINES

SEC. 137. Section 5(c) of the Food Stamp Act of 1977 is amended by striking out everything after "forty-eight contiguous States" and inserting a period in lieu thereof.

REDUCTION IN ASSETS LIMITATIONS

SEC. 138. Section 5(g) of the Food Stamp Act of 1977 is amended by striking out "$1,750" and inserting in lieu thereof "$1,500".

RESTRICTION ON STUDENT PARTICIPATION

SEC. 139. Section 6(e) of the Food Stamp Act of 1977 is amended by striking out everything after "(1)" and inserting in lieu thereof the following: "is physically and mentally fit and is between the ages of eighteen and sixty, (2) is enrolled at least half time in an institution of higher education, and (3)(A) is not employed a minimum of twenty hours per week or does not participate in a federally financed work study program during the regular school year or (B) is not the head of a household (or spouse of such head) containing one or more other persons who are dependents of that individual because he or she supplies more than half of their support, or (C) is not so enrolled as a result of participation in the work incentive program under title IV of the Social Security Act, as amended (42 U.S.C. 602).".

SEC. 140. Section 6(d) of the Food Stamp Act of 1977 is amended by striking out everything after "person" in the parenthesis in clause (D) of paragraph (2) and inserting in lieu thereof the following: "enrolled in an institution of higher education shall be ineligible to participate in the food stamp program unless he or she meets the requirements of subsection (e) of this section)".

TITLE II—FOOD STAMP FUNDING

APPROPRIATIONS CEILING

SEC. 201. The first sentence of section 18(a) of the Food Stamp Act of 1977 is amended by—

(1) striking out "$6,188,600,000" and inserting "$9,491,000,000" in lieu thereof; and

(2) striking out "$6,235,900,000" and inserting "$9,739,276,000" in lieu thereof.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

In lieu of the amendment of the House, amend the title to read as follows: "An Act to amend the Food Stamp Act of 1977 to improve food stamp program fiscal accountability through reductions in inaccurate eligibility and benefit determinations; to improve the system of deductions; to increase the specific dollar limitations on appropriations for the fiscal year 1980 and 1981 food stamp programs; and for other purposes.".

And the House agree to the same.

THOMAS S. FOLEY,
E DE LA GARZA,
ED JONES,
FREDERICK W. RICHMOND,
LEON E. PANETTA,
RICHARD NOLAN,
DAN GLICKMAN,
DANIEL K. AKAKA,
TOM HARKIN,
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JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1309) to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text. The committee of conference recommends a substitute for both the Senate bill and the House amendment.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the adjustments made in the committee of conference are noted below:

[Note: *Items Not in Conference:* Sections 1, 3, 4, 5, 6, 9, 10, 11, and 12 (b) and (c) of S. 1309 as it passed the Senate on July 25, 1979, were adopted in all essential particulars in the conference report accompanying H.R. 4057, House Report No. 96-394, 96th Congress, 1st Session, which eventually became Public Law 96-58. Sections 2 and 12(a) were similarly adopted in modified form and are, to that extent, no longer in conference.]

(1) Meals in shelters for battered women and children

The *House* amendment permits women and the children accompanying them who are temporarily residing in public or private nonprofit shelters for battered women and children to use their food stamps to purchase meals prepared and served by those shelters. It also permits these persons to be considered for eligibility as individual (parent/child) units, rather than considered as part of a single household consisting of all shelter residents. In so doing, the *House* amendment—

(a) includes within the definition of "household" women with their children temporarily residing in public or private nonprofit shelters for battered women and children;

(b) provides that temporary residents of public or private nonprofit shelters for battered women and children will be considered individual (parent/child) households;

(c) includes within the definition of "food" meals prepared and served by shelters to women and children temporarily residing in public or private nonprofit shelters for battered women and children;

(d) includes public or private nonprofit shelters that prepare and serve meals for battered women and children within the definition of "retail food store"; and

(e) provides that public and private nonprofit shelters that prepare and serve meals for battered women and children may not redeem food stamps directly through banks.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(2) Excluding energy assistance payments from income

The *House* amendment retroactive to November 1, 1979, excludes from household income for purposes of the food stamp program any payments or allowances made under any Federal, State, or local laws for the purpose of providing energy assistance. [Note: Under the Food Stamp Act of 1977 if such payments or allowances are made directly to the energy provider, rather than to the household, they are already excluded as income under provisions excluding "vendor payments" generally. Under provisions of the Home Energy Assistance Act, energy assistance payments are excluded from consideration as income or assets in welfare programs and the food stamp program.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision, but eliminates the requirement that the effective date of the amendment shall be November 1, 1979, with the understanding that implementation would occur as promptly as possible prior to the onset of the 1980-81 heating season with respect to State or local laws for the purpose of providing energy assistance.

(3) Consumer Price Index

The *House* amendment ties all Consumer Price Index references in the Act to the post-January 1978 index for All Urban Consumers, rather than the older index for Urban Wage and Clerical Workers.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(4) Dependent care deductions for working adults

The *House* amendment, effective October 1, 1981, makes the existing deduction for dependent care expenses related to employment, or employment-related training or education, a separate and distinct deduction with a monthly maximum of $160 per household (not indexed for inflation). Under existing law, the dependent care expense deduction may not exceed an annually indexed monthly maximum (currently $90) either by itself or when combined with any excess shelter cost deduction claimed.

The *Senate* bill contains no comparable provision.

The *Conference* substitute, effective October 1, 1981, makes the existing deduction for dependent care expenses related to employment, or employment-related training or education, a separate and distinct deduction with a monthly maximum of $90 per household (not indexed for inflation). The conferees intend that the deduction will be implemented together with all other changes in

deductions on January 1 of the fiscal year in which it takes effect.

(5) *Expanded medical deductions for the elderly, blind, and disabled*

(A) The *House* amendment, effective October 1, 1981, expands the existing excess medical expense deduction for persons who are blind, disabled, or over 60 by broadening the deduction to cover the medical expenses of spouses regardless of age or physical condition.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(B) The *House* amendment also, effective October 1, 1981, expands the existing excess medical expense deduction for the elderly, blind, and disabled by removing the threshold above which expenses are deductible (currently $35 a month).

The *Senate* bill provides that the $35 a month threshold for the excess medical expense deduction will be indexed semiannually beginning July 1, 1979, according to Consumer Price Index changes for items other than food.

The *Conference* substitute adopts the *House* provision, but sets the threshold above which such expenses are deductible at $25 a month. The conferees intend that the deduction will be implemented together with all other changes in deductions on January 1 of the fiscal year in which it takes effect.

(6) *Medical deductions for the blind and disabled in certain areas*

The *House* amendment, effective October 1, 1981, extends the availability of the excess medical expense deductions to blind or disabled persons (and their spouses) in Puerto Rico, Guam, and the Virgin Islands, when they receive cash welfare payments through programs equivalent to the Supplemental Security Income (SSI) program. [Note: Existing law allows the elderly, and blind or disabled persons receiving Social Security payments, to claim the excess medical expense deduction in these areas.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision. The conferees intend that the deduction will be implemented together with all other changes in deductions on January 1 of the fiscal year in which it takes effect.

(7) *Retrospective accounting*

(A) The *House* amendment permits States the option to determine program eligibility and benefits by using income received in a previous month, following standards prescribed by the Secretary. In the month of application and subsequent months (as determined by the Secretary), this retrospective accounting system would not apply, except when a household reapplies within 30 days after the end of a prior certification period. Modifications or exceptions would be required in the retrospective accounting system for (i) all households experiencing losses of income of $50 per month or more, or other sudden and significant losses of income; (ii) all households with new members; (iii) all households in immediate need requiring expedited services; (iv) migrant farmworker households; and (v) other classes of households for whom the Secretary determines the system would be impracticable to administer or for whom retrospective accounting would cause serious hardship. [Note: The *House* report states that the retrospective accounting option may be exercised in some or all project areas and for certain classes of households (defined by the Secretary).]

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(B) The *House* amendment requires the Secretary to consult with the Secretary of Health, Education, and Welfare in promulgating regulations governing income calculations for the food stamp program so that whenever feasible and consistent with the applicable Acts, households receiving income from the aid to families with dependent children (AFDC) program will have their income calculated on a consolidated and comparable basis.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(8) *Vehicle use by handicapped household members*

The *House* amendment exempts from valuation as a household resource, for purpose of the assets requirements, any vehicle used to transport a disabled household member, regardless of the purpose of such transportation.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision with a limitation that the disabled person be physically disabled so that such person requires a vehicle in order to be transported.

(9) *State option on administrative fraud hearings*

The *House* amendment permits each State to decide to proceed against alleged fraud in the program either by way of administrative fraud hearings or by way of reference to appropriate legal authorities for civil or criminal action, or both. [Note: The *House* report states that the *House* amendment does not require a State to create an administrative fraud hearing system unless the Secretary finds that it is not promptly, actively, and seriously handling fraud cases civilly or criminally.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(10) *Periodic reporting*

(A) The *House* amendment provides that States electing to use a retrospective accounting system shall require certain categories of households (determined by the Secretary) to file periodic (normally monthly) reports of household circumstances following standards prescribed by the Secretary. Other States could require periodic reporting by the same categories of households, with the Secretary's approval. Households that are not required to file periodic reports on a monthly basis would be required to report, on a form designed and approved by the Secretary, changes in income or household circumstances that the Secretary deems necessary to assure accurate eligibility and benefit determinations.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(B) The *House* amendment provides that households required to file a periodic report, if eligible to participate and if having filed a timely and complete report, shall receive their allotment, based on the reported information for a given month, within 30 days of the end of that month, unless the Secretary determines that a longer period of time is necessary.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(C) The *House* amendment requires that there be special procedures available for households required to file a periodic report if all adult household members are mentally or physically handicapped or lacking in reading or writing skills rendering them unable to fill out the required forms.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(D) The *House* amendment provides that households required to file a periodic report shall have a reasonable period of time after the close of the month in which to file their reports, be afforded prompt notice of failure to timely or completely file any report, be given an opportunity to cure that failure, and a reasonable opportunity to exercise their appeal rights under the Act.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(E) The *House* amendment provides that any periodic or other reports filed by households shall be considered complete if, under standards prescribed by the Secretary, they contain sufficient information to enable determination of eligibility and benefit levels.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(F) The *House* amendment requires the Secretary to consult with the Secretary of Health, Education, and Welfare in implementing the periodic reporting requirements and, whenever feasible, households that receive income under the aid for families with dependent children (AFDC) program and that are required to file comparable reports under that program would be provided the opportunity to file reports at the same time for the purposes of both programs.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(G) The *House* amendment provides that households required to submit periodic reports are to be given certification (of eligibility) periods of at least 6 months, but no longer than 12 months.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(H) The *House* amendment makes changes in other provisions of the Food Stamp Act to conform them to any retrospective accounting-periodic reporting system by (i) allowing the Secretary to modify the "irregular income" exclusion; and (ii) allowing the Secretary to modify timeliness standards for notice of expiration and applying for recertification.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(11) *Expansion of work registration requirement*

The *House* amendment reduces the age of a dependent child who exempts his or her parent or caretaker from the work registration requirement from under age 12 to under age 6.

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(12) *Participation by strikers*

The *House* amendment specifically provides that no household that contains a person on

strike in a labor-management dispute shall be eligible to participate in the food stamp program, unless (A) the household was eligible to participate prior to the strike, or (B) the household otherwise meets the income qualifications, assets requirements, and work registration requirements contained in the Act. This ineligibility shall not apply to households not containing a member on strike, if any member refuses employment at a plant or site because of a strike or lockout. [Note: Existing law provides that no household containing a person involved in a labor-management dispute may participate in the food stamp program unless the household meets the income guidelines, assets requirements, and work registration requirements of the Act. The *House* report states that the *House* amendment does not change existing law.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(13) Income and resources of ineligible aliens

The *House* amendment would treat households from which ineligible aliens are excluded in the same manner as households from which fraudulent persons or nonwork *registered students have been excluded by attributing* the income (less a pro rata share) and the resources of the ineligible aliens to the remaining household members in determining that household's eligibility and benefits.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(14) Matching of income information and other verification

(A) The *House* amendment expands State agencies' authority for verification by permitting States to verify, prior to certification and whether questionable or not, any household's size as well as any factor of eligibility related to households that fall within State "error-prone household profiles", profiles that are developed in State quality control systems and approved by the Secretary for statewide use.

The *Senate* bill prohibits the Secretary from precluding the State agencies from implementing verification procedures in addition to those issued by the Secretary under the Act. The *Senate* bill requires that any supplemental State verification standards be (A) in the State's plan of operation, and (B) reasonably related to the Secretary's national standards. The *Senate* bill also prohibits supplemental State verification standards from (A) resulting in violation of the Secretary's standards for timely provision of benefits; (B) subjecting households to home visits conducted in an unreasonable manner or during unreasonable hours; (C) being used for those persons whose State or Federal cash welfare eligibility has already been verified, or is being verified; (D) resulting in a denial or reduction of benefits because a household cannot verify matters outside of its control; and (E) resulting in households having to make unreasonable additional trips to the welfare office.

(B) The *House* amendment would permit information obtained from other agencies (under new authority provided in the *House* amendment) to be used in verification of eligibility.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(15) Photo identification

The *House* amendment provides that States must require all eligible households, with the exception of those certified by home visits or other out-of-office methods, in project areas or parts thereof where the Secretary (after consultation with the Inspector General) finds that it would be useful to protect the program's integrity, to present photo identification cards together with their authorization cards as a condition to receiving their allotments.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(16) Reporting illegal aliens

The *House* amendment requires certification personnel to immediately report to the Immigration and Naturalization Service any determination that a household member is ineligible to receive food stamps because he or she is present in the United States in violation of the Immigration and Nationality Act. [Note: The *House* report states that this determination would be made solely on the basis of the application form or interview.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(17) Outreach by States

The *House* amendment deletes (A) the requirement that the State plan of operations provide that the State agency shall conduct outreach by informing households about the availability, eligibility requirements, and benefits of the program and (B) the limitation on conducting outreach activities of a noninformational nature in areas where that is being done by a community action program. [Note: This provision would not affect existing law requiring Federal cost-sharing for outreach activities approved by the Secretary.]

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* provision.

(18) Computerization and cost sharing for computerization

The *House* amendment increases to 75 percent (from 50 percent) the Federal share of costs incurred by State agencies, after October 1, 1980, in planning, designing, developing, installing, and leasing computerized systems for handling food stamp program data. The *House* amendment further requires States opting to establish and operate an automatic data processing and information retrieval system to meet conditions prescribed by the Secretary, and have systems designed to provide efficient and effective administration of the program and be compatible with systems used in the AFDC program. The *House* amendment allows no duplication between food stamp computerization cost sharing and other Federal cost sharing for computerization, nor any special (75 percent) sharing of costs for systems used for nonfood stamp purposes or for operating or modifying, rather than installing or upgrading, systems.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision, but deletes the word "leasing" to make it clear that only the start-up portion of leasing is eligible for increased cost sharing.

(19) State compliance with law

The *House* amendment consolidates and simplifies provisions of existing law dealing with sanctions against States for failure to administer properly the food stamp program, including noncompliance with the Act, regulations pursuant thereto, a State's own plan of operations, or the Secretary's standards for the efficient and effective administration of the Act.

The *House* amendment requires the Secretary, if he receives information of such failure to comply or determines that such failure exists after an investigation voluntarily initiated by him or mandatorily initiated by him upon receipt of sufficient information evidencing a pattern of lack of compliance, to proceed to inform a State of such failure and allow the State reasonable time to correct such failure. [Note: The *House* report states that the *House* amendment allows the State to administratively show good cause for failure to comply.] The *House* amendment further permits the Secretary, if the State fails to undertake timely and appropriate corrective action, to refer the matter to the Attorney General for injunctive relief and, whether or not such referral is made, to proceed to withhold such administrative cost-sharing funds from the State as he determines to be appropriate.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions with amendments to (A) require that the Secretary find that a State has failed without good cause to comply with the Act, regulations, its own plan of operations, or the Secretary's standards for the efficient and effective administration of the Act before proceeding to inform the State of such failure and (B) entitle any State from which the Secretary determines to withhold funds authorized under sections 16 (a) and (c) of the Act to subject the claim to administrative and judicial review in accordance with section 14 of the Act.

(20) Social security office application

The *House* amendment allows households in which all members are supplemental security income recipients to apply to participate in the food stamp program by filling out a simple application form, either the national food stamp application form or a simple State application form of comparable length and complexity, rather than the simplified affidavit required by existing law.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(21) Special financial audit review of high participation States

The *House* amendment requires the Inspector General to immediately schedule a financial audit review of a sample of project areas in any State in which, in any quarter of a fiscal year, the average food stamp participation exceeds 60 percent of the total State population, and report his findings and recommendations to the Congress within two fiscal-year quarters thereafter.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to limit the mandatory auditing of any one State by the Department's Office of Inspector General to one audit with any remaining audits to be at the option of the Office of Inspector General.

(22) Forfeiture of property involved in illegal food stamp transactions

The *House* amendment permits the Secretary to require forfeiture of and dispose of any form of valuable property illegally furnished or attempted to be furnished in exchange for food stamp coupons or authorization cards.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(23) State incentives for reducing error

The *House* amendment provides financial incentives, effective in fiscal year 1981, to encourage States to lower error rates by offering a State one of three possible increases in the Federal share of State administrative costs—(a) from 60 to 65 percent if the State's cumulative allotment error rate (eligibility errors, overissuance, and underissuance) is 5 percent or less and if the State's negative case action error rate (invalid denials of eligibility) is less than the nationwide percentage determined reasonable by the Secretary; (b) from 50 to 60 percent if the State's cumulative error rate is between 5 and 8 percent or between 5 percent and the national standard payment error rate, if such national rate is less than 8 percent, and if the State's negative case action error rate is less than the nationwide percentage determined reasonable by the Secretary; or (c) from 50 to 55 percent if the State's annual rate of reduction in its cumulative allotment error rate equals or exceeds 25 percent from one semiannual quality control survey period to the comparable period in the following year. No State may receive more than one of these increased shares of federally funded program administrative costs.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(24) State liability for errors

The *House* amendment establishes an error rate sanction system, effective in fiscal year 1981, under which the Secretary would establish payment error rate standards that each State would have to satisfy in every 6-month quality control period or have its Federal share of State administrative costs reduced or, if no matching funds were due the State, be subject to a Federal claim for recovery. The *House* amendment requires each State either to lower its payment error rate (the percentage of all food stamp allotments issued to ineligible households, overissued, or underissued) in each 6-month period from the rate in the first 6 months of the prior fiscal year by a national annual rate of error reduction (determined as a program improvement target by the Secretary) or else, if the State's error rate were equal to or less than the national standard payment error rate for all States (the weighted mean payment error rate for all States), to continue to stay at or below the national standard rate.

The *House* amendment would determine the amount of the reduction in a State's Federal share of its administrative costs (or the amount owed if no administrative share is due) by the difference between the dollar value equivalent of the State's actual payment error rate for the period and the dollar value equivalent of what that State's payment error rate should have been in order to satisfy the statutory standards. The *House* amendment permits imposition of reductions or claims to be avoided by showing of good cause for failure to meet the standards and would subject a claim for payment by the Secretary under this section to administrative and judicial review.

The *House* amendment requires the Secretary to conduct a study to determine whether it would be feasible to include invalid decisions denying eligibility in the calculation of each State's payment error rate and the national standards.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provisions with the understanding that the showing of good cause for failure to meet the standards that a State may make shall include sudden and unanticipated workload increases or confusion attributable to significant changes in Federal regulations.

(25) Disclosure provisions

The *House* amendment requires the disclosure of certain income tax information in the files of the Social Security Administration and certain wage and unemployment insurance (UI) information in the records of State UI agencies to the Department and State food stamp agencies only for the purpose of, and to the extent necessary for, determining a person's eligibility for food stamps. The *House* amendment requires that tax return information be disclosed in accordance with the procedures, conditions and safeguards specified in section 6103 of the Internal Revenue Code. The *House* amendment, effective January 1, 1983, further provides that as a condition of receipt of its Federal UI administrative grant, each State UI agency would have to make available, under procedures and safeguards to be established by the Secretary of Labor, information in its records pertaining to an individual's wages, home address, UI eligibility, and offers of employment.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(26) Payment of certain legal fees

The *House* amendment permits the use of program funds to pay for the employment of counsel, court costs, bail, and other incidental defense expenses on behalf of the Department's officers and employees involved as parties in judicial or administrative proceedings arising directly out of the performance of ther duties under the food stamp program.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(27) Continuation of cash-out pilot projects

The *House* amendment requires continuation of pilot projects involving the payment of the value of allotments in cash to eligible households all of whose members are either 65 years of age or older or who participate in the supplemental security income program for an additional 6 months beyond their scheduled termination date (March 31, 1981) until October 1, 1981, should legislation be enacted before March 31, 1981, that universally cashes out food stamps for certain SSI beneficiaries effective October 1, 1981.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the House provision with clarifying language to indicate that each State would have the option to continue its pilot project until October 1, 1981, *and* with an amendment striking the requirement that cash-out legislation be enacted.

(28) Workfare pilot project revisions

(A) The *House* amendment (A) extends workfare pilot projects for a full year to September 30, 1981, when a final report would become due, with interim reports due on October 1, 1980, and March 30, 1981, and (B) provides 50 percent Federal cost sharing for all administrative costs incurred by agencies or organizations in the course of operating the projects.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(B) The *House* amendment reduces from 30 to 10 days, in at least one pilot project area designated by the Secretary, the time period that must elapse before a person subject to work registration requirement does not receive an offer of private employment and thus becomes required to accept a workfare employment offer.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(29) Study of CPI

The *House* amendment requires the Congressional Budget Office (in consultation with the Secretaries of Agriculture, Commerce, and Labor) to review the Consumer Price Index and alternative consumer price or cost-of-living indices to examine the limitations of each and seek to determine whether the Consumer Price Index is the most accurate indexation base for the food stamp program or whether an alternative or combination of alternatives may be the more accurate indexation base for reflecting consumer prices or changes in the cost of living. The Congressional Budget Office is required to submit a report together with its recommendations to the House and Senate agriculture committees by February 1, 1981.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(30) Use of Federal funds to interfere with program implementation

The *House* amendment would deny funds authorized to be appropriated under this or any other act for use by any person, firm, corporation, group, or organization that directly or indirectly interfered with or impeded the implementation of any provision of the food stamp law or its regulations, or any project thereunder, except by way of legal assistance in connection with any State or Federal agency or court proceeding or action.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(31) Annual adjustment of thrifty food plan

The *House* amendment deletes, after January 1, 1980, the requirement that the cost of the thrifty food plan be adjusted every July 1, but requires that it be adjusted every January 1 to the nearest dollar increment to reflect changes in the cost of the plan for the 12 months ending the preceding September 30.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision with an amendment to require that the thrifty food plan be adjusted as of January 1, 1982, to the nearest dollar increment to reflect changes in the cost of the plan not only for the 12 months ending the preceding September 30 but also, for the subsequent 3 months ending December 31 as projected by the Secretary in light of the best available data, and as of every January 1 thereafter, to the nearest dollar increment to reflect changes in the cost of the plan for the 9 months ending the preceding September 30 as well as the subsequent 3 months ending December 31 as projected by the Secretary in light of the best available data.

(32) Adjustment of deductions

The *House* amendment deletes, after January 1, 1980, the requirement that the standard deduction be adjusted every July 1, but requires that it be adjusted every January 1 to the nearest $5 to reflect changes in the Consumer Price Index for all urban consumers for items other than food for the 12 months ending the preceding September 30.

The *House* amendment further deletes, after January 1, 1980, the requirement that the excess shelter expense deduction be adjusted annually as of July 1 and, instead, requires that it be adjusted every January 1 to the nearest $5 increment to reflect changes in the shelter, fuel, and utilizes components of housing costs in the Consumer Price Index for all urban consumers (with the January 1, 1981, adjustment reflecting such changes for the 18 months ending the preceding September 30 and every January 1 adjustment thereafter reflecting such changes for the 12 months ending the preceding September 30).

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provision with amendments to require that (A) the standard deduction be adjusted as of January 1, 1982, to reflect changes in the Consumer Price Index for all urban consumers for items other than food not only for the 12 months ending September 30, but also for the subsequent 3 months ending December 31 as projected by the Secretary in light of the best available data, and, as of every January 1 thereafter, to reflect changes in the Consumer Price Index for all urban consumers for items other than food for the 9 months ending the preceding September 30 as well as the subsequent 3 months ending December 31 as projected by the Secretary in light of the best available data and (B) the excess shelter expense deduction be adjusted as of January 1, 1982 to reflect changes in the shelter, fuel, and utilities components of housing costs in the Consumer Price Index for all urban consumers not only for the 12 months ending the preceding September 30 but also for the subsequent 3 months ending December 31 as projected by the Secretary in the light of the best available data, and, as of every January 1 thereafter, to reflect changes in the shelter, fuel, and utilities components of housing costs in the Consumer Price Index for all urban consumers for the 9 months ending the preceding September 30 as well as the subsequent 3 months ending December 31 as projected by the Secretary in light of the best available data.

(33) Adjustment of poverty guidelines

The *House* amendment deletes the requirement that the income poverty guidelines be adjusted every year to reflect the Consumer Price Index as of March of such year, over and above the regular Office of Management and Budget annual inflation adjustment.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(34) Reduction in assets limitation

The *House* amendment reduces the ceiling on assets for an eligible household other than a household consisting of two or more persons, one of whom is age 60 or over, from $1,750 to $1,500.

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision. The conferees note that the Department's regulations defining self-employment income (7 C.F.R. § 273.11(a)(4)(ii)) provide for allowing as a cost of producing self-employment income depreciation "for equipment, machinery, or other capital investments necessary to the self-employment enterprise" *and* intend that the Secretary no longer permit depreciation to be subtracted in determining net self-employment income.

(35) Restriction on student participation

The *House* amendment replaces existing provisions disqualifying some students from participation in the program with new provisions excluding any person who is physically and mentally fit between the ages of 18 and 60 who is enrolled at least half-time in an institution of higher education unless such person is (A) employed at least 20 hours a week, (B) participating in a federally-financed work study program, (C) the head of a household (or spouse of such head) containing one or more other dependent persons, or (D) enrolled in a work incentive program under AFDC. The *House* amendment also deletes (A) the provisions making ineligible persons claimed or properly claimable as a dependent child for Federal income tax purposes and (B) the requirement that such a person be registered for work during any period of 30 days or more when school is in vacation or recess.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute adopts the *House* provisions.

(36) Repayment for certain excess food stamp benefits received

The *House* amendment provides that any individual participating in the food stamp program who is 19 years of age or older during an entire taxable year shall be liable to the United States if such individual received adjusted gross income, plus unemployment compensation, during the taxable year in excess of 175 percent of the income poverty guideline applicable to the household. The amount of liability would be equal to the lesser of (A) the value of the coupons allocated to such individual for the taxable year (either an equal share of all the coupons received by the household of which such individual is a member, including coupons received by individuals under 19 years of age, or a lesser share to prevent extreme inequity if the Secretary so determines) or (B) one-half of the amount by which the individual's income exceeds the individual's exempt amount. The *House* amendment exempts from this repayment requirement any individual who participates in the program during the entire taxable year as well as any individual whose household's income consists solely of supplemental security income benefits. The *House* amendment further requires each State to inform eligible households of the conditions of the repayment provision, to furnish each nonexempt 19 year old or older participant in the program a statement of the amount of coupons allocated to each individual in the prior calendar year by February 1 of the next year, and to certify the names of the covered individuals and the applicable amounts of coupons allocated to them to the Secretary of the Treasury before March 1 of the following calendar year. The *House* amendment also permits the Secretary to transfer funds appropriated for the food stamp program to the Secretary of the Treasury sufficient to enable the Secretary of the Treasury to carry out the repayment provisions. The *House* amendment also provides for the transfer of 15 percent of the repayments collected, but not to exceed $15,000,000, to States to be divided among the States based on each State's share of the overall liability for repayment.

The *House* amendment requires States receiving these funds to give them to the State agency conducting that State's food stamp program. The *House* amendment requires the Secretary and the Secretary of the Treasury jointly to issue regulations establishing procedures for determining and collecting repayment liabilities, which shall provide that the Secretary of the Treasury collect the liability in coordination with his responsibility under other Federal laws to the extent feasible and may provide that such liability shall be offset by any overpayment by the individual of a Federal tax and treated as a refund thereof. The *House* amendment also provides that no provision of the amendment shall be construed to change or affect the Internal Revenue Code or the application of any provision of such Code. The *House* amendment would essentially take effect on January 1, 1981, with the first repayments due in 1982.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute deletes the *House* provisions. The conferees respectfully request the House Committee on Ways and Means and the Senate Committee on Finance to conduct prior to May 1, 1981, appropriate hearings on the concept and administrability of repayment for certain excess benefits received so that the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry can have the benefit of their deliberations before they have to reauthorize the food stamp program.

(37) Retroactive reimbursement

The *House* amendment requires the Secretary to sell coupons, upon request, to any State which the State will be able to distribute to eligible households during June 1980. The *House* amendment further provides that the coupons are to be sold to the States at their face value plus a proportionate share of administrative costs incurred by the Secretary, with receipts from the sales used to redeem purchased coupons and administer the program in purchasing States. The *House* amendment also provides that the Secretary shall reimburse the States for their purchases and their statutory share of June 1980 administrative costs with funds made available after the date of enactment of this Act for fiscal year 1980, with the Secretary's authority under the amendment to lapse if funds for June 1980 are appropriated before June 1.

The *Senate* bill contains no comparable provisions.

The *Conference* substitute deletes the *House* provision.

(38) Authorization for appropriations ceiling for 1980 and 1981

The *Senate* bill removes the specific dollar authorization for appropriations ceilings for fiscal years 1980 and 1981.

The *House* amendment replaces the existing fiscal year 1980 ceiling of $6,188,600,000 with a new ceiling of $9,191,000,000 and the existing fiscal year 1981 cap of $6,235,900,000 with a new cap of $9,739,276,000.

The *Conference* substitute adopts the *House* provision with an amendment to increase the fiscal year 1980 ceiling to $9,491,000,000. The conferees intend that the Secretary not act under section 18(b) of the Food Stamp Act to reduce allotments in fiscal year 1981 until such time as the House and the Senate have had an opportunity to consider legislation reauthorizing the food stamp program.

THOMAS S. FOLEY,
E DE LA GARZA,
ED JONES,
FREDERICK W. RICHMOND,
LEON E. PANETTA,
RICHARD NOLAN,
DAN GLICKMAN,
DANIEL K. AKAKA,
TOM HARKIN,
WILLIAM C. WAMPLER,
PAUL FINDLEY,
MARGARET M. HECKLER,
JAMES M. JEFFORDS,
Managers on the Part of the House.

HERMAN E. TALMADGE,
GEORGE MCGOVERN,
WALTER D. HUDDLESTON,
PATRICK J. LEAHY,
JOHN MELCHER,
ROBERT DOLE,
Managers on the Part of the Senate.

DEFENSE AUTHORIZATION FOR FISCAL YEAR 1981

Mr. PRICE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6974) to authorize appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1981 for civil defense, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PRICE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 6974, with Mr. ROSTENKOWSKI in the chair.

□ 1540

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Tuesday, May 13, 1980, title I was open for amendment at any point.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 13, strike out "$9,272,364,000" and insert in lieu thereof "$1,085,700,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows.

Committee amendment: Page 2, line 15, strike out "$6,262,900,000" and insert in lieu thereof "$6,311,900,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 18, strike out "$9,272,364,000" and insert in lieu thereof "$9,365,143,000".

AMENDMENT OFFERED BY MR. LLOYD TO THE COMMITTEE AMENDMENT

Mr. LLOYD. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. LLOYD to the committee amendment: On page 2, line 19, decrease the amount shown for the authorization of aircraft for the Air Force, as that amount may have been modified, or may be modified, by $30,000,000.

Mr. LLOYD. Mr. Chairman, this is not an effort to reduce our capability in the defense weapons systems, but to reduce the cost. We are talking about an airplane which, as I am sure everyone is aware, I opposed very strenuously 5 years ago. I do not think it is a good system today. I did not think it was then. However, that is not the issue at hand. The issue at hand is that we now want to take this same airplane which we built 5 years ago that was originally supposed to have cost under $2.5 million a copy, which currently is going past about $7 million a copy, and what we want to do is to make that aircraft even more expensive by way of putting two seats in it.

Now, Mr. Chairman, the reason for putting two seats in this airplane, we are told, is so that we adequately train. However, the airframe which will be used in a combat situation will be a single-seat version. If we could do this reasonably and cheaply, it is not a bad deal. We have done it with the F-15, we have done it with other airplanes. We have put two seats in it. In the T-38, we have the F-5, we have the F-5 which had two seats in it. We have done this all along the line.

Mr. Chairman, what we are really doing is that we are really buying a more expensive airframe.

What we are really doing with this, Mr. Chairman, is: We want $20 million for research and development and we then want $30 million for conversion of the 30 aircraft which we already have. In addition, if we continue we will have to have another $65 million for research and development and then we are going to have to pay another $10 million for advanced buy aircraft. If you added that up, you have just come up to $125 million. That is to get into a program of 30 aircraft.

If you can see further down the line—and this looks like it is a grand idea—we then, in fiscal year 1982, we would look at another $35 million for research and development, another $105 million in flyaway costs for 46 aircraft. We would then have another advanced buy cost of $5 million. We would take off or subtract the $10 million we put into the advanced buy in 1981 and then add in the support areas, which is, the aircraft, its maintenance, the manuals, the equipment to maintain the airframe. That would cost $50 million. We then have to go into the retrofit of the aircraft, and that would be $80 million. That is a total of $265 million.

If that is not enough, Mr. Chairman, let us go to the 1983 fiscal year. We have $5 million in research and development. We have $120 million in flyaway costs. Forty-six aircraft. We have advanced buy costs of $5 million. We have additional moneys to go into support areas of $30 million and we add that up and we now have $155 million.

Let us go to fiscal year 1984, Mr. Chairman. We have $5 million in research and development. We have $135 million for 46 aircraft. We have $135 million for support units. That is the things to start the aircraft, to maintain them, the tools, et cetera. By the way, those things are absolutely necessary. All this for a total of $165 million. Therefore, Mr. Chairman, by the time we get to 1985 we will have spent, $710 million additional. That is unconscionable. I would rather take the money, as much as I dislike the A-10, I would rather take the money and buy additional single seat A-10's. Better yet, I would rather take the money and give it to the armed services in the areas of operation and maintenance.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. LLOYD was allowed to proceed for 2 additional minutes.)

Mr. LLOYD. I would rather take that money, Mr. Chairman, and put it in O. & M. funds so that the airmen and the people who maintain the aircraft and the pilots will have the gas and oil to get airborne.

Let me tell you what the problem is as far as aviation is concerned today: We do not have enough flight time for these pilots. We do not have enough aircraft for them to fly. We are not even retaining our pilots at the present moment. And here we are proposing to put in two-seat aircraft when one would suffice and at a terrible cost.

Let me tell you something else while I am talking and I will get off of it; you have heard enough from me today on this issue.

In an exercise called Red Flag out in Las Vegas not too long ago, we could not even fly the single seat A-10 with a full load of ordnance. We had to restrict it to two Mavericks. We are restricting it now and we are going to put on another cockpit? That is insane.

Let me tell you something else. They say, "Well, we need this because we are going to have better navigational situations."

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. LLOYD was allowed to proceed for 1 additional minute.)

Mr. LLOYD. We are acquiring a thing called Lantirn—lower altitude navigation and tracking device. That, on the single seat A-10 will do everything that we had hoped to do or were talking about conceivably gaining with a two-seated aircraft and it does it with a lot less weight. Let me tell you something else: Lantirn is on the way, it is available to us and will not cost us any more money to put it on the single seat A-10.

□ 1550

I ask that the Members join with me in this amendment to save money in an area that is desperately needed, because later on in these proceedings the Members are clearly going to see why we are going to have to have more money for other important weapons systems.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I very reluctantly rise to speak in favor of the amendment, but I feel that the Members of the House just ought to be aware of what we are doing here. I have no problem with the concept of a trainer—if it is in fact a trainer—being made out of a single-seater by being able to put in another seat so that a pilot instructor can sit behind and assist.

But, unfortunately, I think that the facts and the figures that have been put forth here by the gentleman from Cali-

fornia, so far as I can ascertain and so far as we heard in subcommittee on R. & D., are true. This is not a one-shot thing, a $50 million expenditure. We are talking about an expenditure, by the time we finish the program, of several hundred million dollars. This is at a time when we need the money desperately for other things; when we have cut back in our flying time; when we have cut back in our sailing time; when we have cut back in our operation and maintenance.

One point ought to be recognized by the group as a whole, and that is that the Air Force did not ask for this money. If it were left up to the Air Force, if they had a hundred million dollars or $700 million to spend on defense, they have a crying need in many other areas, not in adding another seat to this underpowered aircraft. By putting in another seat it adds 1,200 pounds to the weight of the aircraft, so I think we are being particularly shortsighted.

I very reluctantly support the amendment because I very much admire the author of the amendment in full committee who added this money, but if we have got more mony to spend for defense, this is not the area in which to do it. The Air Force does not want it; I do not want it, because I think it will be better spent elsewhere. It does not add one dime to the capability of the defense of this country. I think we will be very shortsighted indeed if we do not support this amendment. If we have the money to spend, we ought to spend it someplace else.

Mr. DORNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak against the amendment.

Would the gentleman from California join me in a colloquy on the A-10?

I am confused here. We are all trying to save money, especially those of us who are particularly strong on defense matters. I would indeed like to save it in areas of defense.

I know the gentleman's long-standing arguments against the A-10. Certainly, some of the finest combat pilots in the world, at least those who have been tried in real combat, the Israelis, have also rejected it as a battle weapons system. I flew the front and the back seat of the A-10.

In flying in this two-seated A-10, as the distinguished gentleman from California has done, has the gentleman considered what we are going to have to do, particularly in the Fulda Gap area against the Soviets? Does the gentleman not believe, as a pilot of much tactical experience, that this may be a two-man mission, whether it is the stretched TAC-7, which I know the gentleman has flown, or an upgraded tactical F-111? Would not an A-10, with two seats in a nocturnal hard-weather situation, a combination of night and the worse adverse weather conditions, best serve our mission? Are not these adverse conditions the very circumstances under which the Soviets would launch a tank strike? Is that not what they now are testing for? Would it not be better to have a two-man operation in the same plane, rather than one pilot with a wing man who might be separated from him in adverse weather conditions?

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

Mr. DORNAN. I yield to my colleague.

Mr. LLOYD. I thank the gentleman for yielding. The gentleman brings up a very good point, but when we have to trade off ordnance—that is, the whole thing is a weapons system for the weapons we are trying to deliver—take them off to add a seat—we are debilitating the capability of the aircraft, as the gentleman well knows.

I know that he does indeed know this, that the only way you are going to get it is to leave off fuel and shorten your range, or leave off ordnance, or leave off a seat. As I have already indicated, we have some other devices coming down the line which will definitely make all these aircraft more weather capable. LANTIRN is that, but we do not need another seat, another pair of eyes if it is an all-weather situation.

I would remind the gentleman that the A-10 was never designed as an all-weather weapons delivery system. Clearly, I think, 5 years ago when I fought very hard against it they said, "Oh, no, this will never be it. We don't need an inertial navigation system that they are now trying to give them. No, we don't need it, except a presentation, which we are now trying to do. We don't need these things." That is what they told me.

It operates in three-quarters of a mile in turn-around radius, and as my colleague from Alabama indicated, we are adding 1,200 pounds of weight. I do not know what that means in shortening of the radius, but that severely limits the capability of any airframe in this category.

The aircraft is already under-powered because of weight. They have already hung too much on it. We are not stopping building of A-10's. People who get them still will get them, and we do not need two seats to train in an airframe of this caliber. It does not have that kind of sophistication in it.

There is nothing in it, the state of the art, and frankly, the gentleman from California or I could go out right now with that straight wing—it is an honest, straightforward airplane—and fly it without a bit of trouble, and probably be trained in it in a very short time without the need of another seat.

Mr. DORNAN. I appreciate the gentleman's explanation. Let me ask another question. This is the first aircraft to go directly to reservists, to the Air National Guard pilots throughout our States, since F-86's were delivered to the Guard in the early fifties. That ended quickly as soon as the Korean War started. Does the gentleman not think that there is some value in a two-seat aircraft—at least one—assigned per Guard unit, at least one, that has A-10's, for instrument training of pilots, because these are not full-time, active-duty pilots?

Mr. LLOYD. Oh, absolutely. Not at the cost we are paying for this when we have a T-38 that is half the cost of this air frame and is more than adequate as a trainer apparently since the Air Force already uses it as an advanced trainer in a pilot training program down at Williams and other airfields, so we have it already. Why redesign this at a cost of three-quarters of a billion dollars?

Mr. DORNAN. The gentleman's arguments along both tactical lines, as well as frugality, are excellent, and I will make up my mind in the next few minutes.

Mrs. BYRON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the House Armed Services Committee has voted overwhelmingly to provide the two-seat version of A-10 aircraft to be used in combat-ready trainers; not as an all-weather aircraft, as Mr. LLOYD has claimed. The two-seat combat-ready version will actually save the government $25 million per year in training costs and 8.5 million gallons of fuel per year by eliminating the need for a chase airplane on most training flights. As it is now, with all A-10 single seats, two planes fly on each mission. With an instructor pilot in the back seat, quality of training will be improved and the lives of new pilots safeguarded. The National Guard Association and the Reserve Officers Association have testified before Congress as to the need for the two-seat aircraft. The active Air Force have stated a need for the two-seat aircraft. TAC at Langley has stated this. The aircraft will be equipped with wiring, brackets, and cooling in such a way as to be capable of accepting night adverse weather avionics in the future if Congress decides to do so at that time. By making a small investment now, the Government can collect enormous dividends in the years to come in training costs and fuel.

It is for these reasons that the House Armed Services Committee voted overwhelmingly to support this project. The figures of $715 million that Mr. LLOYD has quoted would be required to make all of the 198 A-10's from the fiscal year 1981 authorization equipped with all the night adverse weather avionics or a two-seater with everything on it, or purchasing all Corniche Rolls Royces when we only need Fords and Chevies.

There are now 345 A-10's in the Air Force inventory. They have come in under project costs, ahead of schedule, and perform exactly as they were intended to do, and they do not break down.

□ 1600

This R. & D. authorization for procurement is an authorization for the 30 two-seater A-10's that are in the committee bill.

Mr. Chairman, I urge the defeat of this amendment.

Mrs. HOLT. Mr. Chairman, will the gentlewoman yield?

Mrs. BYRON. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Chairman, I thank the gentlewoman for yielding.

Mr. Chairman, the gentlewoman has certainly articulated convincingly the need for the two-seater A-10's, and I rise in opposition to the amendment and urge its defeat.

Mr. FAZIO. Mr. Chairman, will the gentlewoman yield?

Mrs. BYRON. I yield to the gentleman from California.

Mr. FAZIO. Mr. Chairman, I thank the gentlewoman for yielding. I appreciate the gentlewoman's comments, and I rise in opposition to the amendment as well.

Last year I had an opportunity to spend a weekend at the Davis-Monthan Air Force Base in Arizona where the A-10 pilots are being trained. I must say, first of all, that the pilots there have a tremendous opportunity to train in the airplane, but two things that they felt were lacking and that they wanted to see were the ability to have the training period shortened by having the two-seater available and the ability to fly under all-weather conditions.

The European theater, with the tremendous advantage the Soviets have in tank capability over ours will require the A-10 to be put in constant use. It may be the strongest weapon we have, and we have to anticipate that that may not occur in the sunshine of bright daylight.

I think we have to at least provide for the possibility of conversion of these planes to meet that particular problem that we can anticipate in the European theater.

Mr. Chairman, I do want to strongly support the gentlewoman's efforts to defeat this amendment, and I congratulate her for her effort.

Mr. LLOYD. Mr. Chairman, will the gentlewoman yield?

Mrs. BYRON. I yield to the gentleman from California.

Mr. LLOYD. Mr. Chairman, I thank the gentlewoman for yielding.

The gentlewoman has indicated to me that she is going forward to some sort of a weight capability that was not originally planned.

Will the gentlewoman explain to me now what the tactical advantages would be in going to that? How can we justify that, remembering that the moneys we are now talking about total $710 million, and that if we go the rest of the way on this, it will not make this aircraft an all-weather capability aircraft? How does the gentlewoman support that?

Mrs. BYRON. Mr. Chairman, it is my understanding the figure the gentleman is using is for the procurement of all 198 future A-10's to be equipped with all of the avionics and the top-of-the-line production with everything equipped. That is not what the committee bill states. The committee bill states that we should have the capability of 30 two-seater A-10's.

Mr. LLOYD. Mr. Chairman, if the gentlewoman will yield further, can the gentlewoman assure me that she is going to ask for just 30 additional aircraft and we are not going to configure these aircraft with any more two-seaters once we get the production line running?

Mrs. BYRON. That is all that is in the current bill this year.

Mr. LLOYD. Mr. Chairman, I did not ask that.

Will the gentlewoman assure me that we are not going to have any more two-seaters than these additional 30 aircraft?

The CHAIRMAN. The time of the gentlewoman from Maryland (Mrs. BYRON) has expired.

(On request of Mr. LLOYD, and by unanimous consent, Mrs. BYRON was allowed to proceed for 2 additional minutes.)

Mrs. BYRON. Mr. Chairman, I cannot assure the gentleman of anything. Times change and situations change, as well the gentleman knows.

Mr. LLOYD. Mr. Chairman, if the gentlewoman will yield further, the point I am making in this is that in no way are we changing the capability by doing this, by changing the capability of the A-10 that already exists. The gentlewoman is trying to tell me that the training requirement means we have to have a two-seater aircraft.

As a person who has spent a good deal of his life in the areas of military aviation, I really do not believe that is an overwhelming and overpowering need to train A-10 pilots with the two-seater.

When they have to carry even the ordnance that will be required by the single-seater, we should not debilitate or reduce it by adding poundage. With the aircraft we get, we have to pay for it in some way. If we have more of this and more of that, we have to pay for it. We have to pay for it in weight, we have to pay for it in poundage, in fuel, or in ordnance. That is the only way to look at it.

Mr. Chairman, with this requirement, we debilitate the capability of the A-10, and then it will not work as well as it would before.

Mrs. BYRON. Mr. Chairman, we are currently debating authorization for the purchase of 30 two-seater A-10's. The main criteria for the purchase of this would be the quality of training, to improve the level of the pilots' training.

Mr. LLOYD. Mr. Chairman, if the gentlewoman will yield further, I do not happen to agree with that. I do not think that is necessary.

Mr. SYMMS. Mr. Chairman, will the gentlewoman yield?

Mrs. BYRON. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentlewoman for yielding.

I just want to ask this question: If we took the money we are talking about to build the new A-10's that we are talking about, the trainer model, is it true that we are talking about almost $1 billion or three-quarters of a billion dollars?

Mrs. BYRON. We are talking about $30 million a year in training costs that are to be saved. We are talking about an authorization of $50 million for procurement and R. & D. for the 3 two-seater aircraft.

Mr. SYMMS. How much money does the A-10 cost, the current model that we have in production?

Mrs. BYRON. The current model that is in production?

Mr. SYMMS. Is the figure perhaps $6 million?

Mrs. BYRON. I believe so.

Mr. LLOYD. Mr. Chairman, if the gentlewoman will yield, let us make that $6.7 million.

The CHAIRMAN. The time of the gentlewoman from Maryland (Mrs. BYRON) has again expired.

(On request of Mr. SYMMS, and by unanimous consent, Mrs. BYRON was allowed to proceed for 2 additional minutes.)

Mr. SYMMS. Mr. Chairman, will the gentlewoman yield further?

Mrs. BYRON. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, may I just ask the gentlewoman one more question?

Is there any reason why we could not justify an additional number of the current model of these A-10's so that we have more aircraft and so that we can get more bang for the buck?

Mrs. BYRON. Mr. Chairman, we currently have 30 single-seaters, and there are 30 two-seater A-10's in the bill that is before us today.

Mr. DOUGHERTY. Mr. Chairman, will the gentlewoman yield?

Mrs. BYRON. I yield to the gentleman from Pennsylvania.

Mr. DOUGHERTY. Mr. Chairman, I would like to be identified with the comments of the gentlewoman from Maryland (Mrs. BYRON), and I rise in opposition to the amendment.

The point the gentlewoman from Maryland is making is that in the training mode for training pilots for the A-10, we get more for our dollar by having a two-seater which provides for an experienced pilot being in the same plane as the pilot learning how to fly. It eliminates the need for two aircraft, and it eliminates the need for the excess waste of gasoline that that equipment would require.

Mr. Chairman, I think the gentlewoman's point is well taken, and I urge my colleagues to vote no on the amendment.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this is really an old chestnut. My good friend, the gentleman from California (Mr. LLOYD), says that he is opposed to the A-10 with two seats. Well, he was opposed to it with one seat, too. I can understand his position.

This particular aircraft was developed largely as a result of protests from the Congress and from the Committee on Armed Services. In fact, our former colleague, Otis Pike, had a great deal to do with it at the time of the Vietnam war, because he recognized on his trips to Vietnam that although we had all kinds of fancy jets over there, we did not have any effective plane that could provide close air support for our ground troops. The A-10 was the product of the action of the Air Force in developing that kind of an aircraft. It came out after the Vietnam war was over, unfortunately.

But as the gentleman from California (Mr. FAZIO) has pointed out, this is an aircraft that is ideally designed to pro-

vide close air support for our forces in Europe, also particularly against tanks.

The problem with the A–10 from the point of view of the jet jockets, from the point of view of those who want to go to mach 2 or mach 3, is that it looks like a slow, cumbersome aircraft. It has armor on it. It moves comparatively slowly. But that is precisely the job it is designed to do. It is a tank-killer. You cannot kill tanks at mach 1 or mach 2.

My good friend, the gentleman from California (Mr. LLOYD), who has flown fast jets, just cannot seem to adapt himself to the idea that any plane that is not a hot jet still has a place in our arsenal. The fact of the matter is that the two-seater model involved in his amendment is not only for the purpose of training. It is also, as my friend, the gentleman from California (Mr. FAZIO), indicated, designed to be used in the low-lying weather that traditionally hangs over the European battlefield, when the A–10 is trying to follow the tank on the ground, and zero in on that tank and at the same time maneuver the aircraft at relatively low levels. It is a lot easier to do that complex job with two people than with one person. That is primarily the reason for adding the additional seat. It makes good sense, because without a two-seater, the effectiveness of the A–10 in supplying low-level support to our ground troops and knocking out enemy tanks would be consistently reduced.

Mr. Chairman, perhaps I might make one other point. I happen to have been in very early on the development of this aircraft. It happens to be one of the very few aircraft that is built in the great Northeast. It is one of the few aircraft that is built in New York State.

□ 1610

We in New York, I think, have been a little upset because although we once had a flourishing aircraft industry in our State, so many contracts for military aircraft are now going to California or Texas or elsewhere. And as our great Senator in the other body has often complained, we in New York are not really getting our share.

Now, admittedly, a substantial portion of this aircraft, which was originally built in New York, is being built in Maryland; but we in New York are still in on it at the creation. So, I would hope my colleagues would not take away from us this relatively small portion of the defense budget which we have achieved, particularly when it involves a weapons system that our military leaders in Europe desperately want, to give them something to deal with a preponderance of 4-to-1 in Soviet tanks which those ground commanders face.

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

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

Mr. LLOYD. I thank the gentleman for yielding.

Mr. Chairman, the gentleman is telling me that I am overwhelmed with speed. I am not overwhelmed with speed. I do not really care how fast or slow a weapons system goes. What I care about is its ability to deliver the weapons system at the right place at the right time and also do it effectively.

Mr. STRATTON. The gentleman, I know, has exactly the same objection to this plan that we found when the A–7 pilots came before our committee some 6 or 7 years ago. But the gentleman, in all of his critical remarks about the A–10 never once addressed himself to the specific wartime task of the A–10, which is to shoot down tanks. That fact puts the whole matter in a much different light. Its not easy for one pilot to navigate and look out for enemy tanks.

Mr. MAVROULES. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment for three reasons. And keep in mind the tremendous respect I have for my colleague, the gentleman from California (Mr. LLOYD), not only as a colleague, but also as an expert on aircraft.

Mr. RUDD. Mr. Chairman, will the gentleman yield for a question?

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

Mr. RUDD. I thank the gentleman for yielding.

Mr. Chairman, I simply would like to ask our colleague, the gentleman from New York (Mr. STRATTON), or the gentleman from California (Mr. LLOYD), one question, and that is this:

There is no question but that we have to have a plane that will address itself to this mission for our military, for our Air Force. But is there any operational aircraft today that will do the same job or provide the same mission?

Mr. LLOYD. Yes, if I may answer that, if the gentleman will yield.

Mr. STRATTON. I do not know if the gentleman wants to yield to me.

Mr. MAVROULES. Mr. Chairman, I will yield to both. I will first of all yield to the gentleman from California (Mr. LLOYD).

Mr. LLOYD. Mr. Chairman, the answer to the gentleman's question is that the A–7 will address itself to similar tactics. Also the F–15, F–16, has an air-to-ground capability. As a matter of fact, all of our aircraft have that potential. But as has already been pointed out, they do not have the comparing capacity, nor do they have the loitering capacity, which is based on fuel. Fuel gives you that extended range, and now we are cutting the fuel capability down. That is why I am in opposition.

Mr. MAVROULES. Excuse me. If I may reclaim my time, after you are through speaking, I would appreciate giving some time back to me.

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

Mr. MAVROULES. I yield to the gentleman from New York.

Mr. STRATTON. I do not want to intrude on the gentleman's time, but the answer is that there is no other plane. That is precisely the reason this thing was developed, precisely the reason that Mr. Pike, who was also a pilot, was instrumental in developing this plane, because no other plane was available. Our friend says that if you are going to put on another seat, it is going to cost 1,200 pounds. This plane is carrying armor plate, so it is carrying a lot of weight. But that is precisely because, in a sense, it is a flying tank.

Mr. RUDD. Mr. Chairman, I thank the gentleman for yielding, and I will get time for the gentleman.

Mr. MAVROULES. I thank the gentleman.

Mr. Chairman, I wish to voice my opposition for three reasons.

First. The advantage of the two-seat variant is that, for training purposes, it reduces cost and promotes safety.

Specifically, it would eliminate the need for a chase plane, realize an estimated savings in energy use of 8.5 million gallons of fuel, and cut operating costs by about $26 million.

It takes no cost-benefit analyst to see that there will be a significant return on this $30 million investment.

And, by the way, it is not uncommon for fighter aircraft to have two variants: A single seater and a two seater. We need only look at the F–100, F–101, F–102, F–104, F–105, F–106, F–15, and the F–16 to see the success and long-standing use of two variants.

My second reason. The two-seat A–10 will also be able to accept night adverse weather avionics, which is critical in the European theater where this aircraft must meet head on the armored superiority of the Soviet Union.

To give a plane a mission—in this case, armor interdiction—and then to deny it any opportunity of succeeding is a ludicrous practice, and we should avoid it today.

My third and final reason. Procurement of the two-seat variant of the A–10 was approved by a 2-to-1 margin by the House Armed Services Committee, the very panel with oversight on this panel, and the only panel to hear extensive testimony both for and against the two seater.

Mr. Chairman, for these reasons I oppose the amendment and I urge its defeat.

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

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

Mr. LLOYD. I thank the gentleman for yielding.

Mr. Chairman, the gentleman alludes to fuel savings. That is an assumption on the part of some people that you will have fuel savings. But it is not a real savings, because when you put weight on an airplane, you have to pay for it. You have only so much horsepower in that engine. When you add weight you pay for it in additional fuel, exactly the same thing you do with your automobile when you put a lot of weight in the back end of your car. It takes more gas to get there.

Secondly, people continue to allude to an all-weather capability. The airplane does not have that. Now, if you

want to go for an all-weather capability, I think we should consider it. But at the present moment I think that we are really going down the wrong track.

Last but not least, that there is something significant about where an airplane is or is not built, in my opinion, is not a valid argument. I really do not much care about it, so long as the people who have to do the fighting——

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MAVROULES) has expired.

(On request of Mr. RUDD and by unanimous consent, Mr. MAVROULES was allowed to proceed for 3 additional minutes.)

Mr. LLOYD. If the gentleman will yield further, I will soon give the gentleman back his time because I know the gentleman wants to respond, and I do thank the gentleman for being so kind.

The point that I am trying to make is that the most important thing that we can do is to get the weapons systems into the hands of the operators now and get the operators with the O. & M. funds to operate. This is going to cost a whale of a lot of money. Let us use the money elsewhere.

Mr. MAVROULES. The only reply I will make to my colleague, the gentleman from California: Whether this is an assumption on fuel savings, let me remind the gentleman that Government itself is an assumption, so is the budget resolution we passed last week. While I have heard some remarks relative to this not being asked for by the military, if we were to be candid and honest with ourselves, if we were to eliminate from the defense budget, from the Armed Services Committee, we could probably eliminate billions of dollars which were not asked for by the military. I want to make that as part of the record, because I think that is important.

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

Mr. MAVROULES. I yield to the gentleman from New York.

Mr. AMBRO. I thank the gentleman very much for yielding. I, too, do not care where the plane is made, even 70 percent of it is made in my district. That, of course, is not a consideration. I think, though, we are mixing fish with fowl here. The cost-savings projections with respect to gasoline do not derive from either a lighter or a greater weight on the plane, but derive primarily from the training enterprise which assures that two seats in a training plane will permit a novice pilot and a trained pilot to go up in that plane without having a novice pilot go up in a single-seater with another A-10 plane behind it utilizing a full complement of gasoline. That is where those figures come from, not from increased weight.

When we are talking about this amendment or this bill which contains 30 planes as one which will provide trainers, if one looks down the line we are not talking about three-quarters of a billion dollars, we are talking about safeguarding this Nation.

Mr. MAVROULES. I thank the gentleman for his comments.

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

Mr. MAVROULES. I yield to the gentleman from New York.

Mr. DOWNEY. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman for his comments and I rise in opposition to the amendment. It is clear that this is not so much a question of cost savings but determining a better way, a more effective way to train pilots.

My good friend, the gentleman from California, is an expert on military matters. He has never been a friend of the A-10. The A-10 is, quite simply, the only tank dedicated to killing tanks.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LLOYD) to the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. LLOYD. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

Mr. LLOYD. Mr. Chairman, may I make a point of order that a quorum is not present?

The CHAIRMAN. The Chair will advise the gentleman that a recorded vote has already been refused. A quorum call would not necessarily serve the gentleman's purpose.

Mr. LLOYD. I thank the Chairman.

So the amendment to the committee amendment was rejected.

□ 1620

AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA TO THE COMMITTEE AMENDMENT

Mr. EDWARDS of Alabama. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWARDS of Alabama to the committee amendment: On page 2, line 19, strike out "$9,365,143,000" and insert in lieu thereof "$9,165,143,000".

Mr. EDWARDS of Alabama. Mr. Chairman, I want to commend the committee first for what I believe to be an excellent bill. The committee, in my view, added procurement items, long leadtime items, that I thought made a lot of sense in such areas as the AV-8B and the SSN-688, the Aegis cruiser and the frigates and in other areas in this bill. I think they have done a good job. I am concerned about the area of the strategic weapons launcher, the strategic weapons launcher, otherwise known as SWL.

Mr. Chairman, the strategic weapons launcher is in fact a B-1 of sorts. It is subsonic, not supersonic. It is fixed-wing. It is designed or would be designed to carry the cruise missile, and it is a plane that has not been budgeted, has not been requested, and in fact the testimony from such people as General Ellis of SAC is that it is not needed at this time.

It is so unneeded that I am told that even the gentleman from California (Mr. DORNAN) is going to offer an amendment to substitute the B-1 as a penetrating bomber in place of the cruise missile carrier.

This amendment goes to the question of $200 million in the procurement items. So as to not confuse the issue, I did not ask for amendments to be offered en bloc, otherwise I would have also included an amendment on page 6 that has $400 million having to do with research and development. Depending on how this comes out, we will look at page 6 later.

I should like to make the point that this project, should it be funded and carried to completion, calls for some $12,600,000,000 of unbudgeted items in a defense budget over a period of years where we desperately need to put our money into other things.

I am greatly concerned about the O. & M. problems that we have in our military. I am greatly concerned about the parts problem that we have in our military. I am greatly concerned about the fact that the committee put in some $6 billion worth of new procurement, but only funded some $300 million of spare parts to support that procurement.

I am greatly concerned about the fact that the committee put in millions and millions and millions of dollars in new procurement for aircraft, but put in very little money for air-to-air missiles which we so desperately need.

I would argue to you that rather than going off on an unbudgeted $12 billion program that has not had any real support, that we ought to be putting this kind of money into those areas that are so necessary to keep our military working in good fashion, so that our mission-capable rate is up to par, so that we have a problem and we have to go into action, we have got planes and tanks and trucks and helicopters and all the rest that are full up, ready to go. We simply cannot do it if we continue to put money into projects such as this, that are not budgeted, that are not requested, and for which there is no immediate need as far as the defense of this country is concerned.

I know that there will be those who say, here comes the old B-1, and if I am not for the B-1, I am not a good American, and therefore I am going to have to stand up and be for the B-1.

This is not the B-1 penetrating bomber. It is a cruise missile carrier that we do not need at this time. There may be an issue later today where the Members will have full opportunity to vote on the question of the penetrating bomber. If that comes up, so be it. Take your position, but do not look on this as the question of whether one is for or against the B-1. This is an unneeded cruise missile carrier.

I would urge this body as strongly as I can to vote for this amendment to stop this before it gets started.

I will say to my friends on the authorizing committee that I very seldom come to this floor and take exception to what you do.

The CHAIRMAN. The time of the gentleman from Alabama (Mr. EDWARDS) has expired.

(By unanimous consent, Mr. EDWARDS of Alabama was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of Alabama. Mr. Chairman, the appropriations process normally can try to resolve some of these issues, but because this thing is coming on as the "B-1," I think the day is now when we ought to face it head on and not buy something that we do not need and can ill afford in the name of a project that many support, but is not involved here.

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

Mr. EDWARDS of Alabama. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding.

The gentleman has correctly pointed out to the House that he is removing $200 million in long lead-time items for the SWL, and I presume that he will offer later on if this amendment carries, an amendment deleting the $400 million that the committee put in for R. & D. Is that correct?

Mr. EDWARDS of Alabama. The gentleman is correct.

Mr. ICHORD. Now, I observe that the gentleman's amendment will contain no money for——

The CHAIRMAN. The time of the gentleman from Alabama (Mr. EDWARDS) has expired.

(At the request of Mr. ICHORD and by unanimous consent, Mr. EDWARDS of Alabama was allowed to proceed for 3 additional minutes.)

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

Mr. EDWARDS of Alabama. I yield to the gentleman from Missouri.

Mr. ICHORD. It will contain no money for a follow-on cruise missile carrier. Now, as the gentleman well knows, his amendment does not touch that. We are going to use the B-52 as a missile carrier. What are we going to use for a follow-on cruise missile carrier if we do not use the SWL?

Mr. EDWARDS of Alabama. General Ellis has said—and I do not think he is any dove. I think he is a darn good defense specialist in the Air Force. He is head of SAC. He said that we will use the B-52-G until about the mid-eighties and then we will use the B-52-H into the nineties and that there is plenty of time down the road to worry about where we are going with the cruise missile carrier. Nobody says that the cruise missile carrier has got to be something like the B-1. It can be an L-1011 which would carry more cruise missiles than the so-called B-1 will carry.

Mr. ICHORD. I observe the gentleman from Michigan (Mr. CARR), and the gentleman from Texas, our distinguished majority leader (Mr. WRIGHT), waiting in the wings.

Does the gentleman from Alabama support the FB-111 as the follow-on for the cruise missile carrier? Are we to read that into this amendment? The gentleman does not put anything else in. Is this tied in with the FB-111 amendment?

Mr. EDWARDS of Alabama. I cannot say what the gentleman from Texas and the gentleman from Michigan are waiting in the wings to do.

I can say that what I am doing here today has absolutely no relationship to the FB-111. That to me is something that would come under the discussion of a penetrating bomber, and that is not the point that I am trying to make here today. We are talking here about a cruise missile carrier, not a penetrating bomber. The question is whether we need a cruise missile carrier of the B-1 style now or whether it is something that we can do later when we have a better knowledge of what it is we want.

□ 1630

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

Mr. EDWARDS of Alabama. I yield to the gentleman.

Mr. DICKINSON. Mr. Chairman, I think the gentleman is well aware of the fact that the President, in announcing cancellation of the B-1 bomber, said we were going to begin to rely very heavily on cruise missiles. Now, if we killed the strategic weapon launcher, as the gentleman proposes to do, what would the gentleman propose we use as a cruise missile carrier?

Mr. EDWARDS of Alabama. I propose we not do anything this year. I propose that we let the Pentagon come over here with all of their studies and make a recommendation to us.

Mr. DICKINSON. The gentleman has heard the recommendation from the Pentagon and they want to spend $7 billion just to upgrade the B-52's. The gentleman has heard that, has he not?

Mr. EDWARDS of Alabama. I have heard a lot of things coming out of the Pentagon, but I would like to find some policy out of the administration.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

(At the request of Mr. ADDABBO and by unanimous consent, Mr. EDWARDS of Alabama was allowed to proceed for 1 additional minute.)

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

Mr. EDWARDS of Alabama. I yield to my respected chairman.

Mr. ADDABBO. I thank the gentleman and take this time just to point out to the gentleman from Missouri, as he well knows and as other members of the Armed Services Committee know, we have money and the Pentagon does have money to study what type of plane they want as the follow-on cruise missile. They have money in their budget to make that study and to come back to the Congress and tell us what will be that follow-on after the B-52 for a cruise missile carrier.

Mr. EDWARDS of Alabama. Well, of course they do. I think this is not the time or the bill to start spending $12 billion. I would hope the committee would vote for the amendment and let us do this in a better fashion.

Mr. ICHORD. Mr. Chairman, I move to strike the last word, and rise in opposition to the amendment.

Mr. ICHORD. Mr. Chairman, I would first state to the distinguished gentleman from New York, my good friend, Mr. ADDABBO, that it is true we have the study money. The study in fact has already been made, and the committee has been informed that the best follow-on for the B-52 as a cruise missile carrier is the SWL. That is the reason I would state to my good friend and distinguished colleague, the gentleman from Alabama (Mr. EDWARDS) why we added the SWL.

Now, I asked the distinguished gentleman from Alabama what he was going to do for a cruise missile carrier. I would state to the gentleman from Alabama that I think his amendment is faulty. This amendment is a good example of why we should not be writting legislation and building weapons systems to defend this country in the 1990's and the year 2000 time frame on the floor of the House. Let me point out that the committee cut out all of that B-52-G follow-on money for the conversion of B-52's other than 170 CMC's which is the reason why I asked the gentleman from Alabama what he was going to use as a follow-on carrier in addition to the 170 B-52-G's that we are going to use as the cruise missile carrier until the SWL comes along.

Let me state to my colleagues on the committee that I think this country made a tremendous mistake when it cancelled the B-1 bomber. But this is not a B-1 bomber issue. I am not going to stand here in the well and cry over spilt milk. That is in the past. The mistake has been made. By no stretch of the imagination, I would state to the gentleman from Alabama, are we trying to revive the B-1 bomber. The B-1 manned penetrating bomber procurement program was terminated by the President in June of 1977 and this House, I think unfortunately, acquiesced in that decision.

I would point out that in the R. & D. Subcommittee there was a vote in the subcommittee on this issue and the amendment of the gentleman from Alabama was turned down by a vote of more than 2 to 1, by a vote of 8 to 3. These are distinguished Members like the gentleman from California (Mr. LLOYD), the gentleman from Alabama (Mr. DICKINSON), and the gentleman from Virginia (Mr. WHITEHURST), who have been on the R. & D. Subcommittee for years and have spent years and years studying the problem of the B-1 bomber and the problem of the cruise missile carrier. They turned down, I say again, the gentleman from Alabama's amendment by a vote of 8 to 3.

The reasons are simple. The B-52 represents 35-year-old technology. These aircraft are going to be 40 years old by the year 1990. The Department of Defense, as I pointed out before, has examined several options in search of a cruise missile carrier and aircraft to replace the B-52 during the 1990's.

The gentleman is correct, the Air Force examined the Boeing 747, the Lockheed L-1011, the McDonnell Douglas DC-10 alternative, and the C5A, the advanced medium strategic transport commonly known as AMST, and also the B-1 configuration to carry cruise missiles. The committee is going along with the finding that a B-1 variant is the best cruise missile carrier as a follow-on for the B-52's when they wear out definitely in 1990.

We just do not want to send our young

men to war in an aircraft that is going to be 40 years old in the year 1990. That is the primary basis for the committee action.

The second basis is the investment to date in the B-1.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(By unanimous consent Mr. ICHORD was allowed to proceed for 3 additional minutes.)

Mr. ICHORD. That investment to date in the B-1 research and development program is approximately $4 billion. We did not want that to go down the drain.

The SWL concept, the strategic weapons launcher concept is going to capitalize on this large investment. The B-1 has successfully completed practically all of its research and development. We are taking advantage of all of that technology to get this follow-on cruise missile carrier.

As I stated before, as the clincher, the Air Force testimony before the committee confirms the B-1, as an SWL, is probably more readily available than anything else we have looked at. We could have come up and recommended to this body a so-called SAL. That would be a swing-wing version of the B-1. But that would come in at a cost of $11.9 billion.

After a great deal of study your R. & D. Subcommittee has come in with this so-called SWL, a fixed-wing variant of the B-1 at a cost of $8.8 billion, which will give us a first aircraft in January of 1984, an IOC of 15 aircraft in April of 1985, and 100 aircraft in February of 1987.

I ask my colleagues to support the R. & D. Subcommittee, which defeated this amendment by a vote of 8 to 3 after much study.

□ 1640

Mr. BOB WILSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I hesitate to take issue with a very dear friend of mine from Alabama on this particular amendment, but all of us cannot be right all of the time. He has been right many times; he has been wrong a few times in the past. I am not getting into personal issues, but he was opposed to the B-1 when the rescission request came through. He is still opposed to the B-1 or even a variant of the B-1 which would be a new, effective strategic cruise missile carrier. We do not have a cruise missile carrier except the B-52, and I agree with the gentleman from Missouri that the B-52 is not a viable cruise missile carrier for the 1980's, the 1990's, or the year 2000.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BOB WILSON. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. I thank the gentleman for yielding. The gentleman knows that I have not been opposed to the B-1. I spoke in that very well in support of the B-1 on many occasions. I did object to spending three-quarters of a billion dollars for two B-1's after the plane had been killed by the President with the support of Congress. But I have never opposed the B-1.

Mr. BOB WILSON. I stand corrected.

I am not going to be in Congress after this year, and in a way I regret my decision to leave. I am very much concerned about the future of our country and the perilous world we are facing.

I wonder how many have seen the graph that shows the so-called strategic bathtub, which shows the situation that we would be in from 1977 through 1986. There is a Defense Department graph that is shaped something like an old-fashioned bathtub. It starts up here in 1977, which was the year that the B-1 was canceled, and then it goes deep like this, and then over a 10-year period it comes back to here. This graph starts in 1977—a period of so-called essential equivalence between the United States and Russia in our capability to survive a first strike and to mount a retaliation strike. It shows us, with the B-1 gone, in a deep tub, and we are right down here in the year 1980 where the drain is. God help us if somebody decides to pull the plug. If that B-1 had not been canceled, we would have had a strategic sink instead of a bathtub, and it would have been an entirely different situation.

Believe me, we are in a perilous situation. I have just come back from the Persian Gulf area, and in my opinion we are close to war, Mr. Chairman, I can tell you that. We have to be prepared, and I pray to God we will be prepared.

Last week I happened to get a book from a former Member of the House, former President Nixon, which is called "The Real War." I just happened to pick it up and turned to the middle of the book, and spotted an article there about Dr. Edward Teller. He quotes Dr. Teller. He said, "I asked Dr. Teller, what will the United States be like in the year 2000? And Dr. Teller thought for some time, and he said, "In my opinion, there is about a 50 percent chance that there will be no United States in the year 2000." Mr. Nixon asked him, "Do you mean politically, or do you mean physically?" He pondered again, and said, "I think either or both."

I was interested in that because Dr. Teller was coming to my office the next day. He came and I mentioned it to him. He said, "I recall Mr. Nixon's asking me that about a year ago," and he said, "I have had a chance to consider that question further." He said, "I would change it now." He said, "I would change it to the year 1990."

Here was the father of the hydrogen bomb, a man who really knows the geopolitical pressures at work in this world. He said we are behind the Russians not only quantitatively but qualitatively, and this is one chance with the strategic weapons launchers to move ahead of the Russians in one field in which we must be superior.

I just hope that we do not adopt the gentleman's amendment.

Mr. DORNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak against the amendment.

Mr. Chairman, I have great respect for the gentleman from Alabama (Mr. EDWARDS). No one spends more time grieving over the shortcomings of our defense structure on the Appropriations Committee than this distinguished citizen of Alabama. I remember how he agonized over having to take the lead in killing B-1's No. 5 and 6 out of sheer frustration because of the mixed signals that the House was getting from the Defense Department over these airplanes.

May I recall for some of the freshmen and some of the senior Members in this Chamber the embarrassing scene at the White House which took place a few months ago when one of our finest new Members, and latest addition to the distinguished defense committee, the Committee on Armed Services, the gentleman from Kentucky (Mr. HOPKINS) asked our President what he had against the B-1. The President was stuck for an answer, and that is a fair characterization, because he said nothing. He turned to his Chairman of the Joint Chiefs of Staff, a man with a brilliant Air Force career, a man who has commanded both a fighter wing of F-4 Phantoms and who was a strategic commander of the B-52, Davey Jones. Jones got up—and I just checked this in the cloak room with the new distinguished Member from Illinois—and he said, "Mr. President, you put me in an awkward position, sir. As you will recall, I am a strong proponent and was a strong proponent of the B-1."

I have had the pages bring a model of the Soviet version of B-1, the Tupelov 26 known by our NATO code name as the "Backfire," which is now in full production. Over three per month are now being pumped out, as I said yesterday, not only into the Soviet SAC forces but also into the Russians' maritime services; and they have already been assigned to Siberia by Pacific Coast units.

What is the result of the B-1 cancellation? Many of us, three times in the last month, have gotten the picture of what I call the "Afghan sweater," the Southwestern Camouflage Scheme No. 4. This is the aircraft which is the finest piece of technological machinery ever to go into the air, with the possible exception of our SR-71 Blackbird.

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

Mr. DORNAN. I will gladly yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding. The gentleman from California, as he has stated, has been a strong proponent of the B-1, but I think this House is going to support its Committee on Armed Services which has studied this question for a long time. Let me emphasize again the B-1 is not the issue here. I will state that if this amendment were to carry, I will immediately in title II offer an amendment to restore the money for the B-52-G's. This is the issue we now face. It is not between the B-1 and the FB-111, which I think the gentleman from Michigan is waiting on. It is between the SWL and the old B-52-G's.

Mr. DORNAN. With all due respect to my colleage, I reclaim my time. I am glad the gentleman clarified that point.

However, as the gentleman from Alabama correctly said, what in essence

we are really discussing here, whether we call it a SAL, strategic air launch cruise missile launcher, or a B–1 restart, or the SWL, not the "SWILL"—strategic weapons launchers—we are still basically talking about how we are going to extend B–52's and give our young men this suicidal kamikaze mission that every B–52 pilot I have spoken to, at four different bases, feels is their role. Or are we going to upgrade our equipment? Are we going to kill the air-breathing leg—which is Secretary Brown's expression to cover himself, after he had his shorts ripped off by a decision he was not even alerted to because it appears to have been made in early June on a tennis court in a tennis game between Jody Powell and the Commander in Chief? Are we going to kill the air-breathing leg of the Triad and go to a Biad?

I would like to help the Members on the majority side of the House—and I mean this sincerely—with a column in this week's paper by Evans and Novak. It is about some polling taken by President Carter's top pollster, the young Patrick Caddell, in Warren, Mich. Here are just two paragraphs from this column:

> A political revolt by blue-collar Democrats against President Carter is blazing through this stronghold of the United Auto Workers, signaling a possible November upset of awesome proportions by presumptive Republican nominee Ronald Reagan.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. SYMMS, and by unanimous consent, Mr. DORNAN was allowed to proceed for 5 additional minutes.)

Mr. DORNAN [reading]:

> by Caddell and aided by Alice Ryder
> Armed with a questionnaire prepared and two other trained interviewers, our house-to-house talks uncovered 33 Democrats, eight Republicans and 23 independents.
>
> Their presidential choices are startling: Reagan, 23; Carter, 21; Rep. John Anderson, 8; don't know, 7; and "will not vote," 5.
>
> Even more startling are the perceptions these presumably average voters have of Carter and Reagan. Which would be stronger on defense: Reagan, 6 to 1; on handling the economy: Reagan, 2 to 1; on "leadership": Reagan, 2 to 1; on tax policy (which our interviews show is developing into a hot sleeper issue): Reagan, 3 to 1.

□1650

Now the important part.

> In all the interviewing we have done over the past generation, talk of war has never been so dominant nor has avowed willingness to spend more for defense. The voters we talked to favored increased defense spending by 4 to 1. By a margin of better than 2 to 1, these voters actually favored more and better arms "even if it meant raising their taxes."
>
> That response can only be explained by concern over the Soviet invasion of Afghanistan, the headlines last fall over the Soviet combat brigade in Cuba, and the vulnerability of Middle East oil supplies and other signs that the United States is slipping behind the Soviets.

As the chairman has agonizingly pointed out, over the last few years and as has, Mr. WILSON, the distinguished ranking minority Member pointed out again for the umpteenth time in his career, with forceful articulation today, we are slipping behind.

A final line in this Novak and Evans column:

> If these precincts of Macomb County reflect blue-collar moods throughout Michigan, a political change of far-reaching implication could be at hand.

Mr. Chairman, when this B–1 was killed with this very model on the House floor in 1978 on George Washington's birthday. I quoted George Washington.

General Washington said:

> The only way to prevent war is to prepare for peace.

Today I have an equally fine quote by the youngest President ever elected into office, John F. Kennedy, a holder of the Navy Cross, and acknowledged hero who offered his life on the line to save the life of a fellow member of a PT boat crew who was burned and drowning in the water.

President Kennedy said:

> Only when our arms are sufficient beyond doubt can we be certain beyond doubt that they will never be employed.

Mr. Chairman, and the distinguished gentleman from Alabama, I have an answer to one of your questions. It is my firm belief that the security of the United States is not something that can be shortchanged. The supersonic flexible B–1 is the very best near-term option to take us out of that dangerous bathtub curve, as Mr. WILSON pointed out, and I believe there can be no second-term alternative. However, I am willing to listen to reason about the political hang-up of Hamilton Jordan and Jody Powell and the man they advise. If we have to rename it, "swell," "swill," "sal," or whatever you want to get it through, so that we not lose 6 months before we swear in our next President. I may cave on my amendment here in a few minutes. However, let me quote Richard Ellis, the Commander of the Strategic Air Command, today, who backs up the former Commander Russell Dougherty. He said just weeks ago before your House Committee on Armed Services, "The B–1 is the best strategic penetrator in the world today."

Of course it is the best in the world. It is the creme de la creme and the cutting edge of American technology. No matter what we put in the computer, General Dougherty and General Ellis told me, for the next 4 years, no matter what we feed into the computer, Cyber 76's, Gray 1's, pick your best main frame computer, it will spit out the B–1 for the next 4 years.

So however we try to freeze its wings, or let the gear hang out in the airstream, take away its retractable gear capacity, no matter whatever you do to castrate it, cripple it, destroy its aerodynamic supersonic capability, call it whatever you want, if you want the chassis on the assembly line so that in January we have not lost 6 months, and we can turn it from a station wagon into a Dino Ferrari capable of keeping the peace—and I do not care what the gentleman from Michigan does—I will go for whatever your committee wants to do to keep this airplane on track.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. BOB WILSON and by unanimous consent, Mr. DORNAN was allowed to proceed for 3 additional minutes.)

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. I gladly yield to 28 years of expertise and experience.

Mr. BOB WILSON. Mr. Chairman, I thank the gentleman for his statement. No one feels as emotionally bound to the B–1 as does the gentleman in the well. It is an important part of our weapons system. The gentleman has studied the problem probably better than anyone in the House. There is no real B–1 amendment or section of the bill here which one could amend and I am encouraged that the gentleman is willing to forego the amendment that I know the gentleman proposes to put in.

Actually, the amendment of the gentleman from Alabama would have a completely deleterious effect on trying to keep the strategic weapons launcher going. I am very hopeful the gentleman will support it. I am encouraged when the gentleman says he will not introduce an amendment to try to substitute the B–1.

Mr. DORNAN. If I can reclaim some of the 3 minutes the gentleman so graciously secured for me, I do not want the gentleman to build up his hopes too high because I am certainly not going to deny myself some more time to discuss this on the House floor. I am not being insincere. I am open-minded, as we discussed last night, but I agree, given the gentleman from Alabama's frustration over mixed signals, over going in different directions, and I understand the frustration of the distinguished team of those who would rather spend this money for needed social causes. I do not say this in a carping or insincere fashion, but we have in the preamble to our Constitution, as I said yesterday, the line, "provide for the common defense," before the line "to promote the general welfare."

I feel for the poor black family or Appalachian white family, or brand new Cuban family, who left all their goods behind in the Caribbean, or some poor Mexican family straining like Horatio Algers to cross the Rio Grande to come up hear and earn a good Yankee dollar. But all of them are going to be slaves, if we find ourselves so weak that the Soviet Union is able to use poison gas, as they have in the areas of Afghanistan. Consider the fact that the Soviets get warnings for their ambassadors. For example, the disgrace in the Colombian Embassy. The East German Ambassador got out, the Czech got out, the Hungarian Ambassador bugged out and the Russian bugged out long before our Ambassador Asencio and the 13 others were degraded by losing 2 months stolen out of their lives. Why? Because people do not push the Soviets around, because the Soviets bite. The Soviets are building a "B–1." They are putting into R. & D. a "B–2" and a "B–3" and here we are talking about castrating this, the finest airplane in the world, acknowledged to be a little bit more than just esthetically beautiful, even by the Speaker of this House.

I have sent up to the distinguished chairman a list of 172 Members of both parties who are for a restart of the B-1 itself. Look over that list. Find out if your name is on that list. It was a respectful letter to President Carter using his own words on the evening of June 30 if conditions drastically expired, he would rethink it. I submit the list for the RECORD:

SIGNATORIES OF "B-1 LETTER" TO PRESIDENT CARTER

Robert K. Dornan, John J. Rhodes, William M. Thomas, John H. Rousselot, Charles Pashayan, Jr., Benjamin A. Gilman, Bill Nichols, Robert E. Badham, G. V. Montgomery, Daniel Lungren, James G. Martin, Don Clausen, Charles F. Dougherty, Donald J. Mitchell, Bob Stump, Floyd Spence, G. William Whitehurst, Bob Wilson, Paul S. Trible, Marjorie S. Holt, Robin L. Beard, Trent Lott, Jon Hinson.

Tennyson Guyer, Robert E. Bauman, Jim Lloyd, Newt Gingrich, Thomas J. Tauke, C. W. Bill Young, Carroll A. Campbell, Bill Alexander, Don Ritter, Gerald B. H. Solomon, Bob McEwen, Samuel L. Devine, John Ashbrook, Thomas A. Luken, Dan Daniel, Eldon Rudd, Mickey Edwards, Richard T. Schulze, Jerry Lewis, Thomas B. Evans.

Tom Hagedorn, Larry McDonald, Jack F. Kemp, Carlos J. Moorhead, Norman D. Shumway, Robert J. Lagomarsino, George Hansen, Richard Kelly, William E. Dannemeyer, Robert S. Walker, Wayne Grisham, L. A. (Skip) Bafalis, Wes Watkins, Eugene Atkinson, David E. Satterfield, John W. Wydler, Doug Barnard, Jr., James M. Collins, Elwood (Bud) Hillis, James H. Quillen, Lyle Williams, Carroll Hubbard, Jr.

George M. O'Brien, E. Thomas Coleman, Chalmers P. Wylie, Manuel Lujan, Jr., Larry Winn, Jr., Delbert L. Latta, Gene Taylor, J. Kenneth Robinson, Keith G. Sebelius, Ron Marlenee, John P. Murtha, Larry J. Hopkins, David R. Bowen, L. H. Fountain, Tim Lee Carter, Clarence E. Miller, Robert H. Michel, Mark Andrews, Ronald M. Mottl, Samuel S. Stratton, John Paul Hammerschmidt.

John T. Myers, Robert McClory, Norman F. Lent, Charles Wilson, M. Caldwell Butler, Edward R. Madigan, John N. Erlenborn, John Buchanan, James A. Courter, Jim Jeffries, Thomas N. Kindness, Douglas Applegate, Jerry M. Patterson, Arlan Stangeland, Tom Loeffler, Ed Bethune, Gary A. Lee, Don Young, Douglas K. Bereuter, Robert H. Mollohan, Bill Chappell, James C. Cleveland.

F. James Sensenbrenner, Edward J. Derwinski, Steven D. Symms, Bob Livingston, Richard Bruce Cheney, Harold T. Johnson, Henry J. Hyde, Henry Gonzalez, Mario Biaggi, Hamilton Fish, Jr., H. Joel Deckard, Daniel B. Crane, John J. Duncan, Guy Vander Jagt, James C. Cleveland, William H. Harsha, W. Henson Moore, John B. Breaux, William Wampler, Ken Kramer, Philip M. Crane.

Bill Archer, William Carney, Glenn M. Anderson, Willis D. Gradison, Beverly B. Byron, Charles H. Wilson, Dave Stockman, Clair W. Burgener, Barber B. Conable, Jr., Robert W. Daniel, Jr., Sam B. Hall, Jr., Bud Shuster, Clarence J. Brown, Toby Roth, Robert W. Davis, Robert Whittaker, William F. Clinger, Bill Royer, Tom Corcoran, Don Fuqua, Harold S. Sawyer, Matthew J. Rinaldo, Barry M. Goldwater, Jr.

David C. Treen, William F. Goodling, Harley O. Staggers, Paul Findley, Kent Hance, Gene Snyder, Jim Abdnor, Joe Wyatt, Jr., Jerry Huckaby, Tom Steed, Jim Jones, Dan Marriott, Tom Railsback, Won Pat, Virginia Smith, Billy Evans, Charles W. Stenholm, Charles E. Bennett, Kika de la Garza.

Mr. CARR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had not intended to get into this debate. But through the mouths of others, my real preferences have been noted to the entire Congress. I think, however, in an interim sense, the gentleman's amendment has merit.

The reason I took the floor, actually, Mr. Chairman, is that I heard the name of Gen. Richard Ellis a number of times during the debate. I think if General Ellis sitting as he is, hopefully, today, out at SAC Headquarters in the Strategic Air Command, were listening to this debate he would have high regard for those of you who use his name, but I think he would cringe just a little bit because I think he would find that his positions on things are being somewhat selectively stated.

Mr. Chairman, I might remind the Congress that Gen. Richard Ellis and his distinguished predecessor, Gen. Russell Dougherty, are the strategic experts. They are on the front line everyday. They are the strategic experts of our entire military.

I would also remind people that reflecting on that expertise, Gen. Richard Ellis and retired Gen. Russell Dougherty are among the most staunch supporters of the strategic arms limitation treaty II My friends who like to cite Russell Dougherty and Richard Ellis for some purposes seem to leave that one out and reserve for themselves the right to disagree with these honorable men on that point.

Mr. Chairman, I think that the Congress should know that the record befor our Subcommittee on Procurement also reflected two of the preferences of Gen. Richard Ellis.

□ 1700

First and foremost, the testimony of General Ellis and the Strategic Air Command was that, with whatever limitations, the B-52G/H is a viable weapons system into the 1990's, and that they do not require or request a new follow-on CMCA—a cruise missile carrier aircraft—today. They obviously support the efforts of the DOD and the committees of the Congress to research what might be the follow-on aircraft, but Gen. Richard Ellis told me personally on the phone and in his office and by letter he is unwilling to limit the follow-on cruise missile technology to what he considers as old technology represented by the B-1 for the follow-on, which will have to come down the line in the 1990's when, indeed, the B-52's will have to be put to rest.

Gen. Richard Ellis also has one other plan, and if the gentleman who came up with this bathtub graph—the gentleman from California (Mr. BOB WILSON) told us all about; however, Gen. Richard Ellis has a remedy for that bathtub, and that remedy is not the SWL—the swill-swell—B-1 derivatives, whatever you want to call it. His answer is to convert and modify 155 F-111's and FB-111's into essentially a new aircraft, the F-111B/C. Now, that may or may not be an amendment on the floor, and that is not my purpose for being here. My purpose is to tell the Members that the people who know, the professionals at SAC, both present and immediate past——

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent Mr. CARR was allowed to proceed for 3 additional minutes.)

Mr. CARR. Yes, they do believe it is a bathtub; no, they do not want a swill-swell follow-on CMCA. Yes, they do want an FB-111B/C. So, fundamentally, they think their job is made a lot easier if we pass and ratify SALT II. So, whether you agree or disagree with those positions, I think we should fairly state what the position of these distinguished generals in fact truly is, and not leave that out

I have one question for the gentleman from California (Mr. DORNAN). I understand these models, which have a lot of sex appeal here, are to scale. They are not to scale one to another, however, are they?

Mr. DORNAN. Yes, they are. The person who made the Backfire model for me told me last Tuesday, coincidentally when I brought the project to him, that he had manufactured the B-1 model 4 years ago. I insisted that they be to scale. The gentleman will see that the Backfire is smaller than our B-1.

The weight of the Backfire is 270,000 pounds. Using that as a rough comparison, you can appreciate the feasibility of the Soviet model in relation to the B-1. The gentleman will also notice the refueling probe on the model of the Backfire.

Mr. CARR. I have noticed all the gentleman's models, they are very fascinating. Perhaps we should have had a model of the FB-111B/C.

The real point here is whether the amendment of the gentleman from Alabama has merit, and I would say that in the context of this discussion, that it does; that the positions of General Ellis and General Dougherty ought to be laid in perspective.

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

Mr. CARR. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I appreciate the gentleman yielding. I feel very strongly that the distinguished gentleman in the well has done this unintentionally, but I sincerely submit that he has unintentionally misrepresented the position of General Ellis. He has inferred that General Ellis feels that the FB-111 is superior to the B-1, and I distinctly recall—and perhaps the gentleman from Michigan was not in the committee at the time—that in response to a question put by the gentleman from Pennsylvania (Mr. BAILEY), General Ellis answered that he was absolutely in favor of the B-1, but he comes from the world of reality and you have to take what you can get.

Is that not true, distinguished gentlemen?

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. ICHORD and by unanimous consent, Mr. CARR was al-

lowed to proceed for 2 additional minutes.)

Mr. CARR. I think we are close on the truth here. I recall General Ellis saying that if cost and time and his mission and a variety of other factors in the real world were not there, and that money and time and all of these things could be done; yes, he would prefer a B-1. I will admit that, but we are dealing in the real world, and I think the gentleman from Missouri would concede to me that in the real world context General Ellis favors the FB-111B/C, and that it has some advantages over the B-1 in that it has more versatility and can use airfields that the B-1 cannot operate from. It has lower radar cross section and a whole host of advantages.

Mr. ICHORD. With all due respect to the gentleman in the well, he is not recommending that the FB-111 be used as a cruise missile carrier, and he is mixing apples and oranges. He is talking about the manned, penetrating FB-111 versus the B-1. This is not the issue. We are talking about a follow-on cruise missile carrier.

Mr. CARR. That is right, and I do not confuse apples and oranges except that we are buying those out of the same pot of money, and if we need a penetrator and do not need a cruise missile carrier, they have a relationship one to another in total strategic balance—the bathtub which the gentleman from California had, and I agree and I support. So, I think we have had a good dialog here. I merely wanted to lay into some perspective the very forceful testimony of General Ellis on behalf of yet another alternative which, up until the time I took the floor, had not been mentioned except by reference of the gentleman from Missouri.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. EDWARDS of Alabama and by unanimous consent, Mr. CARR was allowed to proceed for 3 additional minutes.)

Mr. EDWARDS of Alabama. Mr Chairman, will the gentleman yield?

Mr. CARR. I am happy to yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. I have just a couple of comments if the gentleman will permit, because there has been so much comment about General Ellis, for whom I think Members on both sides of the aisle have great respect. He said, and I quote:

> We will have our first B-52G squadron equipped with the ALCM in late 1982. We currently plan to use the ALCM-equipped B-52Gs in a "shoot and penetrate" role until late 1985, at which time they will transition into an all standoff ALCM carrier role. With appropriate improvements, the B-52H will continue as a penetrating bomber until the mid-1980s and then, because of rapidly declining penetration capability, we believe it, too, should be converted to the standoff role. While certain tests and studies remain to be completed, SAC is confident the B-52 force employed in the ALCM carrier role will meet threats likely to emerge later this decade. This also would permit a delay of the decision on a new cruise missile carrier aircraft until the 1990s.

General Ellis made that statement before my Subcommittee on Appropriations of Defense on March 5 of this year. The issue is not, I suggest, against the B-1 versus the FB-111 or any combination thereof. The issue is whether we are going to spend $12.6 billion on a cruise missile carrier that we do not need at this time, or whether we are going to spend that kind of money over a period of years on the real, honest-to-goodness needs of defense in this country.

□ 1710

That is retaining good people in the services with decent pay, that is providing spare parts so what we have will run, and that is doing all the things necessary to train the proper people through O. & M. so that we can have the equipment kept up to date.

Mr. CARR. Mr. Chairman, if I may reclaim my time, I have a letter here dated March 28, 1980 from General Ellis to myself. It is a revealing letter. I will make copies of it and distribute it around for those Members who are interested, and I will include it for the RECORD.

General Ellis says there in one paragraph:

> In short, we have an effective SWL for the eighties in the B-52.

Mr. Chairman, I include the entire letter for the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
Offutt Air Force Base, Nebr.,
March 28, 1980.

Hon. ROBERT CARR,
House of Representatives,
Washington, D.C.

DEAR MR. CARR: I appreciate the time and attention you have personally given to the review of the strategic nuclear balance. The increased attention this vital subject is receiving in Congress is most encouraging and timely.

You have asked for my professional judgment as to which program would best meet the needs of the Strategic Air Command—the B-1 derivative cruise missile carrier aircraft (SWL) or the FB-111B/C. As you know, my congressional testimony has emphasized that, compared to our 1977 capability, a strategic imbalance now exists and will continue to exist for some years. You will also recall that current national guidance establishes 1977 strategic capabilities as the level to be maintained.

Simply stated, we need a weapons system that positively impacts the near-term imbalance. It has been determined that modernization programs in the other two legs of the TRIAD are being completed near maximum rate and cannot be further accelerated. Our recommendation focuses on a new or modified manned penetrating bomber to provide that fix. I know of no other solution to our strategic deficiency, nor has anyone suggested a better one. If the B-1 SWL is to be designed as a stand-off cruise missile carrier and would not have the capability to penetrate, then it would not correct the near-term imbalance.

Two alternative programs, 155 FB-111B/Cs or 100 B-1s, ultimately achieve an equal capability. However, the FB-111B/C becomes available sooner—and our country needs the earliest possible relief. A second criterion is cost and, while there are many ways to measure this factor, a B-1 buy costs about 2.5 times that of an equivalent force of FB-111B/Cs ($12.5B to $5.5B in 1980 dollars). In view of other heavy concurrent defense needs, total cost must be an important consideration, although front-end investment cost is high in both programs.

Another important consideration is the fact that when a new strategic penetrating system comes into the inventory in the nineties, the FB-111B/C can become the night/all-weather aircraft for force projection, contingency and tactical nuclear forces. The added contribution that aircraft could offer would be as significant in the 1990s as it would be today.

Conversely, opting for the B-1 at this time could preclude procuring a more advanced aircraft available by 1990. What makes this a legitimate concern is that B-1 technology is representative of the late 1960s, or maybe 1970, and that aircraft could become obsolete in the nineties as a strategic penetrator.

With respect to the cruise missile carrier role, by converting B-52G/H models to standoff cruise missile carriers, we can defer deployment of the proposed cruise missile carrier aircraft until the B-52s no longer show utility in that mission—sometime beyond the 1980s. By making the changes SAC has recommended, U.S. strategic capability will be significantly enhanced and the "bow wave" of expenditures in the mid- to late 1980s will considerably be reduced through a more even distribution of funds. In short, we have an effective SWL for the eighties in the B-52. Our requirement is for a strategic penetrator for the eighties—not a new SWL.

As I have stated to the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Chief of Staff of the Air Force, and to three congressional committees, my professional recommendation is to fix the near-term strategic nuclear "bathtub" with a force of 155 modified FB-111B/C aircraft. However, when the President cancelled the B-1 program, he indicated that, if a deteriorating relationship with the Soviet Union occurred, it could cause him to reevaluate the need for a penetrating bomber. If he and the Congress believe a year's delay and cost differences are acceptable risks, then the B-1 remains a most acceptable alternative.

Sincerely,

R. H. ELLIS,
General, USAF,
Commander in Chief.

Mr. WRIGHT. Mr. Chairman, I am fully aware that the present debate involves primarily the consideration of whether to delete the moneys which the committee has committed to the beginning of a strategic weapons carrier on the model of the B-1. The funds are earmarked for a fixed-wing B-1, a subsonic B-1, designed to carry the cruise missile but not to penetrate enemy territory. A fleet of such planes presumably could be constructed for some $12.6 billion for 100 aircraft.

What I want to address first, however, is the discussion here concerning the position of Gen. Richard Ellis, Commanding General of our Strategic Air Command. In order to clear up any controversy, I shall read a direct quote from General Ellis. General Ellis came to see me earlier this year during the time when he was testifying before the House Armed Services Committee. General Ellis told me at that time that what he felt was needed, and desperately and urgently needed, was a stretched version of the FB-111.

He did not say he thought the FB-111 was a better airplane than the B-1. Presumably, the B-1 is a better airplane. It should be; it is a much more costly airplane; it is a newer airplane; and it is a

more advanced and more sophisticated application of technology. But General Ellis told me that he believes the FB-111 is what we very much need in the present difficult and potentially dangerous situation to help fill the so-called bathtub effect, the present dip in our strategic posture, to which reference has been made.

GENERAL ELLIS SUPPORTS FB-111

In order that there be no misunderstanding whatever as to the position of General Ellis, I am taking the liberty at this time of reading his exact words given in testimony before the Armed Services Committee. General Ellis said—and following is a direct quote—

> Immediate steps are required to bring an improved or new manned strategic penetrator on-line as soon as possible . . .
>
> There are currently two options available: the stretched FB-111 . . . and the B-1. The most timely of these is the modification of 155 FB-111A and F-111D aircraft with new engines, enlarged weapons capacity and greatly increased range. This option returns almost immediate dividends . . .

General Ellis continued:

> Because of the serious deficiencies we face in the early and mid-1980's, availability must be SAC's primary consideration in recommending a near-term solution; cost, of course, runs a close second. Based on a slightly earlier operational date and a favorable cost factor of approximately 2.5 to 1 for an equally capable force, SAC believes the better alternative is the FB-111B/C. The Air Force also recommends the stretched -111 as the best near-term fix.

That is the end of the quotation. That is where General Ellis stands. That is his statement. Unfortunately, his story has not been heard by the President of the United States.

Two or three weeks ago I had the privilege of visiting with the President about this very subject. I told the President that I was disappointed, after having ultimately supported his position with respect to the B-1 in 1977, in the expectation that a less expensive, more cost-effective, and more versatile weapons system would be recommended, that none has been.

I told the President that I thought it would be useful for him, the President, to hear personally from Gen. Richard Ellis, who has the primary responsibility for those young men who would have to bear the brunt of war. It is General Ellis who has the primary responsibility for planning the Nation's strategic defenses and his would be the principal responsibility for carrying them out. I am advised that, as of today, no such conversation between President Carter and the SAC commander has taken place.

The President visited instead with the Secretary of Defense, Dr. Harold Brown. Dr. Brown is a very scholarly gentleman, an academician, not a soldier, but known and regarded as a fine public servant. He, the Secretary of Defense, is committed, however, as I understand it, to the proposition that we do not need a penetrating manned bomber anymore.

WE NEED A MANNED BOMBER

I cannot embrace that concept. I think we do need a penetrating manned bomber. That is why originally I supported the B-1. I thought it made sense then, it makes sense now that we need a penetrating manned bomber, and it is going to make sense in the future.

You cannot call back a missile in the event signals are confused. Once committed, it is committed irrevocably. You can call back a manned bomber.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 4 additional minutes.)

Mr. WRIGHT. Mr. Chairman, the judgmental factor inherent only in the human mind is available throughout the mission in the manned bomber; it is not available in a missile once committed. We need a manned bomber. On that I definitely disagree with the present Secretary of Defense, and I urged the President honestly to consider the need for a manned bomber in the context of the recommendations made by General Ellis.

As to whether we also need now a new aircraft to permit a better deployment of cruise missile capability, I really am not certain. I honestly do not know whether we need to spend $126 million a plane to provide that capability. Do we know what that compares with? The price of each plane would be just about how much it cost us to build the Rayburn Building, $126 million. Can we imagine a fleet of flying Rayburn Buildings?

Quite frankly, I am not trying to cast aspersions by any manner of means on the B-1. I simply call attention to its cost. The latest estimate is that a fleet of these subsonic, fixed-wing B-1's would cost $12.6 billion for 100, and that 10 of the originally scheduled supersonic B-1 bombers would cost 14.4 billion, or $14.4 million each.

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

Mr. WRIGHT. Not at this moment. I will yield a little later. I have a thought I want to develop, if the gentleman will bear with me.

THE B-52 IS OBSOLESCENT

Mr. Chairman, we need to move forward with the development of some modern manned penetrating bomber. The B-52 is so old it is obsolescent. The technology is 30 years old. In 1990, it will be 40 years old. Most of those planes are older than the boys flying them.

As a former Air Force person, I know it is necessary for a pilot to believe in the aircraft he is flying. The B-52 has been a fine aircraft for its time. I do not wish to say anything here that would destroy anybody's confidence in the aircraft. But I do want to suggest that I would not want to be a commander in the mid-1980's, and certainly not in the 1990's, who had the responsibility of sending brave young American men into combat in the B-52.

By modern standards, the B-52 is slow. It is subsonic. It has a big radar profile. It is easy to hit. It is not capable of low-level penetration missions. We need something that is.

If there is a less expensive alternative than the B-1, one that will give us the same amount of capability quicker and cheaper—at a favorable cost factor of 2.5 to 1 for an equally capable force, as General Ellis suggested—then we seriously ought to consider it.

FLEXIBILITY NEEDED

I think that the B-1 may also be too inflexible for some of the missions that we need to have in mind. I am not talking about the mission of the cruise missile, nor am I talking about the nuclear mission. If money and time were no object the B-1 would be ideal for the intercontinental nuclear mission, and presumably the fixed-wing B-1 would be an ideal arrangement for the cruise missile deployment. But there are other missions that require more flexibility.

The Middle East mission, for example. The situation we face in the Middle East today really calls for a strike aircraft capable of penetration from bases to which we have access. Just as a matter of interest, the FB-111 is the only aircraft in our inventory with sufficient range to reach Teheran, for example, from any base to which we would have access in the Middle East.

When the B-52 was flown over the Middle East recently as a sort of a flag, do you know where it flew from? Guam. It flew from Guam just about halfway around the world because there were not any nearby bases, including that on Diego Garcia, which it could use. The same would apply to a B-1.

The B-52 requires 300 feet in a width of runway—and that is as wide as a football field is long—in order to operate safely. There are not any runways like that anywhere in Europe or the Middle East except in Turkey and in Spain. Those may or may not be available to us if and when we should need them.

On the other hand, the FB-111 stretched version, capable with one aerial refueling of penetrating almost any depth of Russia that could be penetrated with one refueling by a B-1, could operate out of any NATO base in Europe or from several bases available to us in the Middle East.

□ 1720

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 3 additional minutes.)

COSTS COMPARED

Mr. WRIGHT. Mr. Chairman, it seems to me that a practical interim solution would be seriously to consider the FB-111's which could be brought off the production lines 2 years earlier than B-1 bombers could. It would take a fleet of 155 FB-111's to carry the same bomb and missile load as 100 B-1 bombers. But we surely could produce 155 supersonic stretched FB-111's for about $5.5 billion in all. The 100 penetrating B-1 supersonic bombers would probably cost $14.4 billion. If it were the subsonic B-1 that is considered in this bill, 100 would cost $12.6 billion.

So that is my plea. I think the Nation needs the penetrating manned bomber and it needs it now. I do not really think we have it. I am sure we will not have it for long if we are counting mainly on the B–52.

I do not think the cruise missile is going to be a substitute for the penetrating manned bomber. It may be a supplement to it, but it is not going to be a substitute for it.

I do not know how long a grace period we may enjoy in which we can presume that the Russians will be incapable of reaching out far enough with either their missiles or their interceptor aircraft to knock down those planes that would be expected to carry those cruise missiles and lob them in from outside that country's defense perimeters.

Mr. Chairman, I yield to the gentleman from California (Mr. DORNAN) because I told him earlier that I would.

Mr. DORNAN. I thank the distinguished gentleman for yielding.

Mr. Chairman, I just got off the phone with SAC headquarters, talking to the Commander, four-star Gen. Richard Ellis. I have his letter before me here which was given to the gentleman from Michigan (Mr. CARR). I appreciate some of the confusion here. And if I quote him during the rest of this debate or if it extends over into tomorrow, I am going to be as close to verbatim as I can be, given my own human memory.

The problem here is that if this House, particularly on the gentleman's side of the aisle, had followed your wisdom, Mr. majority leader, and your initial long series of votes sustaining the world's best penetrating bomber, we would not be on the edge of this precipitous descent into this ugly bathtub curve where you quite correctly said that we may not have much more time to make these decisions.

In General Ellis' letter to the gentleman from Michigan (Mr. CARR), he talks about something that will positively impact upon the near-term imbalance. And I also discussed his views on SALT. We spoke about 12 minutes.

Mr. WRIGHT. If the gentleman would permit me, it was in that context that he recommended the stretched version of the FB–111, was it not?

Mr. DORNAN. Yes. He also talked about that fix, that we need this quick fix, like some sort of drug addict, because we are beginning to shake about the imbalance of world power now.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(On request of Mr. ICHORD and by unanimous consent, Mr. WRIGHT was allowed to proceed for 3 additional minutes.)

Mr. ICHORD. Mr. Chairman, will the distinguished gentleman yield to me?

Mr. WRIGHT. Only after I say that I really do not believe that General Ellis meant to characterize us as drug addicts shaking in need of a fix.

Mr. DORNAN. No. That was my characterization.

Mr. WRIGHT. I think he meant something else.

Mr. DORNAN. Will the gentleman yield so that I may complete the sentence?

Mr. WRIGHT. Yes, I yield until the gentleman completes his sentence, and then I intended to yield to the gentleman from Missouri.

Mr. DORNAN. With yourself notably excepted, because you have been a strong proponent of defense, your district leads the Nation in defense dollars. My opponent keeps reminding me of that, hoping you will come out and campaign for him. And you have a great company there in General Dynamics. I did try to get a model of either the Edsel or the TFX or the stretched, massaged, mutilated F–111 or what is left of it. When I flew it last year in England we lost 11 in a 3-month period with engine problems. Those are being corrected and the pilots are proud, if they had the fuel to fly it properly. The problem is this: With yourself excepted, the team over here of disarmament experts who created this damnable, dangerous fix that we need and this imbalance are now the ones who fall back to a fix of stretching a TFX, with all of its problems throughout its history, instead of moving forward on this when the opportunity was there 3 years ago, or at least the strategic weapons launcher, to get the chassis on the production line.

Mr. WRIGHT. I appreciate the generous things the gentleman has said about me personally. I simply must respond, however, to one of the comments that the gentleman made in which he refers to the TFX and all of its so-called problems. That cannot be left on the record uncorrected. I must respond to that by pointing out that contrary to the bad press which admittedly it received early in its career, the F–111 aircraft holds the all-time world record for number of hours flown without any accidents. It has won the SAC-wide bombing competitions for each of the last 4 years and holds a record for the fewest number of accidents, the fewest number of fatalities for hours flown. I think that is a verifiable fact, and I simply would like to repeat it here for the balance that it provides for the record.

Now I yield to the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. I thank the distinguished gentleman for yielding.

Mr. Chairman, the distinguished gentleman in the well, the majority floor leader of the House, is, in my opinion, the most eloquent speaker in this body, and I want to pay tribute to another attribute that he also has. He speaks with clarity. For the first time in this whole debate I think I understand the amendment of the distinguished gentleman from Alabama. I believe you have put it in the proper perspective. You are not talking about a follow-on for the B–52 as a cruise missile carrier, you are talking about a manned penetrator; is that correct?

Mr. WRIGHT. That is what I am talking about. Do not attribute that thought to the gentleman from Alabama. I must not presume to attribute any of my thoughts to him in any sense whatsoever.

Mr. ICHORD. I would state to the gentleman from Texas, then, if we are not talking about the B–52 follow-on carrier, that what we should do is to make it available for the gentleman from Texas and the gentleman from California to fight out which is the superior manned penetrator.

The CHAIRMAN. The time of the gentleman from Texas (Mr. WRIGHT) has again expired.

(On request of Mr. ICHORD and by unanimous consent, Mr. WRIGHT was allowed to proceed for 2 additional minutes.)

Mr. ICHORD. Whether it is the B–1 or the FB–111 as a manned penetrator.

Now, the gentleman from Michigan has obviously changed his position, and the gentleman from Texas, I know, did support the B–1, at least originally, and maybe we should make it available, make it in parliamentary order for the gentleman from California and the gentleman from Texas to fight out this fight between the B–1 and the FB–111.

Mr. WRIGHT. Is that a question?

Mr. ICHORD. Yes.

Mr. WRIGHT. I think it is in order, if we wanted to do that. I am simply addressing myself to what I perceive to be a genuine need of this country.

Mr. ICHORD. Why do we have to eliminate the money for a follow-on cruise missile carrier? I go back to the question before the House.

CRUISE A SUPPLEMENT, NOT A SUBSTITUTE

Mr. WRIGHT. I am not addressing myself directly to that subject. If the gentleman would permit me, I am attempting to speak simply in a generic sense for the needs of the country and its strategic defense. I do not know, quite frankly, how urgently we need a replacement for the B–52 in its mission as a cruise missile launcher. What I am basically trying to say is that I regard the cruise missile as a useful supplement to the manned penetrating bomber, but I do not believe that we dare consider it as a total substitute for a capable supersonic penetrating manned bomber with the capacity to reach the targets that might have to be reached and return safely.

That is basically what I took the floor to say.

Mr. ICHORD. I agree with the gentleman from Texas that there are two distinct issues. That was the issue we fought out and lost on the B–1. I agreed with the gentleman from Texas that we needed a manned penetrator. Apparently the gentleman from Michigan has now changed his position, that we need at least some type of manned penetrator.

Mr. WRIGHT. Mr. Chairman, I thank the gentleman and all others for their comments and for their indulgence, and I yield back the balance of my time if any remains.

Mr. BADHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am constrained to say today, "Poor General Ellis." "Poor General Ellis" I say for at least a couple of reasons. First of all, General Ellis, who is the Commander of our Strategic Air Command, who sits out there 45 feet underground, knowing that his of-

fice will be the first hit if there ever is an attack by an enemy who would use strategic weapons against the United States, and also I feel sorry for General Ellis because it is his job every day to be with the targeting committee that decides who is going to go if the flag goes up, where they are going to go, and how they are going to get there to respond to a strategic attack on the United States. And General Ellis, God bless him for taking such an assignment, is sending, as has been said here within the past few minutes, young people to fly old airplanes, older than themselves in many cases, that have virtually no penetrating capability, as was demonstrated in Vietnam, to hardened targets that are covered by radar and strategic surface-to-air missiles.

□ 1730

I feel sorry for General Ellis to have to go along with a responsibility like that. I also feel sorry for General Ellis because he is the gentleman who has been quoted and quoted and quoted here today.

I, too, rise to quote General Ellis today, and this is a direct quote from the testimony given before the House Armed Services Committee, of which I feel proud and privileged to be a member. I quote General Ellis. Most of the other stuff on this page has already been quoted from time to time, but General Ellis said this, and I quote:

> SAC believes the procurement of a new manned penetrating bomber should rank at the top of our national priorities.

Now what we are talking about today is an amendment by the gentleman from Alabama, a member of the Appropriations Committee, a fine gentleman and for strong defense, and he has his point.

I, and the Committee on Armed Services disagree, but he has his point. His point is this. Should we be spending the money to develop a follow-on strategic weapons launcher or develop, if you will, not a follow-on but a strategic weapons launcher. He says no at this time, because we have the B-52 that has some capability up into the 1990's.

The gentleman from Michigan pointed out that we should stick with the B-52 because it has capability into the mid-nineties.

He presided over the killing of the B-1 because he said by the time that was produced in the early eighties, it would be vulnerable.

Now how the B-52 can have penetrating capability and the B-1 would be vulnerable, I do not understand such logic.

But the question is, do we need the continuing technology of B-1 or SWL? Do we need retention of FB-111? Yes. Do we need the B-52 upgraded? Yes. The answer is simply, my colleagues, we need them all. We need the technology. We need the continuing development. We need the B-1. We need the B-52, and we need the F-111.

The crunch comes, of course, because we have to sift out the dollars that will be spent on which program. We of the committee felt, and I think after a great deal of thought and study and soul searching, that money should be spent to continue the technology and the team and the research and development of the B-1 airframe, call it what you will, SWL, to continue the technology, and that is proper.

General Ellis again did say, and he said it succinctly, that if we had all of the money, we would obviously go with the B-1, but we do not have that luxury. But unfortunately, General Ellis also assumes a cost factor relative to F-11 that is fake when it comes to stretching the FB-111, because we do not know about the landing gear——

The CHAIRMAN. The time of the gentleman from California (Mr. BADHAM) has expired.

(By unanimous consent, Mr. BADHAM was allowed to proceed for 3 additional minutes.)

Mr. BADHAM. Assuming that cost factor is false, because we do not know what it is going to take to beef up the landing gear; to strengthen and lengthen the body; and put a defensive and offensive electronic countermeasure suite in it. So he is assuming something that the Pentagon wizards tell him without verification.

As far as time is concerned, we can put a B-1 in any form, SWL, or B-1 as opposed to the FB-111, with a delay of only 6 months. One thing additional, I would say that if we economically and feasibly, take 155 F-111's out of commission and convert them to something else (FB-111 BC), then I would suggest this, that the F-111 has no business being in our inventory today.

If we have so many airplanes that we can just pluck 155 of our most advanced fighter bomber aircraft out of the inventory and make something else out of them, then we should not have had them there in the first place. I do not think any Air Force general, including General Ellis, would go along with that.

So it is either taking an aircraft that is in business out of business to make something out of it that it is not. Or we can go with a new and continuing technology that is available today and can be on line, operational and useful within 6 months of the time that the FB-111, could be altered.

Mr. ADDABBO. I rise in support of the amendment.

Mr. Chairman, it is with a little reluctance that I join this battle, because as one of those who fought the B-1, which was a correct battle. I think the move to stop the B-1 when we did was a proper move for our national defense and proper spending of our defense dollars. When we stopped the B-1, it was because we knew that when the B-1 would enter into the service sometime in the late eighties and possibly nineties, it could never penetrate the Russian defenses.

At the time we stopped the B-1, we said it would cost at least $120 million a copy. It was said, no, it would only cost $100 million a copy.

Today, we see a smaller version, a lesser competent version of a so-called SWL, which is going to cost $126 million, with less capability than the original B-1. Why was the B-1 stopped? Because it could not penetrate the Russian defenses. We moved into the world of the cruise missile. The cruise missile is a standoff weapon.

You do not need a penetrating bomber to deliver the cruise missile. You need a standoff weapon, and what weapon is that? The existing B-52, which can and will be a viable standoff weapon into the nineties. During that time, we said we would look at what the next generation cruise missile carrier should be. We have money to look into that question. There is no need to commit ourselves to a $126 million copy plane today, not when we face such great budget deficits, not when we need those dollars to buy F-14's, F-18's, to put them on the line at a more cost-effective buy.

This is what the question of the gentleman from Alabama is raising before us today, whether we should spend $12 billion on a paper plane committing ourselves to this program when we have a viable cruise missile carrier standoff weapon for the next 10 years or more. The battle of the B-1 and the FB-111, can be joined later when the gentleman from California will offer his amendment, to call it what it is, to bring back the B-1, and then we can start the battle of the question of the penetrating bomber. That is not the question before the House now. The present amendment is a question of whether we should commit ourselves to spend $126 million for a copy, $12 billion program for a plane which we do not know whether this is the best carrier for the 1990's.

We have money to study the question in the budget as to whether we should have a penetrating bomber, what should be that penetrating bomber capability in the 1990's. We have almost $300 million to continue the study of the question of a penetrating bomber. Should it be a B-1? Should it be a FB-111? What should it be? What should be the capability? We have continued to fund that R. & D.

That is where it should be, in R. & D., to finally determine what should be our penetrating bomber for the 1990's and not commit ourselves today to this $126 million standoff weapon. All you need for a cruise missile is a standoff weapon—not a penetrating bomber, but that is not the real question before us now.

□ 1740

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

Mr. ADDABBO. I yield to the gentleman.

Mr. STRATTON. Mr. Chairman, I thank the gentleman for yielding. The gentleman said earlier the reason we did not go ahead with the construction of the B-1 was we were told that it could not penetrate the Soviet defenses. I think the gentleman ought to point out that that was somebody's opinion, one man's opinion. I do not think it was an operating aircraft at all.

It was only a few months ago that the experts in the Pentagon told us we could not possibly penetrate into Iran, we had no chance whatsoever of rescuing our hostages. The fact of the matter is that what the gentleman is talking about as a substitute we still do not actually have in our operation. The cruise missile is still a gleam in somebody's eye. It is not an operating aircraft at all.

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. EDWARDS of Alabama and by unanimous consent, Mr. ADDABBO was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, I want to commend the gentleman for trying to get back to the issue of my amendment.

I have enjoyed immensely the great debate on the question of FB-111 versus B-1. That is not the issue. The penetrating bomber is not the issue.

The issue is very simply whether we are going to have a cruise missile carrier that is going to cost $12.6 billion for 100 planes; whether we need that now, or whether we should wait until we know exactly what we do need down the road.

I would urge and hope we can wind this debate up. I urge my colleagues to vote to save $12.6 billion so that we can use that money in areas where we desperately need to spend more money for the defense of this country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. EDWARDS) to the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. EDWARDS of Alabama. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 119, noes 297, not voting 16, as follows:

[Roll No. 233]

AYES—119

Addabbo
Aspin
AuCoin
Baldus
Barnes
Bedell
Beilenson
Benjamin
Biaggi
Bingham
Blanchard
Boland
Bonior
Brodhead
Brown, Calif.
Burton, John
Burton, Phillip
Carr
Cavanaugh
Clay
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Davis, Mich.
Dellums
Derrick
Dingell
Donnelly
Downey
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Erdahl
Fazio
Ferraro
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Frenzel
Garcia
Gephardt
Goodling
Gray
Green
Harkin
Harris
Hawkins
Holtzman
Jeffords
Johnson, Colo.
Kastenmeier
Kildee
Kostmayer
Leland
Long, Md.
Lowry
Lundine
McHugh
McKinney
Maguire
Markey
Matsui
Mattox
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Murphy, Ill.
Nedzi
Nolan
Nowak
Oberstar
Obey
Ottinger
Paul
Pease
Petri
Pritchard
Pursell
Rahall
Rangel
Reuss
Richmond
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Scheuer
Seiberling
Shannon
Simon
Smith, Iowa
Solarz
St Germain
Stark
Stewart
Stokes
Studds
Swift
Thompson
Traxler
Ullman
Vanik
Vento
Weiss
Wolff
Yates

NOES—297

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Anthony
Applegate
Archer
Ashbrook
Ashley
Atkinson
Badham
Bafalis
Bailey
Barnard
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bereuter
Bethune
Bevill
Boggs
Bolling
Boner
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carter
Chappell
Cheney
Clausen
Clinger
Coelho
Coleman
Collins, Tex.
Conable
Corcoran
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, S.C.
de la Garza
Deckard
Derwinski
Devine
Dickinson
Dicks
Dixon
Dodd
Dornan
Dougherty
Duncan, Tenn.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flippo
Foley
Fountain
Fowler
Frost
Fuqua
Gaydos
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammer-schmidt
Hance
Hanley
Hansen
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holland
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, Iowa
Leach, La.
Leath, Tex.
Lederer
Lee
Lehman
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Lott
Lujan
Luken
Lungren
McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McKay
Madigan
Marks
Marlenee
Marriott
Martin
Mathis
Mavroules
Michel
Mikulski
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nelson
Nichols
Oakar
Panetta
Pashayan
Patten
Patterson
Pepper
Perkins
Peyser
Pickle
Porter
Preyer
Price
Quayle
Quillen
Railsback
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Roth
Rousselot
Royer
Rudd
Runnels
Santini
Satterfield
Sawyer
Schroeder
Schulze
Sebelius
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Nebr.
Snowe
Snyder
Solomon
Spellman
Spence
Stack
Staggers
Stangeland
Stanton
Stenholm
Stockman
Stratton
Stump
Symms
Synar
Tauke
Taylor
Thomas
Tribie
Udall
Van Deerlin
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Mont.
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Mo.
Zablocki
Zeferetti

NOT VOTING—16

Anderson, Ill.
Chisholm
Cleveland
Diggs
Giaimo
Howard
Mazzoli
Mica
O'Brien
Rodino
Roe
Rose
Steed
Vander Jagt
Weaver
Wolpe

□ 1750

The Clerk announced the following pairs:

On this vote:

Mrs. Chisholm for, with Mr. Rodino against.
Mr. Wolpe for, with Mr. Howard against.
Mr. Diggs for, with Mr. O'Brien against.

Messrs. LUJAN, DANIEL B. CRANE, PHILIP M. CRANE, COLLINS of Texas, McDADE, RITTER, and Mrs. FENWICK changed their votes from "aye" to "no."

Messrs. MOFFETT, LUNDINE, DAVIS of Michigan, WAXMAN, and HARKIN changed their votes from "no" to "aye."

Mr. WAXMAN changed his vote from "aye" to "no."

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

□ 1800

AMENDMENT OFFERED BY MR. DORNAN TO THE COMMITTEE AMENDMENT

Mr. DORNAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DORNAN to the committee amendment: In lieu of the matter proposed to be inserted by the committee amendment, insert "$9,665,264,000".

Mr. DORNAN. Mr. Chairman, in the procurement authorization in title I for military aircraft for the Air Force, there is a total of $200 million for the subsonic cruise missile carrier, the SWL. My amendment will increase this procurement authorization by $300 million, providing a total of $500 million for the initial procurement for the B-1 penetrating bomber, the Peacemaker, the most advanced aircraft in the world. It is the purpose of my amendment to expedite the procurement process by allocating $500 million for the B-1, reallocating the original $200 million for SWL procurement into the B-1 category.

Mr. Chairman, my wife tape recorded for me all of the hearings in the other body during the SALT deliberations last year in both their Armed Services Committee and their Foreign Relations Committee.

During those hearings, a distinguished gentleman of the Navy, Adm. Elmo Zumwalt, testified. This distinguished naval officer, at one time Chief of Naval Operations, commander of all naval operations, said that the worst mistake our President had made during his, at that time 3 years, tenure in office was the cancellation of the B-1 bomber. This is from a naval officer, a man of the sea. His exact words, because the adverbs were somewhat awkward but very clear, were damning. He said this was absolutely—unbelievable—the worst decision President Carter had made in the area of our national defense.

Now, President Carter at his news con-

ference of June 30, 1977, after killing the B–1, said the following:

Our triad concept of retaining three basic delivery systems will be continued with submarine launched ballistic missiles, intercontinental ballistic missiles and a bomber fleet including cruise missiles as one of its armaments. We will continue thereby to have an effective and flexible strategic force whose capability is fully sufficient for national defense.

Now, it is interesting that the articulate majority leader used the price of the Rayburn Building as the cost, now given the administration's induced inflation, as the cost of a bomber. A fully supersonic penetrating bomber. He said, imagine a fleet of Rayburn Buildings sailing around the skies.

Well, Mr. Chairman, one Trident submarine costs $1.2 billion. Imagine the cost of one Trident submarine divided by the cost of the Rayburn Building. It makes a more colorful statement but it means nothing. For example: Imagine 10 Rayburn Buildings all amalgamated in one dark mass prowling along under the waters of the ocean. How about that?

The cost of this B–1 weapons system is the fault of inflation—induced generally by this Congress and the administration—since the cancellation of the B–1 3 short years ago.

Listen to these figures—and this is why I wanted the distinguished gentleman from New York (Mr. ADDABBO) to yield to me:

If the President had not canceled the B–1, stopping the original program for the production of 244 of these majestic airplanes, we would have had on the line, this very month, aircraft No. 8. This month, next year, we would be picking up 2 a month. The following June after that, 4 a month; until by mid-1986, we would have all 244 on the line stationed at our SAC bases.

Now, consider what we have spent since this cancellation date:

At that point in June 1977 we had $18.8 billion to go to complete the B–1 program. Now we are spending $9 billion to modify our B–52G's.

We will spend $5 billion on cruise missiles.

We will spend $4 to $6 billion on updating the avionics of the H model of the B–52. There is the saved $18 billion gone—right there.

In addition to that there was $30 million in this bill for the wide body that has been cancelled out. That was going to be an $11 billion program. And then, there is $7 billion to keep reworking the FB–111.

By the way, to clear up a point that the majority leader made: You take a trip and get a briefing down at TAC headquarters from our excellent commander down there, Gen. Bill Creech. And as you walk into his office, the proudest trophy our TAC commander has is the trophy the Tactical Air Command took away from SAC, the bombing trophy over the last 2 years with a fighter version of the F–111 and not the FB–111 that was given to SAC because of the embarrassment Bob McNamara caused when he cancelled the B–58 Hustler, a true strategic supersonic weapon, leaving SAC as a subsonic command. So, another quick fix, years ago, was to give them a tactical bomber designed to replace the B–57 Canberra and the B–66, not to replace our Navy's first-line fleet of defense interceptors or to become a standard "Edsel-type" fighter for all of the fighter wings in the U.S. Air Force and the Navy.

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

Mr. DORNAN. I will be happy to yield to the gentleman from Texas.

Mr. WRIGHT. As I read the gentleman's amendment, it simply would add $300 million for the Air Force for fiscal year 1981. Is that the purpose of the gentleman's amendment?

Mr. DORNAN. And a companion amendment later on will subtract $100 million for R. & D. to add to this cost for procurement of the B–1.

Mr. WRIGHT. Apparently the purpose of the gentleman's amendment is to begin procurement of the B–1 bombers, penetrating bombers of the B–1 type?

Mr. DORNAN. Yes. sir.

Mr. WRIGHT. I thank the gentleman.

□ 1810

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DORNAN. Mr. Chairman, I ask unanimous consent for 2 additional minutes to engage in a colloquy.

The CHAIRMAN. The gentleman's time has not yet expired.

Mr. DORNAN. Well, I am looking to the future, just as my amendment into the future of the Strategic Air Command.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DORNAN. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, it would appear now that we are going to have the B–1 model cruise missile carrier because my amendment lost a moment ago. Do I understand correctly that the gentleman is now proposing, in addition to that, the B–1 penetrating bomber?

Mr. DORNAN. No, sir. My amendment would subsume, would absorb the existing $200 million, with an addition of $300 million for quick-fix procurement program. I would hope that the President of the United States would accept this defense bill, and not veto it at his own peril in an election year. If the President sees the precinct readouts I gave the gentleman from the district immediately adjoining Mr. CARR's district, I would hope that he would accept what many of us have always wanted, something striking and forceful, a B–1—the best penetrator in the world.

Mr. EDWARDS of Alabama. All of that is written into that amendment?

Mr. DORNAN. Yes, sir, it is that simple in significance.

Mr. EDWARDS of Alabama. I would just like to say that I am not quite sure at all I understand what the gentleman, therefore, does with his amendment. I would hope that he would take some more time to explain it to us.

Mr. DORNAN. I shall. I was setting the prolog.

I am glad to yield to another distinguished gentleman, the only other Member of this House who took the time, as I did, to personally fly the B–1 for 5 hours so that he would learn in his gut and bone marrow exactly—what—exactly we were giving up.

Mr. LLOYD. I thank the gentleman for yielding. However, I have a little problem. Do I understand the gentleman from California is submitting an amendment to go forward with a full-fledged B–1? Is that what he is saying?

Mr. DORNAN. I realize there was noise in the Chamber when my very brief but succinct and clear amendment was read. What it does, on lines 18 and 19, is add a total of $500 million to the procurement figure to begin production of the B–1, and later on, my second amendment, on page 6, lines 19 through 22, would take $100 million out of the current R. & D. program because it will not be needed. As the gentleman knows, having flown the B–1, most phases of its R. & D., testing period have been successfully completed.

Mr. LLOYD. Most of that is done. What does the gentleman then propose to do with the SWL we just voted in?

Mr. DORNAN. That money would be subsumed under the B–1 program. That money will be transferred to this new B–1 program.

Mr. LLOYD. The moneys we just voted in go into a B–1?

Mr. DORNAN. Yes. The excellent SWL, the chassis, continues. It will be there to do what it started out to do originally, to become the B–1 Peacemaker."

Mr. LLOYD. How does the gentleman propose to get it signed down at the White House? Has he had some indication that the President has had a change of heart on this, and that he will now go forward with that, or are we really going into a function of futility?

Mr. DORNAN. An excellent point. It is a grave problem that we are all now suffering with, because I think the collective wisdom of this House, even in that 297 to 199 vote we just completed, is open to the President's advisors, the distinguished Jody Powell and Hamilton Jordan. That is a political problem I do not know how to overcome. If the gentleman will let me reclaim my time, here is the infamous letter, a very well-written letter, by General Ellis.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. LLOYD and by unanimous consent, Mr. DORNAN was allowed to proceed for 3 additional minutes.)

Mr. DORNAN. Here is the letter from General Ellis, beautifully written, to Mr. CARR. Let me read the last paragraph.

Mr. LLOYD. If the gentleman will yield further, I have read the letter. I understand that. But my question was, and I really would like him to address it, is, I took the beating here along with some other people here in trying to push the B–1 through. It was a very bitter failure; we lost. I also was here when the President vetoed the authorization bill. I am

clearly under the impression that the White House will veto this.

Does the gentleman have indication that the President will go forward with this? The vote we just had was on another subject. I would remind the gentleman that is not the B–1 we voted on.

Mr. DORNAN. Let me delay my response for 1 second.

What we are down to is a critical political decision. Does the gentleman believe, as a defense expert, for that is exactly what he is, particularly in the field of aviation, does he believe that this is a political bomb? Does he think that this aircraft, simply because it is named with the letter "B" and the Arabic numeral "1", will be stuck like a chicken bone in the President's political throat? Does he believe that no matter how much supporting evidence is presented to the President it will be impossible for him to swallow, even if he is going down in flames in an election year? Does the gentleman believe that Jimmy Carter will never accept a B–1? Does the gentleman believe it is impossible, no matter how overwhelming the congressional report?

Mr. LLOYD. If the gentleman will yield further, I do not know what the President will do, and I honestly do not know what his motivations are. I only know this: First, I do agree with the gentleman that if I could have my choice here, right now, I would vote for it if I thought we had a modicum chance of success of having a B–1.

There is no doubt in the gentleman's mind on that, but it is my considered opinion at this point that if we have not reviewed it, we ought to do it before we go forward and louse up some other programs. I would love to have the B–1.

Mr. DORNAN. The gentleman has more insight in that area than I do. If he will allow me, I will quote two paragraphs in General Ellis' letter, the closing paragraph:

> However, when the President cancelled the B–1 program, he indicated that, if a deteriorating relationship with the Soviet Union occurred . . .

And, brother we do know it done occurred.

Mr. LLOYD. I could not agree more.

Mr. DORNAN [reading]:

> It could cause him to re-evaluate the need for a penetrating bomber. If he and the Congress believes a year's delay——

By the way I checked General Ellis' testimony before your committee recently and he revised that 1-year delay down to 6 months, I continue his letter—

> a year's delay and cost differences are acceptable risks.

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. BOB WILSON and by unanimous consent, Mr. DORNAN was allowed to proceed for 2 additional minutes.)

Mr. DORNAN [reading]:

> Delay and cost differences are acceptable risks, then the B–1 remains a most acceptable alternative.

Before we came up with the BC, or "Before Christ," version of the F–111, it was called the H—Preparation H—let me continue. General Ellis, suffering with the political problems here, says, "our country needs the earliest possible relief." He needs the earliest possible relief because of the impossible strategic situation that the anti-B-1 people have created.

I understand exactly what General Ellis was saying to me today and in this letter to Mr. CARR. He wants a penetrating bomber, but here he calls it a "B–2" and says that it is important because when a new strategic bomber comes into the inventory in the 1990's, that is going to be the "B–2", to counter the Soviet Backfire "B–2". He says then that the FB–111, the "Before Christ" models, can become the night "all weather" aircraft for force projection.

Before the House Armed Services Committee, Gen. Richard Ellis said: "The B–1 is the best strategic penetrator in the world today." Of course, the B–1 is the world's best penetrator. The capability of supersonic penetrating bombers, armed with short-range attack missiles and gravity bombs, coming in low to attack enemy targets with a speed and accuracy now unmatched by any blueprint in any research and development lab anywhere in the world presents Soviet air defense planners with insuperable difficulties. And there is powerful fact in addition. The B–1 "Peacemaker" is also the world's very best cruise missile carrier. Armed with cruise missiles, and short range attack missiles and gravity weapons, it presents a threat to an enemy that can only be described as "awesome." After discharging its complement of cruise missiles, the original B–1 can penetrate drop down on the deck, at tree-top level, and head directly toward its target, deep within enemy territory, and strike with deadly accuracy. Capable of supersonic dash at high altitudes, the radar signature of the B–1 is approximately 10 percent of the massive and yet it carries twice the payload of the older, slower, subsonic SAC force.

Mr. Chairman, only a resolute strengthening of the "air-breathing leg" of the strategic Triad, preserving the most flexible options that modern technology can provide, will assure the security of the United States and the safety of the world into the next century. Are we determined to keep this fragile peace or are we not? To use "standoff" cruise missiles has some merit. And I support cruise missile development. Who does not? But the cruise missile option is not a substitute for the B–1. It never was until Jody Powell made that odious suggestion. There is a world of difference between a cruise missile and a manned penetrating bomber. A computer directed drone aircraft is the prisoner of its own predetermined guidance system. In a combat environment, in which a weapon system must cope with an infinite variety of contingencies, there is nothing mort versatile than "the human mind", the collective mind of highly skilled, well trained and experienced SAC crew, Whereas a cruise missile, once launched, is the brute prisoner of its own computer programing. A manned, supersonic sophisticated aircraft can pursue its targets by following a variety of routes. No level of sophistication built into the first, second, or third generation of cruise missiles will ever match the flexibility inherent in manned aircraft.

There is yet another reason for going ahead with the B–1. It is, after all, as one writer has recently described it, "Slow to take offense." It can be launched in a period of crisis by a President who wants to take every possible advantage of time and circumstance to demonstrate this Nation's resolve. Once "resolve" project B–1 is airborne, unlike a missile, it can be recalled. This magnificent defense system can serve in a variety of roles short of a general war. But without this aircraft, the options of a future President will be much more limited.

Mr. Chairman, my amendment is a first step. It provides a total of $500 million for the procurement of U.S. Air Force B–1 aircraft. If this amendment, and a companion amendment, are adopted, we will cut the research and development program for strategic aircraft by $100 million and increase the total allocation for strategic aircraft by no more than $200 million. From that point onward, we must do whatever is necessary to accelerate the production and deployment of these "peacemakers." Let this Congress take the initative and demonstrate to the people of the United States, as well as our adversaries in this undeniably dangerous world, that we are prepared to take decisive action to protect our security and the peace of this world well into the next century.

Gen. Douglas MacArthur wrote many years ago, before the outbreak of World War II:

> The history of failure in war can be summed up in two words: Too Late. Too Late in comprehending the deadly purpose of a potential enemy; Too Late in realizing the mortal danger; Too Late in preparedness; Too Late in uniting all possible forces for resistance; Too Late in standing with one's friends.

There is nothing to be gained by wasting more time; 3 years lost is painful enough.

I ask the adoption of my amendment of resurrection.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

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

Mr. BOB WILSON. Mr. Chairman, I think the gentleman has made some very good points about the need for moving ahead on programs of this type. I would ask the gentleman to consider withdrawing his amendment because I believe it will do great violence to the program we just passed overwhelmingly, and I would hope that the gentleman, who probably knows about aircraft and more about the B–1 than anyone in this House, could see the political wisdom of not trying to get this amendment passed and then also trying to get it past the White House, because I am reasonably sure that the President would veto.

□ 1820

The CHAIRMAN. The time of the gentleman from California (Mr. DORNAN) has expired.

Mr. DORNAN. Mr. Chairman, I appreciate the gentleman's compliments. If there is any Member of this House who is an expert on national defense, it is the gentleman from San Diego. One does not have to be a pilot to be an expert on what this country needs to defend itself. As the excellent minority staff members and the excellent majority staff members show our committee members regularly—if there is any Member who has more experience with a stick in his hand than I do, it is the distinguished gentleman from California (Mr. LLOYD).

The gentleman has asked me about the political ramifications, and I cannot honestly answer that devastating question.

Out of deference to this fine committee of such expertise that it has no equal on either side of the Hill, out of deference to the tireless work the excellent staff members have put into this bill, and out of respect for the dedication of all my colleagues on this committee, and due to the fact that we have just had a magnificent vote of 297 to 119 to keep the B–1 chassis on line, I will unhappily but respectfully defer to the gentleman's three decades of experience and his thoughtful request. I, too, fear a shortsighted White House veto. I will now withdraw my amendment and the amendment that I would have offered on page 6 of the bill.

I do this with complete and total confidence that both my amendments would have passed, and passed by a solid majority.

Mr. Chairman, I ask unanimous consent that I may withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

● Mr. ASHBROOK. Mr. Chairman, I rise in support of this necessary and timely amendment. I can think of few times in the history of America when there was a greater need for the Congress to move decisively in meeting an outside threat. The steady decline of American defense capabilities has recently become a virtual caving in of this Nation's ability to mount an effective show of force in critical parts of the world. This decline of American power has been shadowed by an increased boldness on the part of the Soviet Union. No matter what the rhetoric of detente used to say, that nation is and will always be, America's major opponent as long as the doctrine of Marxism drives its propagandists and its armies to destabilize the West. Since America has decided to ignore these facts and allowed itself to become weak we have faced the consequences of that weakness.

The tragedy of Iran, the loss of Southeast Asia, the loss of most of southern Africa, the tenuous hold we have on the sealanes, and the erosion of Central America are all signs of an America that has become unable to cope with the vast range of challenges the Soviets and their client states pose. Part of this inability is a failure of resolve and commitment on the part of our national leaders. Another part, however, is the loss of our Nation's ability to exercise any resolve.

It is a sad but true fact that the United States has suffered a grievous and critical decline in its defensive capabilities in recent years. Various poor decisions led to this sorry state of affairs. One of the most notable of these poor decisions was the cancellation of the B–1 bomber. What is so special about the B–1 bomber? This is a question many of my colleagues have asked on other occasions on the floor of this House. The B–1, more than any other one weapons system, provides a defensive deterrent to meet the wide range of circumstances that exist in the world today.

Since America is not by nature a warlike nation it is deterrent that most people in this country really want. The United States does not want conquest, it wants a world free of aggression. A stable world where free interaction among nations, and an unimpeded flow of commerce can take place. To create such a world the cost of destabilization must be too high for any other nation to risk. A credible deterrent, therefore, is the best insurance of peace. Wars have only come when one power perceives another as weak, and there is an orientation to achieve a national goal through violent means. The ability to meet such a challenge comes from having the means, and the flexibility, to undertake a proper counteraction.

Unfortunately, the policies advocated by many in the name of peace have curtailed many of our deterrents that assured that peace. The B–1 bomber is a weapon of war, but not necessarily of total war. A bomber, by its very conception, is only as lethal as its payload. Therefore, a bomber can be used conventionally or as a weapon in the final conflagration. The human element of piloting such a craft provides an element of final decision and final reflection that missiles cannot. A bomber can be recalled once it has become airborne, a missile must be destroyed, maybe with loss of life.

Another nation, like the U.S.S.R., realizes the destructive force of a nuclear missile, and will not force an issue that may result in that force being unleashed. However, there are opportunities for adventurism that may fall short of the threshold of holocaust. If these lower level efforts to destabilize the West combine to end the viability of the West then they too must be viewed at the strategic level. Since each thrust, by itself, does not represent a strategic level threat, the miss'le deterrent is not used. America's possession of a deterrent therefore becomes irrelevant, unless its is flexible enough to be used in the circumstances that are presented.

The Soviets know about such turns of events. Once they reached parity with America in strategic nuclear weapons they began to build conventional forces or dual purpose forces. These forces now have proven their ability to move in the invasion of Afghanistan. They pose major threats to Western Europe and to most points on the globe. What does America have to counter such a force? Numerically the U.S.S.R. has outdistanced the United States across the board. In quality they have approached near parity in most categories. Why, then, have the Soviets not struck a death blow to the West? The slow process of chipping away can provide that end result without startling the West into action. In the meantime, the West proceeds to dismantle its defenses, lulled into thinking that all is well because the roof has not fallen in yet.

The United States still represents the one major force capable of mustering enough strength to meet the Soviet challenge. The caution on the part of the Kremlin in its moves around the globe bears this out. However, as each year passes, this ability becomes a little less likely. Part of the reason is the United States is not bringing out new generations of weapons that can operate in an environment of advanced technology. Each generation of weapons brings with them strengths and vulnerabilities that must be addressed. If competing nations do not stay within those generations, the specter of tragedy, such as the cavalry of Poland charging Nazi tanks in 1939, becomes the reality of a nation unprepared for modern war.

In a number of weapons systems the United States is moving toward just such a tragic gap in development. One of these areas is airpower. The electronic marvels within the cockpits of our planes and in the warheads of our air-to-air missiles have provided a major edge for America in keeping a deterrent. Unfortunately, as the designs of the planes such equipment is installed in become obsolete or outdated, the ability of new technology to compensate for old basic equipment declines.

The major bomber in the American bomber deterrent is the B–52. This plane was the evolutionary step above the B–29 Superfortresses that bombed Japan in the Second World War. The first prototypes of the B–52 rolled out of the Boeing plant on November 29, 1951. That was almost 29 years ago. The bomber became the mainstay of American airpower between 1957 and 1962, when the last plane was built. This means that the airframes of our frontline bombers are between 18 to 23 years old. Placing these planes into modern combat situations is comparable to using planes designed in 1914 to fight the Zeroes and the Messerschmitts in World War II. Considering the rapid evolution of technology this gap may be even wider.

The B–1 represents the most viable replacement for the aged B–52. It has the flexibility to become a major element of America's strategic deterrent while at the same time be available for use in a conventional situation. Its design and handling qualities make it a weapon of extreme survivability in a modern war setting. The B–1 can meet the challenge posed by advanced Soviet interceptor aircraft and 10th generation antiaircraft missiles. It is a plane that provides a sharp contrast to the lumbering B–52.

Is it no wonder that the Soviets felt bolder when the decision not to build the B–1 was made by the Carter administration? Is it not also interesting that the alternative to the B–1, the fixed-

wing cruise missile carrier, has not created the stir in the Kremlin that the B–1 did? Why would this be so? One reason is that the fixed-wing cruise missile carrier has no flexibility. It is only a nuclear weapon. This places the United States in the inflexible bind it is already making for itself. As long as the only deterrent is total war, the Soviets know that they will be free to operate on adventures that fall below that level of risk with little if any worry that the United States will do anything except boycott their Olympics and pass United Nations resolutions. Only through flexibility will the United States be able to meet the U.S.S.R. in a nonnuclear situation and win. The cruise missile carrier (SWL) offers less opportunity along these lines.

The effectiveness of the SWL as a cruise missile launcher is also questionable. The argument for the SWL is based on the fact that the plane can move to within 200 or so miles of the Soviet border and launch its payload of cruise missiles into Soviet airspace. Once these missiles are launched their numbers and the various electronic countermeasure gear they carry should allow sufficient numbers to arrive on target to create a credible deterrent.

However, is it a certainty that the SWL will, itself, be able to survive to the point where the cruise missiles are launched? A look at the U.S.S.R.'s air defenses brings the survivability into question. The Soviets have emphasized air defense since World War II. It constitutes the second largest section of the Soviet military. Over 2,650 manned interceptor planes and 12,000 surface-to-air missiles (SAM's), are arrayed against any invasion of Soviet airspace. In recent years the advanced warning radar grid has been able to move beyond Soviet borders to expand the early warning perimeter.

The most recent example is the Soviet movement of radars into Afghanistan. It is also possible during times of crisis for SAM's and interceptors to also be moved forward. There is even the possibility that the vast surface navy of the U.S.S.R. and land bases in client states like Cuba, Vietnam, and Angola could be used as advance air defense areas. Under these circumstances could a plane like the fixed-wing SWL fly close enough to the Soviet border to effectively launch the cruise missiles? Probably not. Only the B–1's maneuverability could bring cruise missiles close enough for effective launching.

In both conventional and strategic settings the B–1 is the only plane now available that can fulfill both roles. It is the kind of flexibility America needs to face the variety of circumstances which may be presented in the future. The SWL can serve in both functions, but its fixed-wing design and lower capabilities does not give America the performance edge it needs in the face of superior Soviet numbers and an increasingly better Soviet strategic position.

The Soviet success in spreading bases throughout the world and using its navy to straddle all the major sealanes creates a distinct disadvantage for America. In order to concentrate airpower either carriers or land-based planes must be rounded up. As we have seen with the Iranian crisis such a concentrating of power takes time and is not fully successful. The ability of a long range bomber to take off from the United States or from some airfield in Europe or Japan in order to strike into a crisis area is a necessity in the modern geopolitical environment. The B–52 provided this type of interdiction in the Vietnam war, but proved vulnerable to SAM's and to relatively old model Migs. Only a B–1 could succeed in providing such long range support or show of force, without major loss of aircraft to hostile air defenses.

I have no illusions about the role of the B–1. The long procurement leadtimes mean the B–1 may not be produced in sufficient numbers until 4 or 5 years from now. However, the B–1 will provide a new generation of aircraft that would have the capability of providing a sound deterrent through the 1980's.

This Nation cannot depend upon a bomber designed and built in the early 1950's to last us until the 21st century. Unless we act today that may be the fate of America. Any lesser aircraft, such as the SWL, provides only a false sense of security that could turn into tragedy at a critical moment. The B–1, on the other hand, is a vital step in the direction of a credible deterrent that is long overdue.●

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 2, strike out "$1,588,700,000" and insert in lieu thereof "$1,601,800,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 3, strike out "$2,343,800,000" and insert in lieu thereof "$2,363,100,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 4, strike out "$131,243,000" and insert in lieu thereof "$132,343,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 5, strike out "$3,129,984,000" and insert in lieu thereof "$3,151,884,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

Mr. PRICE. Mr. Chairman, I know of no other amendments to the committee amendments to title I, and, therefore, I ask unanimous consent that the remaining committee amendments to title I be considered en bloc.

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

There was no objection.

The Clerk read as follows:

Committee amendments: Page 3, line 8, strike out "$8,326,300,000" and insert in lieu thereof "$8,387,100,000".

Page 3, line 12, strike out "$2,365,600,000" and insert in lieu thereof "$2,368,600,000".

Page 3, line 13, strike out "$51,425,000" and insert in lieu thereof "$52,125,000".

Page 3, line 16, strike out "$403,600,000" and insert in lieu thereof "$405,400,000".

Page 3, line 18, strike out "$417,100,000" and insert in lieu thereof "$406,700,000".

Page 3, line 19, strike out "$193,400,000" and insert in lieu thereof "$195,500,000".

Page 3, line 20, strike out "$51,690,000" and insert in lieu thereof "$52,490,000".

Page 4, line 5, strike out "$377,679,000" and insert in lieu thereof "$382,000,000".

Mr. PRICE (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments to title I be considered as read and printed in the RECORD.

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

There was no objection.

The CHAIRMAN. The question is on the committee amendments considered en bloc.

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will designate title II.

Title II reads as follows:

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. (a) Funds are hereby authorized to be appropriated for fiscal year 1981 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, $3,110,066,000.

For the Navy (including the Marine Corps), $5,055,775,000, of which (1) $243,000,000 is authorized only for the full-scale engineering development of the Marine Corps Harrier AV–8B aircraft, (2) $150,700,000 is authorized only for the design and development of the DDG–X vessel, and (3) $44,926,000 is authorized only for the research, development, test, and evaluation of the Mobile Protective Weapons System equipped with a 75-millimeter gun system.

For the Air Force, $7,144,800,000, of which $400,000,000 is authorized only for the research, development, test, and evaluation of the Strategic Weapons Launcher.

For the Defense Agencies, of which $42,100,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

(b) In addition to the funds authorized to be appropriated in subsection (a), there are authorized to be appropriated for fiscal year 1981 such additional sums as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law.

STUDY OF FAST LOGISTIC SURFACE EFFECT SHIP

SEC. 202. Of the funds appropriated to the Department of Defense for fiscal year 1980 which have not previously been obligated or expended, not more than $6,000,000 is available for study of a logistic surface effect ship weighing between 5,000 and 7,000 tons and capable of a speed of not less than 70 knots.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 8, strike out "$3,110,066,000" and insert in lieu thereof "$3,158,449,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 10, strike out "$5,055,775,000" and insert in lieu thereof "$5,111,554,000".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 19, strike out "$7,144,800,000" and insert in lieu thereof "$7,105,654,000".

AMENDMENT OFFERED BY MR. DELLUMS TO THE COMMITTEE AMENDMENT

Mr. DELLUMS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DELLUMS to the committee amendment: In lieu of the matter proposed to be inserted by the committee amendment, insert "$5,554,654,000".

Mr. DELLUMS. Mr. Chairman, the practical effect of the amendment before the body at this moment is to strike those funds necessary to continue the development of the MX missile.

Prior to going into the arguments that I will propose on the floor this afternoon, I would simply like to put this discussion or attempt to put this discussion in debate in a broader context than it has been considered in the last several weeks. For the past several weeks this Congress has been hell-bent to balance the budget. This House has decided that it shall embark upon a balanced budget.

What is both implicit and explicit in the commitment to a balanced budget is a rational set of priorities that now must in very specific terms be discussed program by program, system by system. So the same integrity, the same foresight, and the same analytical and evaluative exercise that goes to our concern with respect to every other program must now go to the military budget as well.

Therefore, it is within that context that I offer this amendment to evaluate specifically now the military budget, not in general terms of what our priorities are, because we have done that in the budget. Right or wrong, we have established those priorities.

Within those priorities now, we must determine, system by system, whether they are efficient, effective, necessary, et cetera.

I want the Members to look at the MX missile, and I would make several arguments. I will argue that not one single Member of this body can say with certainty how much this system will cost. Not one Member can say, and parenthetically I would challenge any Member of this body to give us a finite figure on how much this MX missile system will cost, this system that has been described by people as the largest public works program in the history of America.

The second argument that I will make is that no Member here can say with certainty whether we will even have the necessary resources, when needed, to even build this system. No Member here can make that statement with certainty.

I will also suggest that not one Member of this body can say what the system will be like in terms of size or basing mode.

So I am arguing that not one Member here knows how much this thing is going to cost, and no one knows what it is going to look like, or what its size will be. No one even knows whether we will have enough resources to build it.

Over the past several weeks we have talked about responsibility in this Chamber. We suggested that we should be responsible in the exercise of the function of spending the people's money.

□ 1830

I would suggest in the body of my argument that it is the height of irresponsibility, Mr. Chairman, to go down the road to build a system that you do not even know how much it will cost, what its size will be, what it will look like, what the ramifications will be. The height of irresponsibility. And I would suggest, further, that sooner or later, Mr. Chairman, sooner or later this system will be stopped. And I do not make that statement simply as an advocate of cutting the MX missile. I also make it as an observer in this body who is trying to suggest to the Members that this system is going to die of its own weight.

The question all of us must ask ourselves in this period of austerity is: Can we afford to go down this road and spend $10 billion, $20 billion, $30 billion, $50 billion, $60 billion, and then suddenly have to stop? Will we get our money back? What about the incredible human misery that will be the reality if we decide on the basis of priority to spend money to build this system?

Now, I have made several assertions. Let me try to argue them.

As I said earlier, my argument will strike all moneys, $1.551 billion for the further development of the MX missile system.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. Mr. Chairman, James J. Kilpatrick, well known to many of the Members here, recently characterized the MX as the Pentagon Edsel. It is an Edsel. But it will be a $50 billion or perhaps even a $100 billion Edsel. No one can say how much it will cost because no one knows how many Soviet warheads may be targeted against it. And, therefore, no one can say how big the system will eventually be. The Air Force's $33 billion estimate for the current limited MX missile system allows for no inflation. Even the General Accounting Office estimate of at least $56 billion does not include the cost for warhead development, acquisition, and maintenance, nor does it project any cost overruns. And, my colleagues, we are familiar with and have great experience with cost overruns.

The GAO noted, and I quote:

The high cost of MX—almost $60 billion—raises a serious issue of affordability. Approved programs included in DOD's long-range plans already exceed expected procurement funding levels by about 100 percent. Other high priority programs may have to be either terminated or significantly delayed unless there is a substantial increase in the defense budget to cover MX costs.

But even this limited $60 billion-plus budget is not realistic, $60 billion is not realistic. Both the GAO and the Congressional Budget Office found that without the limitations of the Strategic Arms Limitation Treaty No. 2, the Soviets can overwhelm the presently projected MX missile system.

I might add, parenthetically, that once we stepped outside of a commitment to SALT treaty ratification, those bright people in the Pentagon should have said, "Well, there is an idea that no longer is effective," because the whole concept of the mobile missile system, the whole concept of the MX missile system, is predicated upon the notion of this country and the Soviet Union staying within the confines of an arms control environment. No SALT treaty, the MX missile system is an idea that goes poof, like smoke.

The 200-missile, 4,600 shelter-sized system assumes SALT II warhead limitations. Without SALT II restraints in force, the Soviets can increase the number of warheads and/or missiles.

Remember, many of you who argued the great power of the SS-18 warhead as having extraordinary capability. I find many of you now silent, when clearly the SS-18, with the capacity for expanded warheads, can move against this system. They can conceivably put 30 warheads on that system. Outside of a SALT treaty, you have no idea of what this system will look like and no idea what the cost will be.

The Air Force option in this instance would be the following: You either build additional shelters, increased costs, deploy more MX missiles, increased costs, and add both shelters and missiles, double increased costs. Build an antiballistic missile system, an ABM system, to defend MX. One, extreme cost; and two, violation of the only real treaty that we have with the Soviets.

We would then be looking, based on these alternatives, at a $100 to $150 billion program right in the eye, with no assurances that that even would be enough. But that is not all.

The GAO has recently issued a report that found many uncertainties regarding this system. This report found that there are serious questions regarding obtaining 20,000 to 40,000 acres necessary for this system. GAO states, and I quote, specifically:

The Air Force is assuming that some Federal land administered by BLM of the Department of the Interior (referred to as public land) will be required for MX deployment. In fact, the Air Force's preferred siting area is almost entirely public land in adjacent areas of Nevada and Utah. Under normal circumstances public land for such projects as the MX is acquired through a formal process (known as withdrawal) in accordance with Federal statutes. With-

drawal of public land for a project the size of MX has a large potential for major program delay because the process is complex, time consuming, and politically sensitive. The ability of the Air Force to withdraw the land necessary for MX deployment within prescribed time frames is being further jeopardized because decisions have not yet been taken which, in our opinion, are key to the timely process of withdrawing public land.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has again expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 5 additional minutes.)

Mr. DELLUMS. GAO further found. and I quote:

The need for a large number of protective structures and adequate spacing between the structures dictates that the MX system will be deployed over a large area. The exact size of the deployment area is uncertain because the location of that area has not yet been determined; the amount of unsuitable terrain containing features such as mountains, archaeological sites, mineral deposits, and wilderness areas will vary by location; and the spacing between shelters has not been definitized. If sited in the preferred areas of Nevada and Utah, however, the MX weapon system will be deployed over a rectangular area encompassing about 45,000 square nautical miles of land, an area about the size of Georgia.

The GAO also found that there are serious questions whether sufficient electricity, water and building materials, concrete, can be made available at the appropriate time to build the system. Specifically, GAO said, and I quote:

The MX weapon system will require large amounts of electricity, water, and building materials for construction and operations. As the MX weapon system progresses into full-scale engineering development, the program office has yet to demonstrate that sufficient resources can be made available at the appropriate time. Water, in particular, is a scarce commodity in the deployment areas being considered for the MX system.

The usage of large amounts of resources for construction and operations could have a significant adverse impact on local and state economies. To date, no socio-economic analyses have been done, but some are underway. In our opinion, such analyses are necessary to identify any adverse impacts and to develop mitigating measures.

The GAO further underscores what we all know. To this date there is still no agreement on the MX basing mode, the basing mode changes from month to month. We do not know what we are buying. On May 1, the Air Force announced to the House Armed Services Committee that the loading dock basing mode has replaced the racetrack. Loading dock is the 30th basing mode design considered by the Air Force.

Personally, as you recall, I was hoping that we could put a hybrid together. We could have the holes and the railroad and put them together, tie up the entire Nation in holes, connect them with this railroad, and then turn it over to civilian use and the entire United States would be connected by mass transit and we would do a lot to solve the energy problems of this country. But nevertheless, we must remember that this Edsel is not just another missile. The MX is first and foremost a silent killer.

□ 1840

It will pose a significant threat to the Soviet land-based ICBM force. The U.S. Arms Control and Disarmament Agency finds that "deployment of the MX and improvements of the Minuteman force carry with them certain inherent risks in terms of crisis stability."

It would give the United States a first strike capability that would force the Soviets to move to a "launch on warning" firing plan. That is, the Soviets would feel compelled to launch their missiles on a mere warning that the United States is attempting a first strike. This is so because the MX missile has the potential to destroy the bulk of the Soviet land-based missile force.

The CHAIRMAN. The time of the gentleman from California (Mr. DELLUMS) has expired.

(By unanimous consent, Mr. DELLUMS was allowed to proceed for 3 additional minutes.)

Mr. DELLUMS. Mr. Chairman, as the Soviets are more dependent upon their land-based missiles than the United States, they would obviously feel the need to take action to avert a U.S. first strike. Thus, the MX missile greatly increases the possibility of an accidental war occurring because of a mistake made during a crisis. Given, Mr. Chairman, this litany of lunacy, why do we need the MX? We already have over 9,200 strategic nuclear bombs, compared to 6,000 for the Soviets. The U.S. ability to respond to nuclear attack is absolutely certain. No matter what accuracy the Soviet missiles attain, they could never simultaneously destroy all 1,000 of our present Minuteman missiles. In a real world attack, some missiles would stray off course, some would be duds, and some would be destroyed by mistimed explosions of others. Many missile silos would survive.

Moreover, the argument for MX assumes that the Soviets might launch a first strike against our land-based ICBM's, even though such action would bring certain devastation from U.S. air and sea nuclear forces. As the President said, in conclusion, in his state of the Union address:

Just one of our relatively invulnerable Poseidon submarines carries enough warheads to destroy every large- and medium-sized city in the Soviet Union.

We have 31 Poseidon submarines.

As this year's Defense Department annual report states,

Now and for the future, neither the United States nor the Soviet Union could launch a first strike that would prevent the other side from retaliating with devastating force.

Mr. Chairman, no attacker could conceivably destroy the U.S. deterrent.

I ask my colleagues to use judgment and to use wisdom and to challenge this system and join me in voting to stop the MX.

No one here can tell how much it will cost, what it will look like, what its size will be, or its impact upon the people.

To embark upon a decision that could eventually cost us $100-plus billion in my estimation is not taking our jobs as being responsible citizens and responsible legislators into proper focus.

Mr. ICHORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will be very brief, because I think we will reach the issues which the House will desire to reach, and specifically on the question of the MX and the MX basing system when the amendment of the gentleman from Illinois (Mr. SIMON) is offered to the House. I will not argue at length against the amendment of the gentleman from California.

May I point out to the members of the committee that the gentleman from California, and I am sure he will not be offended when I say this, is undoubtedly one of the most persistent Members in this body. He has offered how many times, I would ask the gentleman from California, amendments to delete the MX system on the floor of this House? At least three, has he not?

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

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

Mr. DELLUMS. I thank the gentleman for yielding.

I have offered an amendment to strike the MX missile each time that it has been in the report. We do this on an annual basis.

Mr. Chairman, I think it is my responsibility to challenge where I think it is appropriate. I think to make a challenge with respect to repetition is rather absurd, because our entire job here is repetitious I would say to my distinguished colleague.

Mr. ICHORD. My point is this, if I may reclaim my time, the gentleman from California has offered his reasons not only on the floor of the House, but in the subcommittee each and every time, too, and in the full committee, each and every time, and then again on the floor of the House.

I will ask the gentleman from California, what was the vote on the amendment each time he offered it? It was overwhelmingly turned down; was it not?

My point is this, I say to the gentleman from California, the issue is not on the MX system as the Members see it. The issue really is on the basing of the MX. We will reach that issue when the gentleman from Illinois offers his amendment. The situation is still the same. I am sure the gentleman from California will agree. The House has turned down this amendment time and time again, and the gentleman has offered no new arguments. We do need a follow-on system for the Minuteman, the land-based leg of the Triad. Our ICBM's will be vulnerable in the very near future, if they are not vulnerable already, and for that reason I would ask, Mr. Chairman, that the committee again, for about the third or fourth time in this House, defeat the amendment of the gentleman from California.

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

I would just like to applaud the gentleman on his statements and enter into a colloquy, if I may.

I am one who has some reservations about the basing mode. I think we need another look at the system and to see where we are going. But in terms of cutting out the missile, that seems to me to be totally ridiculous.

If anybody has paid much attention to the Soviet SS-18's, 19's, or 17's, and all the rest, we simply do need to improve on the Minuteman and the Titan.

I would hope, even though some people may have questions about the basing mode which will come up later, that we do not let this amendment fool us. This is not attacking the basing mode. It is only attacking the missile itself. We should vote against it.

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

Mr. MARRIOTT. I yield to the gentleman from Missouri.

Mr. ICHORD. I agree with the gentleman. We will reach the issues, as the gentleman states, in just a few minutes.

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

Mr. Chairman, I do not want to give the gentleman from Missouri a rude shock, but he will be surprised to find perhaps that I am in accord with the position that he just stated, and I am reluctantly going to oppose the amendment of the gentleman from California, even though I have voted for such an amendment in past years. I think that an explanation is in order.

But before I elaborate, I would say that I think that we are in the debt of the gentleman from California for stating very succinctly and clearly the many problems that are going to arise if we go ahead with the proposal that is presently contemplated by the Department of Defense. I am going to elaborate on that at length when we get to the Simon-Marriott amendment, which I do support.

The reason for my change in view is that the Public Lands Subcommittee, which I happen to chair, a subcommittee of the Committee on Interior and Insular Affairs, held 2 days of open public hearings on this very question this spring and had another day of classified briefings by the Defense Department on this subject. This enabled me to explore this issue in considerable depth.

First, let me say that if we assume that by 1985 or sometime in this decade, the Soviets with their new generation of accurate missiles, would be able to completely wipe out all of our land-based missiles—and as the gentleman from California has quite correctly stated, that is almost an impossible occurrence though they could certainly wipe out a substantial number of them, if the Defense Department's information is correct—nevertheless, three-fourths of all of the thousands of warheads that we can deliver by way of submarine-launched missiles and by way of cruise missiles launched from B-52 airplanes will still be there, still be an adequate and a really horrifying deterrent force, enough to give pause to any nation that is likely to be considering a nuclear assault on our ICBM's.

□ 1850

Nevertheless, I happen to think that the basic question is: Should there be no response to the growing threat against our land-based leg of the triad? I believe the answer to that question is that there should be a response. We should not unilaterally take the risk, even if it is more of a psychological than an actual risk, that it would be seen that one of the legs, and probably the most massive leg, of the triad is vulnerable. So I do think we need to answer that question.

The issue, in my opinion, is whether the so-called shell game, or racetrack, or now drag strip, the answer? What they call it next month, or what configuration it takes is not the main issue. The main issue is should we be creating systems of 4,600 shelters and 200 MX missiles, which without SALT, may be double that. So if we go for this proposed basing system, we could well be talking about 9,000 to 10,000 shelters and 400 MX missiles with their warheads, and a cost of on the order of $100 billion.

Should we go that route with all of its vulnerabilities, with all of its unresolved questions, with all of its provocativeness? Or should we look into some other basing possibilities as, indeed, we mandated the executive branch to do by the Stevens amendment in this year's appropriation bill.

I am sorry to say that after many weeks of working on this, and days of hearings, I have found that the Defense Department has not seriously complied with the Stevens amendment, has not seriously explored the shallow underwater missile or SUM, as one of the alternatives, for example.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. True, they recently issued a report on the SUM, but that report, as I will expound in connection with the next amendment, is seriously deficient and is quite superficial.

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

Mr. SEIBERLING. I am glad to yield.

Mr. ECKHARDT. Mr. Chairman, I thank the gentleman for yielding. I, too, have a recall very much as the gentleman.

I also congratulate the gentleman from California for raising the questions he has raised. But I, too, feel that the cautious and best approach is to keep the three legs of the defense that he has described. I do not agree with the basing system. We will have a chance on that in the Simon-Marriott amendment, and I would support the same position the gentleman has stated.

Mr. SEIBERLING. I thank the gentleman.

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

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

Mr. DELLUMS. Mr. Chairman, I appreciate my colleague yielding. I am to some extent startled. I can understand my colleague's opposition to the basing mode. I think we agree on the absurdity of that.

But I would ask why does the gentleman think we need such a highly accurate, silo-killing, first-strike missile capability? Second, what are the alternatives the gentleman talks about? Can we have a standoff submarine capability? Can we put Trident II's on our Trident submarines? Can we have a bomber force with cruise missile capability? What are the alternatives? And, again, the first question: Why do we need such a powerfully accurate Mark-12A warhead that has silo-killing, first-strike capability?

Mr. SEIBERLING. I am not sure we need one. But the logic of it is that if the Soviets have one, and we are going to engage in these grim, computerized games, which is what the whole nuclear strategic counterforce strategy boils down to, then the argument is that if they can attack our defense installations, including our missile sites, with a superaccurate warhead, and if all we have is a city-busting warhead and not an equally accurate warhead, they might be led to feel they can get an advantage by making a first strike.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. I am not saying I buy that argument. As a matter of fact, the Defense Department has always taken the position that they only target military targets and not civilian populations. But I am saying that an argument has been made, and it needs to be further explored, as to the alternatives. Certainly the small submarine with MX or some equivalent missile is an alternative that has not been adequately explored. In my opinion it will probably prove to be cheaper, less provocative, more effective, and far less vulnerable than the MX in the land-based mode.

Trident II is another matter. I would oppose Trident II because, in my opinion, it would be provocative and also very expensive.

Mr. DELLUMS. Will the gentleman yield further?

Mr. SEIBERLING. I yield to the gentleman.

Mr. DELLUMS. The gentleman suggests Trident II is provocative by virtue of the fact, I would assume, he is stating that it is a counterforce weapon, as the gentleman probably would argue for the cruise missile, and the Minuteman I, a counterforce weapon. If that is the case, then why are we going to a higher generation of accuracy/kill capability? If the argument against the Trident II and those systems is consistent, one would argue against the MX on the same grounds.

Mr. SEIBERLING. In my opinion, the MX in the land-based mode would be highly provocative because in the end, in the last analysis, if we go through all of the ins and outs of it, we are going to end up adopting a launch-on-warning policy. Trident II would be provocative

because, unlike SUM, it could be deployed close to Soviet coastlines and thereby reduce the missile flight time to the point where the Soviets would probably adopt a launch-on-warning policy.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, let me finally just say this whole strategic weapons race is a moral disgrace, not only because of the threat it poses to the human race but because of the terrible cost and waste of scarce resources, as the gentleman from California has correctly pointed out. It seems to me that, from a moral standpoint, one can only support further development of this grim panoply of monstrous weapons if, at the same time, he concedes that the only course is to proceed as best we can to negotiate a complete elimination of them.

Unfortunately, we are not in that situation at the moment, for many reasons of which everybody is aware. But that must be our goal, because to say that this will continue indefinitely, and that this deterrent versus counterforce posture is to be with us for the foreseeable future, is to abandon all morality and hope for the future.

Mr. DOWNEY. Mr. Chairman, I move to strike the last word, and rise in support of the amendment.

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

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

Mr. DELLUMS. I thank the gentleman for yielding.

I would just like to respond briefly to my colleague from Missouri (Mr. ICHORD).

First of all, because the gentleman from California offers this amendment does in no way make it a personal matter. To consider spending anywhere from $50 billion to $100 billion has ramifications for millions of human beings for years into the future. It has nothing to do with how many times this gentleman has offered an amendment. When we are talking about $100 billion it goes far beyond personality. The gentleman does not come here with his personal ego on the line.

The gentleman from California is raising a significant question that this program may very well cost the American people well over $100 billion. To that extent there is nothing personal here. We must assume our responsibilities. If we cannot answer the question of how much it will cost, what it is going to look like or how big it is going to be, I would simply suggest that is not appropriate.

Just one last comment to my colleague from New York. I recall that history records that at one time there was only one person in this body who voted against the Gulf of Tonkin resolution. That person was later vindicated. Therefore, being alone does not necessarily mean that one is wrong. It just happens to mean one is in an unpopular position at a given moment, and I am sure there are many colleagues, including my colleague from Missouri, who have come to the well of the House and offered an amendment that did not succeed but, because they felt they were right, they persevered.

The gentleman from California is simply attempting to do the very same thing.

Mr. DOWNEY. I think really we have missed the boat with the MX missile. Frankly, I think we should have put it on ConRail. That way no one would know where it is.

□ 1900

We need to examine carefully the whole substance of this debate. We have known for approximately 15 years or more, ever since we started building the Minuteman in silos, that it would be vulnerable, and in order to deal with that vulnerability, we have attempted to harden the missile silos. We have done that reasonably effectively.

The basic argument for the MX, which is clear to all of us, is that by the middle 1980's—possibly sooner, possibly later—the Soviet SS-18 with its accuracy improvements and its warheads will be able to target its warheads for every Minuteman silo, and with a high degree of competence, 85 to 90 percent, be able to destroy our Minutemen. Does that necessarily mean that we have to build a racetrack or new missile? For those of you who say we need to hide our land-based missiles, that is one possible way of protecting them, and that issue will be dealt with later. For those of you who say, "Well, frankly, I am not sure how we want to base it, but I do know I want a more accurate missile that would put Soviet missiles in jeopardy," I have nothing other than utter amazement because that will solve no problem. A highly accurate MX missile will only place Soviet missiles in jeopardy, will only escalate the arms race, will only put their fingers on a hair trigger, and make absolutely no sense.

Making the southwestern part of the United States a sponge—a sponge because that is what it will be to soak up Soviet warheads—also does not make any sense. I know there are a lot of you here who do not like the SALT agreement. In fact, it is essential not only that we do SALT II now but that we get on with the business of SALT III. We need to work out an agreement where we would have prohibited zones in the ocean, where missile submarines of either side could not be kept, or safe zones where our missile submarines would not have to worry about other Soviet ASW ships looking for our submarines. If we were unable to do this—and, frankly, we might not be able to do this—at that time we might have to reexplore the question of preserving the third leg of our triad, the land-based system.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. DOWNEY was allowed to proceed for 3 additional minutes.)

Mr. DOWNEY. But it seems to me that while we have the opportunity to at least negotiate as opposed to building another generation of weapons, we should seize the opportunity. If we do not—if we do not—what we will have is we will build this sponge system in Utah, in Nevada, in other parts of this country. The Soviets will be forced to do the same, and they will add another generation of highly accurate missiles, and gone forever will be a key opportunity to slow down the arms race.

I know we are all worried and concerned about the Soviets, and they have been provocative, but what we are talking about is a perceptions question, because there is not a Soviet planner in his right mind who is going to attack the 1,000 Minuteman or any fixed-based missile system, because by that time you will have the Trident I; you will be able to destroy military targets with the cruise missile; you will be able to destroy all the high value industrial targets in the Soviet Union, and you will have all the deterrence you need. So it then simply comes down to the question—and if you talk to defense planners, they will tell you this—we have got to do this MX because there are perceptions problems. The Soviets might want to exploit our alleged vulnerability. Would you say we never had anything to worry about during the late 1940's when the Soviets were marching through Europe? When we had a complete nuclear monopoly, they were not deterred by our superiority. Today, of course they are not superior. But the whole point of the matter is—and it seems to me we are missing the boat—we are going to build a system based solely on military perceptions, because no Soviet planner is going to start a war by attacking the silos when he knows the bombers and the Tridents are there to retaliate, even if he catches some of the bombers on the airstrip and even if he manages to destroy some of the ships in port. So we are dealing with a $50 billion perceptions question, and it seems to me that we just cannot allow that to happen. We have a year or two to continue explorations with the Soviets in terms of meaningful arms control, which is just another facet of national security and strategic deterrence. If we let that go out the window, we have done ourselves a terrible injustice. We will have expanded our arsenal and made our people less secure, and I do not think that is the decision the House wants to make.

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

Mr. DOWNEY. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding. The gentleman is one of the clearest thinkers on defense matters, as well as others, and I think he has made a very cogent statement. I am not suggesting we should go ahead and commit ourselves to the MX as a deployed weapons systems, as distinct from a commitment to research and development of the missile and possible basing options.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. SEIBERLING and bv unanimous consent, Mr. DOWNEY was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. If the gentleman will yield further, I am not suggesting

that we should commit ourselves to an MX as a deployed weapons system, and certainly we should not commit ourselves to this Rube Goldberg monstrosity that has been cooked up, variously called the racetrack, the drag strip, and the shell game. But we can conduct arms limitation negotiations simultaneously with proceeding with R. & D. In case the negotiations fall through, we would then not be in the position where we have nothing to resist the kind of blandishments that I am afraid we might, in the absence of the MX option, tempt Soviet planners into making. One of the ways we can better insure future negotiations along the lines of SALT is to have the Soviets know that we are not giving up the option of having an adequate counter to their new generation of missiles, in the event the negotiations fall through.

Mr. DOWNEY. I would only respond to the gentleman by simply saying that if we continue with the R. & D. efforts for a more highly accurate missile, it is going to have to be placed in a nonvulnerable basing system. So we come back to the very simple question of which one. The gentleman is concerned, as we all are, that the basing systems that have been heretofore offered to us are not only not going to work, but I do not think they will have the public support to see them off the ground. But even if we find a basing system, what the gentleman is still talking about is a missile system that has a first strike capability, something I know the gentleman has been an ardent opponent of.

Mr. SEIBERLING. If the gentleman will yield further, the difference, though, is if you put it in a mode where you are not likely to be tempted to use the first strike capability, if you put it in a submarine, if the submarine is not vulnerable, if it is only a few hundred miles from our shore instead of being close to the shores of the Soviet Union, it is not provocative for the very reason that it is not vulnerable.

Mr. PRICE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have had sufficient debate on this bill all day, and we have been here for 45 minutes on this particular amendment. I think the Members are entitled to a vote, and I am going to urge that we end the debate and prepare for a vote on the amendment.

As I listened, I was getting the impression that if we wanted to be the strongest nation in the world, we should discard all the armaments we have and get rid of our stockpiles that are there for natonal emergencies. I just do not think it works that way. I think we stand a better chance to promote peace in the world if we have the strength to enforce peace.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield briefly?

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

Mr. DELLUMS. I thank the gentleman for yielding. I appreciate the statement made by my distinguished chairman, but I am simply stating that this is not the weapons system to do that. It is expensive; it is dangerous; it is impractical. That is all we are suggesting. And I am saying, let go of a turkey because we are talking about billions of dollars. We are not talking about the defense of America. This weapons system does not get you there.

Mr. PRICE. That is a matter for technical judgment. If it is proven an unsatisfactory weapons system, I hope that they will catch the flaw before they do have a full installation, but that is the responsibility of the people who will install the system, and we have checks and balances that should be able to catch that type of a situation.

Mr. Chairman, I would appreciate a vote on this amendment.

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

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

□ 1910

Mr. LAGOMARSINO. I thank the gentleman for yielding.

The discussion that has been going on brings to mind an episode that occurred last August when I was in the Kremlin with a number of congressional colleagues. We were meeting with the presidium of the Supreme Soviet. I related to them a number of things that had been done by our administration: cancellation of the B-1 bomber, veto of the nuclear carrier and so on and I asked, "How are you gentleman going to reciprocate?"

Do you know what the answer was? The answer, "We do not believe in unilateral disarmament."

I think the gentleman is correct. I think we must be strong if we are going to be able to deal and to negotiate.

Mr. PRICE. Mr. Chairman, I have been in this business a long time. I remember as far back as the first nuclear submarine. They had their opposition. There is no new system that comes along that does not have some opposition.

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

Mr. Chairman, I rise in opposition to the amendment. I do not share the rosy outlook of my friends from New York and California with respect to a friendly relationship with the Soviet Union. There can be little doubt in our minds that, while our strategic nuclear weapons may not be an all-purpose deterrent, they do comprise the foundation on which this Nation's security rests.

A strategic nuclear attack could threaten the existence of the United States. For that reason, our strategic forces must be fully adequate at all times to clearly deter such an attack. At the same time, nuclear forces also contribute, through concern about escalation, to deterrence of nonnuclear attacks.

The Soviets are attempting to undermine this nuclear deterrence by deploying a threat to our ICBM's. That threat is only now beginning to become a reality. But within a couple of years or so, we can expect the Soviets to achieve the necessary combination of ICBM reliability, numbers, warhead yields, and accuracy to jeopardize most of our Minuteman and Titan silos. This increased vulnerability does not necessarily mean a Soviet surprise attack. But it does mean that a significant portion of the strategic triad would be eroded, and that the Soviets would be encouraged to undermine the air breathing and submarine-launched missile portions as well. We must not allow this to happen. The MX missile will insure that it does not.

There are those that would argue that a favorable consideration of SALT II would negate the requirement for MX. There are two very big "ifs" involved in that argument. First, "if" we ever get favorable consideration of SALT II, and right now we are heading in the opposite direction; and second, "if" we are willing to trust that the Russians will not violate the agreements, once achieved. Personally, I am not ready to accept either condition.

The President must be given as much flexibility as possible in making his crisis decisions. It is one thing to have an operational capability to launch nuclear weapons, either with warning or under attack. It is a completely different matter to be forced to launch them in order to avoid losing them to an attacker. This latter situation, with its vulnerability to accidents and false alarms and with more accent on hasty action rather than deliberation and control, is unacceptable to the United States. We must have a force capable of riding out an attack. The MX system along with the rest of the Triad will provide the national command authority with the flexibility to do these things.

In deference to the many environmental and cost objections raised by the Congress and the public, the Department of Defense has made numerous "technical refinements" to the proposed program. Included in these changes are: First, a shift to a horizontal rather than vertical basing system; and second, a shift to a linear road system rather than the race track deployment. These and other related changes will cut more than $2 billion in fiscal year 1980 dollars from the MX price tag of $33 billion. Considering an annual budget in this country of over $600 billion, this seems a small price to pay when spread over the next 10 to 12 years. I urge my colleagues to defeat this amendment.

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

Mr. BURLISON. I yield to the gentleman.

Mr. DELLUMS. I thank my colleague for yielding.

First, Mr. Chairman, I would like to say to my colleague, to clarify the RECORD, what I stated with respect to SALT ratification was to not ratify the SALT treaty II negates the whole MX missile system.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. DELLUMS and by unanimous consent, Mr. BURLISON was allowed to proceed for 2 additional minutes.)

Mr. DELLUMS. Will the gentleman yield further?

Mr. BURLISON. I yield to the gentleman.

Mr. DELLUMS. Stepping outside the confines of an arms control environment allows the Soviets at least theoretically

to expand the number of warheads on their missiles, particularly the SS-18.

Mr. Chairman, I am simply saying that if not having a SALT treaty negates the entire purpose of the MX missile system, then are we not developing a system that is vulnerable and the question is why are we developing a MX system to ostensibly replace a vulnerable ICBM system with a vulnerable MS missile system to an expanded ICBM force of the Soviet Union? It is just a rational argument.

Mr. BURLISON. Mr. Chairman, I appreciate the gentleman's contribution. I disagree with the gentleman's reasoning that a failure to reach a SALT II agreement negates the advisability of the MX system. I do not follow that reasoning.

The CHAIRMAN. The time of the gentleman has expired.

● Mr. EDWARDS of California, Mr. Chairman, I move to strike the requisite number of words and I rise in support of the amendment offered by my colleague from California.

I would also like to thank Mr. DELLUMS for providing me with an opportunity to demonstrate my unequivocal opposition to the MX missile. It seems to me that if we were reasonable people we would have dispatched with this debate years ago when it first came up rather than continuing to waste time and money debating the merits of this basing mode. My hope, and it appears to be well founded, is that with each year of debate more of us will come to recognize the folly of this Brogdignagian scheme developed by the Pentagon. I saw today that James Kilpatrick referred to the MX as the Pentagon's Edsel. However, I think Mr. Kilpatrick was much too kind. At least the Edsel was a harmless failure. In my mind this scheme conjures up images of Ford and GM collaborating to produce a hybrid Corvair-Pinto rolling down the road on Firestone tires.

I am well acquainted with the arguments regarding the vulnerability of our land-based component of the nuclear Triad defending our country. In fact, I have heard the arguments so many times that I have to remind myself that it only comprises 20 percent of our total nuclear capacity. Even accepting the argument that our ICBM's would be completely vulnerable to a Soviet first strike, this would still leave us with a substantial capacity to inflict damage on our enemy. With our ICBM's destroyed we still might have 80 percent of our nuclear forces operable.

I know that this system is designed to protect the security of our Nation and our people, but I have a hard time equating the annexation of a chunk of land the size of Georgia, the spending of $60 billion, the use of several billion gallons of water, and the disruption of the lifestyle of several million Americans as something which enhances our security. The system we are discussing is ecologically unsound, economically inefficient, and downright ridiculous. If we are interested in the security of our Nation, let us quickly divert this $1.6 million from the MX missile scheme to something which will be less detrimental domestically and more effective as a weapons system. Everyone knows that a shell game is only a con scheme, but why should we con the American people. Let us take this opportunity to realistically improve our country's defenses and vote for the Dellums amendment.●

The question is on the amendment offered by the gentleman from California (Mr. DELLUMS) to the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. DELLUMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 82, noes 319, not voting 31, as follows:

[Roll No. 234]

AYES—82

Addabbo
AuCoin
Baldus
Bedell
Bellenson
Bingham
Bonior
Brodhead
Burton, John
Burton, Phillip
Carr
Clay
Collins, Ill.
Conyers
Corman
Dellums
Dixon
Donnelly
Downey
Drinan
Duncan, Oreg.
Early
Edgar
Erdahl
Ford, Tenn.
Garcia
Gray
Green
Hawkins
Hollenbeck
Holtzman
Jeffords
Johnson, Colo.
Kastenmeier
Kildee
Kostmayer
Leach, Iowa
Lehman
Leland
Lundine
McKinney
Maguire
Markey
Mikulski
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Nolan
Nowak
Oberstar
Ottinger
Paul
Pursell
Rahall
Rangel
Ratchford
Reuss
Richmond
Rosenthal
Roybal
Runnels
Russo
Sabo
Shannon
Simon
St Germain
Stark
Stokes
Studds
Thompson
Van Deerlin
Vanik
Vento
Walgren
Waxman
Weiss
Williams, Mont.
Wirth
Yates
Young, Mo.

NOES—319

Abdnor
Akaka
Albosta
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Applegate
Ashbrook
Ashley
Aspin
Atkinson
Badham
Bafalis
Bailey
Barnard
Barnes
Bauman
Beard, R.I.
Beard, Tenn.
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Blanchard
Boggs
Bolling
Boner
Bonker
Bouquard
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burlison
Butler
Byron
Campbell
Carney
Carter
Cavanaugh
Chappell
Cheney
Clausen
Clinger
Coleman
Collins, Tex.
Conable
Conte
Corcoran
Cotter
Coughlin
Courter
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Davis, Mich.
de la Garza
Deckard
Derrick
Derwinski
Devine
Dickinson
Dicks
Dingell
Dodd
Dornan
Dougherty
Duncan, Tenn.
Eckhardt
Edwards, Ala.
Edwards, Okla.
Emery
English
Erlenborn
Ertel
Evans, Del.
Evans, Ga.
Evans, Ind.
Fary
Fascell
Fazio
Fenwick
Ferraro
Fish
Fisher
Fithian
Flippo
Florio
Foley
Ford, Mich.
Forsythe
Fountain
Fowler
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gramm
Grassley
Grisham
Guarini
Gudger
Guyer
Hagedorn
Hall, Ohio
Hall, Tex.
Hamilton
Hammer-schmidt
Hance
Hansen
Harkin
Harris
Harsha
Heckler
Hefner
Heftel
Hightower
Hillis
Hinson
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Ichord
Ireland
Jacobs
Jeffries
Jenkins
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kelly
Kemp
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach, La.
Leath, Tex.
Lederer
Lee
Lent
Levitas
Lewis
Livingston
Lloyd
Loeffler
Long, La.
Long, Md.
Lott
Lowry
Lujan
Luken
Lungren
McClory
McCloskey
McCormack
McDade
McDonald
McEwen
McHugh
McKay
Madigan
Marks
Marlenee
Marriott
Martin
Matsui
Mattox
Mavroules
Mazzoli
Michel
Miller, Ohio
Minish
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murphy, Pa.
Murtha
Musto
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nelson
Nichols
Oakar
Obey
Panetta
Pashayan
Patten
Patterson
Pease
Perkins
Petri
Peyser
Pickle
Porter
Preyer
Price
Pritchard
Quayle
Quillen
Railsback
Regula
Rhodes
Rinaldo
Ritter
Roberts
Robinson
Rostenkowski
Roth
Rousselot
Royer
Rudd
Santini
Sawyer
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sensenbrenner
Sharp
Shelby
Shumway
Shuster
Skelton
Smith, Iowa
Smith, Nebr.
Snowe
Snyder
Solarz
Solomon
Spellman
Spence
Stack
Staggers
Stangeland
Stanton
Stenholm
Stewart
Stockman
Stratton
Stump
Swift
Symms
Synar
Tauke
Taylor
Thomas
Traxler
Trible
Udall
Ullman
Volkmer
Walker
Wampler
Watkins
White
Whitehurst
Whitley
Whittaker
Whitten
Williams, Ohio
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wyatt
Wylie
Yatron
Young, Fla.
Zablocki
Zeferetti

NOT VOTING—31

Anderson, Ill.
Anthony
Archer
Boland
Brown, Calif.
Chisholm
Cleveland
Coelho
Davis, S.C.
Diggs
Edwards, Calif.
Findley
Giaimo
Hanley
Holland
Howard
Mathis
Mica
Moorhead, Pa.
O'Brien
Pepper
Rodino
Roe
Rose
Satterfield
Steed
Vander Jagt
Weaver
Wolpe
Wydler
Young, Alaska

□ 1930

The Clerk announced the following pairs:

On this vote:

Mrs. Chisholm for, with Mr. Howard against.

Mr. Diggs for, with Mr. Rodino against.

Mr. Wolpe for, with Mr. Hanley against.

Mr. Edwards of California for, with Mr. Pepper against.

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

● Mr. BAILEY. Mr. Chairman, for more than 20 years our Army has been operating with tanks, armored personnel carriers, and other tracked combat vehicles designed for the battlefields of the 1950's and 1960's. Those old systems like the M60 and M113 served us well and they still have mileage left in them. They have been modified and improved over the years to try to keep pace with the threat. But there is a limit to how far you can go with product improving a

weapons system originally designed for a battlefield environment which no longer exists. A tank with a modern fire control system and 1940's armor technology is still an outmoded system.

The lesson of history is unmistaktable: Armies that fail to modernize their equipment and their doctrine periodically to keep pace with technology are armies that lose on the battlefield.

A decade ago, our Army began preparing for the day when new systems would be required for the battlefields of the 1980's and 1990's. It has been a long, painful process but today a new Army is beginning to roll off production lines around the country—a new family of weapons systems that represent a quantum leap instead of an incremental step forward in capability, survivability, and firepower.

Fiscal year 1981 is a watershed year in Army procurement. It marks the first year of full-scale production for two revolutionary vehicles which will change the nature of the battlefield—the XM-1 tank and the XM-2 infantry-fighting vehicle. This year we are procuring 569 XM-1's and 400 IFV's.

We are all familiar with the history of the XM-1 and the problems it experienced in development. The Armed Services Committee has monitored its progress very carefully to insure that it not be rushed into production prematurely. But the Secretary of Defense—and hard test results—now attest to the fact that the problems have been solved. Accordingly, the committee recommends approval of the fiscal year 1981 request and additional long lead funding to achieve a production rate of 90 XM-1's per month by June 1983. This schedule would give us a fleet of 7,000 modern tanks in the force by 1987—a minimum acceptable number, considering that the Soviets are producing upwards of 3,000 tanks per year.

The XM-1's battlefield companion, the IFV, is the first true combat vehicle the Army has ever had. Its predecessor, the M113, is really a "battlefield taxi" which the infantry rides to the battle area; they must dismount to fight. Incredible as it may be, the U.S. Army is the last major Army in the world to field a fighting vehicle for its infantry forces. The Russian BMP has been in the field since 1967.

Mr. Chairman, as the Army begins fielding the XM-1, the IFV, and other modern weapons systems in meaningful numbers, we are going to hear a lot about their cost. And they are costly. Our Army lost a decade of modernization on the battlefields of Vietnam and it now faces bloc obsolescence. The old systems are wearing out and they are going to be expensive to replace.

It is going to require substantial real growth in the Army procurement accounts over the next several years to finance this "bow wave" of deferred purchases. However, it is exactly the same kind of real growth each of us faces in our own personal accounting when we are forced to buy a new car because giving the old one a tuneup and a paint job would not extend its useful life.

Expensive as it is going to be, I submit to you that the Army modernization program is still a bargain in the context of its contribution to defense. The cost of tanks, IFV's and other tracked combat vehicles—the heart of the Army's combined arms team—represents about 4 percent of this bill. And despite all we are hearing about the Army bow wave, Army programs constitute less than 17 percent of the total authorization, quite a bargain when you stop to consider that, in the final analysis, wars are won by armies on the ground.●

● Mr. MATTOX. Mr. Chairman, the bill before us authorizes appropriations for research, development and procurement for the Department of Defense. It also authorizes appropriations for the civil defense activities of the Federal Emergency Management Agency.

As reported, this bill authorizes appropriations of $6.3 billion above the amounts assumed in the House-passed first budget resolution.

This is not a spending bill. It does not provide budget authority or results in outlays. Furthermore, funds appropriated pursuant to this authorization are historically lower than authorized amounts.

The first budget resolution for fiscal year 1981, as passed by the House, provides that appropriations which exceed the allocation in the budget resolution not be enrolled until after the second budget resolution is adopted. The Budget Committee will carefully track the appropriations bills which will fund the programs authorized by this bill to insure the overall national defense function totals adopted by the Congress in the first budget resolution for fiscal year 1981 are maintained.●

Mr. PRICE. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the chair, Mr. ROSTENKOWSKI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6974) to authorize appropriations for fiscal year 1981 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons and for research, development, test, and evaluation for the Armed Forces, to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and for civilian personnel of the Department of Defense, to authorize the military training student loads, to authorize appropriations for fiscal year 1981 for civil defense, and for other purposes, had come to no resolution thereon.

FURTHER MESSAGE FROM THE SENATE

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

H.R. 6169. An act to establish the Bogue Chitto National Wildlife Refuge.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1309) entitled "An act to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes.".

APPOINTMENT OF CONFEREES ON S. 2009 CENTRAL IDAHO WILDERNESS ACT OF 1980

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2009) to designate certain public lands in central Idaho as the River of No Return Wilderness, to designate a segment of the Salmon River as a component of the National Wild and Scenic Rivers System, and for other purposes, with a House amendment thereto, and agree to the conference asked by the Senate.

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

Mr. CLAUSEN. Mr. Speaker, reserving the right to object, I do so for purposes of engaging in a brief colloquy with the chairman of the committee because, as the chairman knows, there has been some concern over the fact that the boundaries, as they go to conference, have not been relevant to the mapping that came out of the committee, and so there have been some reservations.

So I want to make certain that before we go to conference, we would have the assurances from the gentleman that there would be no scheduled conference unless the majority cleared with the minority on the time that the conference would be held that the House would participate in.

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

Mr. CLAUSEN. I am happy to yield to the chairman of the committee.

Mr. UDALL. Mr. Speaker, there is a serious dispute among some members of the committee about precisely what the committee did when it adopted an amendment in committee that was offered by the gentleman from Nevada (Mr. SANTINI). It is my position that this was superseded by what the House did and will also be superseded by what the conference does.

There is a serious and somewhat emotional dispute between some of the Members about precisely what the committee intended with reference to a map at the time this legislation was considered by the full Committee on Interior and Insular Affairs.

I propose to get that matter settled and to provide an adequate forum so that it will be resolved at a proper time before we actually go to conference. I have given assurances of that to the Members on the minority side.

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

Mr. CLAUSEN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker. I thank the gentleman very much for yielding.

Mr. Speaker, what the distinguished committee chairman is saying is that if

the dispute over the acreage and the lines on the map relating to the Santini amendment is not settled to the satisfaction of the minority, the chairman will not call a conference during that week prior to June 7?

Mr. UDALL. Mr. Speaker, let me qualify that. The timing is correct, and I will not propose to convene the conference until this matter is resolved.

I cannot guarantee that we will simply cave in to any demand made on the part of the minority, but at worst, if we do run into difficulties, there will be a meeting of the full committee to resolve this matter before we proceed to conference.

Mr. SYMMS. So we can fully air this matter?

Mr. UDALL. A motion can be made to settle what was done and what was not done and debated and voted on so that this matter can be clarified and settled and put to rest before we go to conference.

Mr. SYMMS. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I include for the RECORD a letter, dated May 6, 1980, directed to the chairman of the committee, as follows:

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., May 6, 1980.

Hon. MORRIS K. UDALL,
Chairman, Interior and Insular Affairs Committee, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The recent action by the Public Lands Subcommittee staff of significantly altering the boundaries of the so-called "Santini Amendment" to S. 2009, the Central Idaho Wilderness Bill, is an affront to us, to the Interior and Insular Affairs Committee and to the entire House of Representatives. We most strongly object to this action and demand that the boundaries be redrawn in accordance with the clear intent of the sponsor of the amendment as well as those who voted for its adoption.

Allow us to bring to your attention the lengthy legislative history accompanying this amendment in order to demonstrate the clarity of its result:

The "Santini Amendment" to exclude the "cobalt trend" from wilderness did so by decreasing total wilderness acreage from 2,285,000 to 2,235,000 for a remainder of 50,000 and by changing the boundaries to reflect the deletion of an area entitled "Underground Mining Area—Clear Creek," dated November 1979. Attached to the "Santini Amendment" was a map of the area of concern outlined in heavy black lines with the label W4504 and including not only W4504 but an area west of W4504, outside the original primitive area boundary. Subcommittee staff, with the use of a planimeter had determined that the entire area comprised approximately 50,00 acres. The label W4504 was that applied by the Forest Service to the West Panther Creek Area which, according to the Forest Service, consisted of 50,000 acres.

Interior Committee debate regarding the "Santini Amendment" centered about 50,000 acres:

Mr. SEIBERLING. "No, the Santini amendment would simply drop out 50,000 acres from the Wilderness proposal." . . .

Mr. SANTINI. "(W)e are looking at 50,000 acres, or less than 2 percent of the whole area." . . .

Mr. SYMMS. "There's 50,000 acres up there."

The Committee report speaks of 50,000 acres in describing the action taken by the Committee and refers to the area by the name used by the Forest Service to describe W4504, to wit:

"West Panther Creek Area."; "This was the largest boundary change made by the Committee and resulted in the deletion of the approximately 50,000 acre Clear Creek Underground Mining Area (the so-called West Panther Creek Area) from wilderness."

Supplemental views signed by 23 members of the Committee also use the Forest Service terminology as well as the 50,000 figure:

"The Committee excluded by a vote of 23-15 the 50,000 acre West Panther Creek Addition (RARE II W 4-504) from the proposed River of No Return Wilderness because of its highly favorable geological potential for discovery of significant cobalt deposits."

Separate views signed by Chairman Udall and Seiberling along with eleven other Members refer to the deletion of "the 50,000 acre Clear Creek/Garden Creek area." At another point the views refer to "the entire 50,000 acre area." At three additional and separate points, the views refer to "50,000 acre area." In addition, when discussing "the entire 50,000 acre unit," the views refer to the WARS rating assigned by the Forest Service to the area. The Forest Service rating was to the entire W4504, not some smaller unit within W4504.

Most importantly, the Separate Views conclude:

"The wilderness boundary approved by the Committee would jeopardize these values and exclude a number of lakes at the head of Clear Creek, which are part of the Bighorn Crag's lake complex. Three of these lakes, Big Clear Lake, Crater Lake, and Gooseneck Lake, provide excellent Golden Trout fishing."

These lakes, however, are neither in the northeastern portion of W4504 nor in the southern part of W4504. The lakes are in the non-W4504 area of the "Santini amendment" map, the most westerly portion of the entire area.

As is clear from the above recapitulation, the debate, the Report, the Views all refer repeatedly to the figure 50,000 acres. Only once is reference made to the "Underground Mining Area—Clear Creek," that in the Committee report. However, that reference called the area by its Forest Service W4504 name ("West Panther Creek") and referred to it as including 50,000 acres. The "Santini amendment" struck all reference to the "Underground Mining Area—Clear Creek" from S. 2009. Thus the only guidance provided is the figure 50,000 acres. As well, the map submitted with the Santini amendment clearly included not only W4504 but an area west of W4504 outside the original primitive area boundary.

It is obvious that the clear intent of the "Santini Amendment" from the 50,000 change as well as the constant reference to that figure in debate and views was to exclude the entire indicated area, not just the 30,000 plus acres contained in northeastern W4504. The fact that this was our intent and was so interpreted by the Committee is clear from the fact that Chairmen Udall and Seiberling and eleven other Members in separate views indicate their belief that the Committee vote established the boundary as that shown in the map accompanying the "Santini Amendment."

We urge you not to allow this outrageous violation of a Committee vote by staff to continue. Staff must be instructed to redraw the boundary and to so advise the U.S. Forest Service, the U.S. Senate and all Members of the Interior Committee.

Sincerely,

Don Clausen, Douglas Bereuter, Robt. J. Lagomarsino, Keith G. Sebelius, Ron Marlenee, Steven Symms, Don Young, Dan Marriott, Charles Pashayan, Bob Whittaker, Manuel Lujan, Jim Johnson, Jim Santini, Harold Runnels, Dick Cheney, Dawson Mathis, Nick Rahall, Mickey Edwards, Austin J. Murphy, Ray Kogovsek, Lamar Gudger, Jerry Huckaby.

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Mr. CLAUSEN. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Speaker, I would like to ask the chairman of the committee whether or not the letter that the chairman of the Subcommittee on Mines and Mining authored and which 22 members of the full committee signed will be honored, and that is that we will acknowledge that the 50,000 acres that the full committee was talking about, as opposed to the map that the subcommittee staff subsequently submitted, will be honored, we asked the chairman to notify the forestry people down at the White House and we asked them to notify the people on the Senate side, if that request will be honored before we agree to the unanimous-consent request?

Mr. UDALL. If the gentleman will yield, let me say to the gentleman that everyone knows that it is pretty easy to circulate around among your colleagues and get signatures. There are 22 signatures on this letter asking for certain action to be taken. I know of no provisions of the rules of parliamentary law that permits me as the chairman receiving a letter from 22 Members to go back and to change the official record of what the committee did or did not do.

What I propose to do is to either negotiate this out before we go to conference between all of those involved, or to call a meeting of the committee and to have a motion made along the lines of the letter and to have it resolved one way or the other.

But I do not think I can do this unilaterally simply because members of the committee sent me an ex parte letter coming to certain conclusions.

Mr. JOHNSON of Colorado. If the gentleman from California will yield further, as long as the chairman of the committee will give us the assurance that he will call a meeting of the full committee in the event that we cannot reconcile this, then I will not object, because I respect the integrity of the chairman of the full committee and everything that he has agreed to do.

Mr. UDALL. I thank the gentleman, and I give him those assurances. I am going to try first to have it settled among those directly involved, the gentleman from Idaho, the gentleman from Nevada, the gentleman from Ohio who chairs the subcommittee. If not, we have to go through a conference or a full committee meeting to get it resolved officially. And that will be done before we go to conference.

Mr. CLAUSEN. Mr. Speaker, further reserving the right to object, I understand from the chairman that no House participation in the conference, where the majority and minority of the Interior Committee is involved, would be agreed to unless it was mutually agreed to by the chairman and the ranking minority member of the Interior Committee.

Mr. UDALL. This is correct. I cannot

give any Member a veto on what we do. The committee has to decide that. But the committee will decide it if we can negotiate it out. I have assured the gentleman that no conference committee will be convened until at least the week of June 3. If we cannot get in the week of June 3, we will get in the next week. But before that time, I propose to have this matter resolved.

Mr. CLAUSEN. Mr. Speaker, I withdraw my reservation of objection.

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

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, could the gentleman resolve this before tomorrow and maybe come and get a unanimous-consent request tomorrow?

Mr. UDALL. No. I will tell the gentleman, if he will yield, that there will have to be some negotiations, there may be some harsh words, there may be a vote in committee. But it will be resolved. I have to leave for a family funeral tomorrow. I wanted to get the conferees appointed, to get an agreement as to when we might go to conference and to lay the framework for resolving this. That is all I am trying to do tonight.

Mr. ROUSSELOT. Further reserving the right to object, Mr. Speaker, could that all take place next week, or is there a crisis of some kind?

Mr. UDALL. This is one of the important bills before our committee. We have worked long and hard on it. I do not like to see another week go by.

Mr. ROUSSELOT. Next Tuesday is not a whole week. I am just wondering since I have been approached individually by several members of the gentleman's fine committee who signed that letter, they were very concerned. I appreciate the assurances the gentleman gave to the gentleman from Colorado, the gentleman from California and the gentleman from Idaho, and that those people who signed the letter to the gentleman would be reassured that that would be taken into consideration. But I really do not understand what the big push is. If you really have this conflict that does exist within the committee, what is the big rush to get there tonight?

Mr. UDALL. If the gentleman will yield to me, we have gone to a great deal of difficulty. The proposal that I have suggested here tonight is agreeable to the gentleman from Idaho, who is directly and personally involved in this legislation, the ranking minority member, the gentleman from California (Mr. CLAUSEN), the gentleman from Colorado (Mr. JOHNSON), who is an important member of our committee, and others. I would hope that the gentleman would not object. It is partly a matter of personal convenience to me, but more than that, to get a framework for resolving this disputed and emotional matter and to know when we are going to do things and what we are going to do, and I cannot set that in motion until conferees are appointed.

Mr. ROUSSELOT. And there is great damage done if you do not name the conferees until next Tuesday?

Mr. UDALL. We had hoped to dispose of this.

Mr. ROUSSELOT. The gentleman is going to be gone within the next 2 days.

Mr. UDALL. I will be back on Monday. We could do it Monday or Tuesday. But it is all settled, and I hate to get the cast of characters all back together again and go through this next week.

Mr. ROUSSELOT. Further reserving the right to object, Mr. Speaker, does not the gentleman have to do that anyway because of the letter?

Mr. UDALL. No. That is a separate problem that I am going to begin on as soon as we get this unanimous consent.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona? The Chair hears none and, without objection, appoints the following conferees: Messrs. UDALL, PHILLIP BURTON, SEIBERLING, SANTINI, WEAVER, KOSTMAYER, VENTO, CLAUSEN, JOHNSON of Colorado, SYMMS, and YOUNG of Alaska.

There was no objection.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO SIT TOMORROW DURING 5-MINUTE RULE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce be allowed to sit during the 5-minute rule tomorrow, to get out some bills that we need to get out.

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

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, the gentleman assures us he will not meet beyond 12 o'clock?

Mr. STAGGERS. If the gentleman will yield, I would like to explain to the gentleman that we have one bill that I think we can get out before noontime, which is very important; but there are some other minor bills that I would like to get out if it is possible. I would like to have full permission, if possible, to sit for whatever time we need to sit.

Mr. ROUSSELOT. Further reserving the right to object, on the basis of discussions we have had, and because we do come in early tomorrow, could the gentleman make it until 1 o'clock?

Mr. STAGGERS. Let us try to make it 2 o'clock, if the gentleman would, because we do have some bills. If we do not get them out, we do not get them under the deadline, that is all; and there are some that I am sure that the gentleman is interested in and nearly every Member is interested in.

Mr. ROUSSELOT. Further reserving the right to object, my understanding is that the gentleman has stated to me that there are only one or two bills?

Mr. STAGGERS. No, no. There is one important bill that we need to get out.

Mr. ROUSSELOT. Which is?

Mr. STAGGERS. The railroad bill, which has to do with the carters, and so forth, in the West and the East, and we need to get it out. The deregulation bill. But then we have four or five bills, and I would have to be truthful with the gentleman that we would like to get them out.

Mr. ROUSSELOT. Further reserving the right to object, I know the gentleman has consulted with the ranking minority member of the committee, the gentleman from Illinois (Mr. MADIGAN), on the railroad bill.

Mr. STAGGERS. That is true.

Mr. ROUSSELOT. But what about the other bills? Has the gentleman given notice to the member?

Mr. STAGGERS. No, I have not. I would have to be very honest with the gentleman. I was coming from the doctor, and I thought I would stop in to see if I could get permission.

Mr. ROUSSELOT. Could we just have it for the one bill then?

Mr. STAGGERS. The rest of them would go down the drain, then. I could name some of them. They are all important bills, but they are minor bills to a certain degree.

Mr. ROUSSELOT. There is no other time next week?

Mr. STAGGERS. No. The time runs out. We will not abuse the time. I can assure the gentleman that. We will try to get them through as soon as we can.

Mr. ROUSSELOT. Maybe the gentleman could get those out before 12 o'clock. Why do we not reconstruct the request to include the railroad bill and hopefully get the minor bills out of the way earlier in the day?

Mr. STAGGERS. Would the gentleman let me have until 2 o'clock?

Mr. ROUSSELOT. Two o'clock.

Mr. STAGGERS. I thank the gentleman very kindly.

Mr. ROUSSELOT. The gentleman will just take up the railroad bill primarily?

Mr. STAGGERS. That is primary. And we will get out what we can get out.

Mr. ROUSSELOT. The unanimous consent request applies only to 2 o'clock.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

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

WASHINGTON, D.C.,
May 14, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House received in the Clerk's Office at 10:55 a.m. on Wednesday, May 14, 1980, and said to contain the fiscal year 1979 annual report of the Corporation for Public Broadcasting.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

ANNUAL REPORT OF THE CORPORATION FOR PUBLIC BROADCASTING FOR FISCAL YEAR 1979—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

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

(For message, see proceedings of the Senate of today, May 14, 1980.)

COMMUNICATION FROM THE CLERK OF THE HOUSE

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

WASHINGTON, D.C.,
May 14, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: This is to notify you that I have received a subpoena issued by a United States District Court, commanding my attendance at a judicial proceeding scheduled for May 20, 1980. The subpoena requires that I testify and produce certain records maintained by my office.

The subpoena is available in my office for inspection by Members of the House.

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.
By W. RAYMOND COLLEY,
Deputy Clerk.

□ 1950

GENERAL LEAVE

Mr. DORNAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the strategic manned penetrating system during general debate today.

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

There was no objection.

DEFENSE AUTHORIZATION BILL FOR FISCAL YEAR 1981

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

Mr. ADDABBO. Mr. Speaker, as chairman of the Defense Subcommittee of the Appropriations Committee, I feel a need to make some general comments regarding the bill as reported by the Armed Services Committee.

I believe there is excessive funding and premature funding in many of the programs as set forth in this legislation. I also feel that funding of an MX at $1.5 billion and the resurrection of the B-1—a cost-ineffective, vulnerable weapon of the late 1980's—is a waste of needed defense dollars—especially when cost-effective weapon systems procurements are reduced.

Mr. Speaker, I would ask my colleagues to carefully listen to and judge the amendments to be offered. I am hopeful the House will carefully review these and other wasteful programs.

Mr. Speaker, there is a new subject addressed in this legislation which I feel I must more fully address and that is the question of the authorization of operation and maintenance.

AUTHORIZING OPERATION AND MAINTENANCE

On pages 22 and 23 of the House Armed Services Committee report on the Department of Defense Authorization Act for fiscal year 1981, the Armed Services Committee discusses the rationale for having annual authorization for operation and maintenance.

Frankly, I see no reason, except for its cost and details, to oppose the annual authorization of operation and maintenance funds. It will probably make the Appropriations Defense Subcommittee work much easier and provide us with a new army of analysts who will continue to raise new issues and subject the request to more detailed scrutiny. However, this requirement for annual authorization will undoubtedly increase the Department's staff requirements in that they will have to be responsive to four committees for annual budget submissions for O. & M. and all reprograming actions will have to flow through all four committees.

In addition, it would be necessary to increase the authorized levels in a separate bill before requesting additional funds for supplementals and amendments. Undoubtedly, authorization of operation and maintenance will greatly reduce the Department's flexibility in its use and prolong the time required to obtain supplementals or amended funding requests.

I do take exception to the explanation for authorizing O. & M. in the examples used in the paragraph in the middle of page 23.

The House Armed Services Committee report states that the Air Force has requested only 8 flying hours per month for F-16 aircraft deployed in Europe. The fact is that the Air Force has requested a total of 20 hours per month for its average primary F-16 aircraft inventory. The request has been held to a total of 240 flying hours per F-16 for the year or 20 hours per month, not because of funding problems but because of projected F-100 engine problems. The request for F-16 flying hours is carefully footnoted in at least two places in the Air Force justification book indicating that the F-100 engine problems will preclude the Air Force from flying the program it would like to fly. Normally, we would fund about 30 hours per month for aircraft like the F-15, F-16, F-4, and so forth.

The report states that the Army has insufficient funding in the first and second destination transportation accounts which preclude it from shipping ammunition already produced to Europe. This is not the problem at all. The plan in the fiscal year 1980 budget would have delivered another 98,000 short tons of ammunition to Europe. However, long before the budget was executed, it was necessary for the Army to reduce this estimate, not because of a shortage of transportation funds but because there was no place to store the ammunition in Europe. In order to make room for a reduced program of 75,000 short tons, it was necessary for the Appropriations Committee to add $2.7 million above the budget to lease additional materials handling equipment and hire temporary labor to redistribute ammunition within the current storage sites in order to gain better utilization and at least keep some of the ammunition flowing. To call this a transportation funding problem does not give the full facts. Let me give you the travel and transportation figures for fiscal year 1980.

The original fiscal year 1980 Department of Defense budget submission included $5.7 billion for travel and transportation. In the continuing resolution on the fiscal year 1980 budget request, at the urging of the Senate, the Congress included a provision which reduced travel and transportation costs to the entire Federal Government by $500 million. At that time it was estimated that DOD shares was approximately $350 million.

Because of budget amendments and for object class 21—travel of persons and object class 22—transportation of things. The current limitation as of this moment is $7.1 billion, an increase of $1.4 billion over the original budget submission. This increase takes place at a time when the Congress had a limitation and control over the use of funds for travel and transportation.

The final example cited in the report is the Navy's need to support the Indian Ocean operations by reducing the number of ship overhauls. The supplemental bill which will be on the House floor on Thursday, contains $249.8 million to support Indian Ocean operations. The Navy did slip three overhauls from September 1980 to October-November 1980 against the wishes of the Appropriations Committee. This does represent a 2- to 3-month delay. However, the long-term outlook for the ship overhaul program is much better than it has been in recent years. During the past 4 years, the backlog has been reduced by two-thirds and the Navy is on a schedule to entirely eliminate the backlog by the end of fiscal year 1982.

Finally, I would like to add a word about another misconception presented in the report. The report states:

> In recent years, there has been an alarming tendency to finance needed weapons programs increases by offsetting reductions in the operation and maintenance accounts.

In terms of real dollars, the fiscal year 1981 budget submission is very close to the fiscal year 1964 budget, the last year before the Vietnam war. In 1964, operation and maintenance expenses of the Department of Defense were 30 percent less than procurement costs. All indications for fiscal year 1981 are that O. & M. outlays will be at least 25 percent greater than procurement. This dramatic shift has taken place despite DOD's having 200,000 fewer civilian employees, 200 fewer ships and 1,000 fewer aircraft, all of which are paid

or maintained and operated with O. & M. funds. In addition, we have 700,000 fewer military personnel who are indirectly supported by O. & M. funds. Even DOD admits that there has been real growth; that is, above inflation in O. & M. of $11.7 billion between 1964 and 1981.

I hope that this helps to put the current situation in perspective.

INDIVIDUAL HOUSING ACCOUNT ACT OF 1980

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

Mr. MOAKLEY. Mr. Speaker, for many months economists have been debating the issue of whether our Nation is yet in a recession and how deep that recession will be. Perhaps there is room for debate about whether some sectors of the economy are experiencing a recession, but so far as the housing industry is concerned, there can be no doubt that a shortage of mortgage credit and record high mortgage interest rates are bringing homebuilding to a screeching halt.

The housing depression which we are now experiencing will put many homebuilding firms out of business and cause severe hardship for the families of carpenters, bricklayers, plumbers, and other construction tradesmen who will be out of work. It will affect all businesses related to housing—appliance manufacturers, household good makers, and so forth.

A precipitous drop in housing starts, like the one we are experiencing at the present time, not only causes severe dislocations in the building industry, but also has a long range inflationary impact on our whole society. Because there will be fewer homes available to meet the increasing demand of the post-war baby boom generation which is now in the process of family formation, house prices will rise sharply as those families bid for the limited number of homes which are produced.

The tragic effect of our boom and bust housing cycle and resultant underproduction is that it is pushing homeownership beyond the means of all but a few of our young families. Those of us who already own our own homes rarely stop to think that if we wanted to buy the house we live in today, we could not afford it. Rising house prices and rising interest rates have pushed homeownership beyond the means of all but a few of the families who do not already own their homes.

As more and more young families realize that home ownership is beyond their means, our society will begin to feel a negative effect. The way in which most families gain a stake in our society is by buying their own homes. So long as the average American family sees the dream of home ownership as a realistic possibility, they will feel like they have a stake in our society and a goal to work for. If the average family is deprived of that dream, then our society will pay the price in a loss of motivation for our workers and a loss of the stability which home ownership gives, and has always given, for the majority of our people.

Although interest rates are at historic highs at the present time, studies have shown that the principal constraint for home ownership is not the interest rate but the downpayment requirement. Because house prices have risen so dramatically, downpayment requirements have become an increasingly difficult hurdle for the first-time home buyers to get over, because they lack equity accumulation from a previously owned residence.

The bill which I am introducing today would assist young families in accumulating the downpayment needed to purchase their first homes. The concept for this bill was brought to my attention by a unique report issued by the Housing Task Force of the Greater Boston Real Estate Board. This task force, addressed the problems of housing availability and affordability of the Boston area.

This housing task force report concluded there was a need for a strong public-private sector response to the growing housing crisis facing Boston and many other communities in the country. The task force concluded, "For better or worse, Government is a 'Big Partner' for those of us in the real estate industry. The trick is to make it a sound working partnership." The housing task force report which contained numerous recommendations for actions at the State and Federal level, urged the creation of tax exempt savings accounts to help young families accumulate the downpayment needed to purchase their first home.

The bill which I am introducing today would assist individuals and married couples who wish to purchase their "starter" home by allowing them a deduction of up to $2,500 per year for an individual and up to $5,000 per year for a married couple for funds placed in an individual housing account. Much in the same manner as an individual retirement account, the account itself would not be taxed. However, any amounts paid out of an individual housing account and not used for their intended purpose, would be taxed and in addition, would be subject to a 10-percent penalty.

Individual housing accounts would be required to be maintained at institutions which are in the business of providing mortgage financing for the purchase of single family homes. In this way the bill will not only assist persons in entering the home purchase market, but will also provide an immediate spur to housing by channelling savings into those institutions that provide mortgage money.

Funds in an individual housing account must be distributed within 10 years of the establishment of an account in connection with the purchase of an individual's or married couple's principal residence. However, since the amounts in the account were acquired tax free by the taxpayer, the bill provides that on the sale of said principal residence, the owner must recognize the original down payment as a capital gain. This will result in partial recapture of the lost tax revenues, should the property be sold.

The Individual Housing Account Act of 1980 will help provide the large number of moderate income Americans in their twenties and thirties with a means to enter the housing market. As such it represents a well-considered method of alleviating the expected housing shortage of the 1980's and giving young Americans an opportunity to realize the dream of house ownership.

ROLLCALL OF HEROES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. GOLDWATER) is recognized for 5 minutes.

Mr. GOLDWATER. Mr. Speaker, it is once again my sad but proud duty to help honor those fallen police officers of this Nation who have given their lives in the past year in the performance of increasingly difficult duties. My friend and mentor in this effort to memorialize these officers, Virgil Penn, past national chaplain-east of the Fraternal Order of Police, has once again prepared a moving written tribute to his fellow officers, and a prayer which symbolizes the concern for police officers everywhere. Solemnly, and with the utmost sympathy to the brave families and friends of these courageous officers, I present the Rollcall of Heroes:

1979—ROLLCALL OF HEROES—1980

During the past year One Hundred and Five Law Enforcement Officers gave their lives in the continuing battle against crime in America. Although deeply touched by these sacrifices, we realize we have little control over the destiny of our fellow officers. We also are aware that we have sworn to do our utmost in suppressing crime in the United States, no matter what the consequences are. We are trained in Police Academies, Seminars and In-Service Training classes how to combat the many serious situations that arise. However, when faced with the actual confrontations with criminals, we find the incidents often change during the commission of these crimes. Some of our most important attributes are experience, courage and determination to protect the citizens of America.

The Law Enforcement Officers stand in the front lines of the never-ending war to hold crime to a minimum. These brave men are truly soldiers of peace and are as vulnerable to death as any soldier on any battlefield throughout the World. We, therefore, feel that all the honor and reverence we can summon should be conferred upon our Brother Officers who have lost their lives while preserving the American way of life.

We deeply appreciate the honor and effort of the United States Congress in recognizing the sacrifices these men have made by honoring them this day. Our many thanks to Congressman Barry M. Goldwater, Jr. for his continuing interest in behalf of all Law Enforcement Officers in this great land of ours. May the Almighty Commissioner of all men bestow His favour upon each and every one of you and Bless your every endeavor.

VIRGIL D. PENN, Jr.

DATE, DEPARTMENT-AGENCY, STATE, DECEASED OFFICERS

APRIL

3: Columbus, Georgia; Off. James Neal Bowers.

11: San Diego, California; Off. Michael T. Anaya, shot March 21, 1979.

17: Juneau, Alaska; two officers, names not released.

MAY

2: Bessemer, Alabama; Lt. Clifford T. Hill.

5: Cincinnati, Ohio; Off. Melvin Henze.

10: New York City, New York; Off. Robert Soldo.
10: Navajo P.D. Leupp, Arizona; Off. Loren Whitehead.
11: Jacksonville, North Carolina; Off. Terry Lee Lanier.
13: Lufkin, Texas; Capt. Don Howard Willmon.
15: Pike County, Kentucky; Deputy Earl Smith.
16: Union Point, Georgia; Off. Thomas Rowry, Jr.
22: Marion County, Kansas; Deputy John T. Morgan.
24: U.S. Customs, Washington State; Inspector Jerry Ward.
29: Los Angeles County, California; Deputy Jack Williams.
30: St. Louis, Missouri; Sgt. William Campbell.
31: Rutherford County, North Carolina; Capt. Roy Huskey, Sgt. Owen Messersmith, Ptl. Robert "Pete" Peterson; members of North Carolina Highway Patrol.

JUNE

1: Moorestown, New Jersey; Sgt. Frank Fullerton.
2: Walnut Grove, Mississippi; Town Marshall J. T. Trest.
4: Cleveland, Ohio; Off. John Hubbell.
8: State Police, Maryland; Tpr. William P. Mills, Jr.
8: Gulf Port, Mississippi; Off. Buford De Deaux.
8: Highway Patrol, South Carolina; Tpr. (name not released).
10: Albany, Georgia; Off. Randy Eugene Brown.
13: State Police, Pennsylvania; Tpr. Albert Izzo.
25: Reno, Nevada; Off. James Hoff.
30: Jacksonville, Texas; Off. Rosco Lee.

JULY

1: Harris County, Texas; Res. Deputy Joe M. Westbrook.
3: Lorain County, Ohio; Deputy Kenneth Tomaszewski.
10: St. Tammany Parish, Louisiana; Sgt. John W. Bonnell.
11: Broward County, Florida; Deputy Joseph Conte.
11: Philadelphia, Pennsylvania; Officer Artis Lee Norris.
19: Highway Patrol, South Carolina; Sergeant Robert A. Mobley.
25: Deming, New Mexico; Off. Royce L. Bennett.
30: Harris County, Texas; Deputy Albert Ochoa Garza.

AUGUST

4: Essex County, New Jersey; Ptl. Joseph A. Poochio (Park Police).
9: (F.B.I. El Centro, California; Special Agent Charles W. Elmore and Special Agent G. Robert Porter.
9: F.B.I. Cleveland, Ohio; Special Agent Johnnie L. Oliver.
14: Mobile, Alabama; Off. Henry J. Booth.
14: Brunswick, Maryland; Chief George J. Morris.
16: Houston, Texas; City Marshall Charles H. Baker.
16: Puerto Rico, Puerto Rico; Off. Secundino Maldonado.
17: New York City, New York; Off. Thomas Schimenti.
17: U.S. Fish & Wild Life, New Mexico; Agent Gary Lambert and Agent Rob Evans.
19: Baltimore, Maryland; Off. William D. Albers.
27: Monticello, Georgia; Off. Robert L. Gotel.

SEPTEMBER

5: Mayfield Village, Ohio; Off. David R. Wiley.
9: New York City, New York; Off. Edwin Fogel.
11: Airport P.D., Oklahoma; Garland Garrison (Oklahoma City).
13: State Police, Alabama; Tpr. David E. Temple.
14: Mississippi State, Mississippi; Agent Harold L. Caldwell (Bur. of Narcotics).
15: New York City, New York; Det. Melvin Hopkins.
26: Los Angeles, California; Off. David B. Kubly.
30: Los Angeles County, California; Ptl. Harold L. Edgington (Harbor Police).

OCTOBER

1: Essex County, New Jersey; Det. John Tamburro (Sheriff's Office).
8: Lincoln County, New Mexico; Deputy Thomas E. Bedford (Carrizozo).
16: Maysville, Kentucky; Ptl. Daniel L. Hay.
25: Puerto Rico, Puerto Rico; Off. Rafael Vasquez-Santiago (Santurce).
25: Sacramento, California; Dep. Sher. Christopher W. Boone.
29: Presque Isle County, Michigan; Sheriff Duane Badder.

NOVEMBER

6: Indianapolis, Indiana; Off. Gerald F. Griffin.
7: State Police, West Virginia; Tpr. Philip Kesner (Off Duty).
7: State Police, Kentucky; Tpr. Edward R. Harris.
13: Richmond, Virginia; Ptl. Michael P. Connors.
18: State Police, New Mexico; Tpr. Dacid L. Coker.
29: Birmingham, Alabama; Sgt. Albert Eugene Ballard.
30: Tucson Pub, Saf. Dept., Arizona; Off. (Narcotics Squad) John C. Walker.

DECEMBER

1: Lake County, Oregon; Deputy David Ralph Sanchez.
2: Mequon, Wisconsin; Chief Thomas Leroy Buntrock.
3: Collier County, Florida; Deputy Arthur Allen Amos.
5: Puerto Rico, San Juan, Puerto Rico; Off. Maximo Ortiz Castillo.
8: Trenton, New Jersey; Tpr. George Ambrosia (State Police).
12: Portland, Oregon; Off. David Wayne Crowther (Died 12/27/79).
13: Whittier, California; Det. Michael Lee Lane.
14: Hillside, New Jersey; Ptl. Anthony Lordi, Jr.
21: Philadelphia, Pennsylvania; Off. Wilfred Doyle.
22: Hato Rey, Puerto Rico; Off. Victor L. Lopez Rivera.
26: Barrigada, Guam (Territory); Off. Kuulei Helen Lizama and Off. Rudy C. Iglesiaf. Dept. Public Safety.

1980 JANUARY

3: Apollo, Pennsylvania; Ptlmn. Leonard C. Miller.
9: Henry County, Indiana; Det. Sgt. Ronald Lee Lampe.
14: Denver, Colorado; Spec. Agent Perry Watkins (U.S. Secret Service).
15: Oak Hill, Ohio; Ptlmn. David Alcox.
16: Philadelphia, Pennsylvania, Ptlmn. William Washington.
17: Live Oak, Texas; Ptlmn. Alfredo Flores Araiza.
19: Hendersonville, Tennessee; Sgt. Richard L. Bandy.
28: New York City, New York; Off. Cecil Sledge.

FEBRUARY

2: Prince George's Co., Maryland; Off. Antonio Martinez Kelsey.
2: Raleigh, North Carolina; Off. Delmar Devon Adams.
11: Metropolitan P.D., Washington, D.C.; Off. Arthur P. Snyder.
12: New York City, New York; Off. Robert Bilodeau.
16: Atlanta, Georgia; Ptlmn. Alfred N. Johnson.
24: N.Y. Tran. Auth., New York (City); Off. Seraphine Calabrese.
29: N.Y. City, Trans. Auth., New York (City); Off. Irving Smith.

MARCH

9: St. Clair Co., Alabama; Deputy Arlyn Gae Lockley.
15: Broward Co., Florida; Deputy Worth Edwards.

APRIL

3: Decatur, Texas; Off. James L. Bennett.
3: Jefferson Co., Kentucky; Off. Christopher M. Dunn.
5: Whigham, Georgia: Chief Milwood L. Stokes.
5: San Juan, Puerto Rico; Ptlmn. Jorge L. Molena Pacheco.
8: Chickasaw, Alabama; Off. John Ward Dotson.
9: Pella, Iowa; Ptlmn. John E. Van Haaften.
12: Colorado Springs, Colorado; Off. Augustus Joseph Perreira, Jr.
16: Hoquiam, Washington; Off. Donald M. Burke.
17: Penn State Police, Pennsylvania; Trooper David D. Monahan.
17: State Police, New Mexico; Off. Richard Gomez.
23: Philadelphia, Pennsylvania; Off. Robert Smith.

1980—NATIONAL POLICE PRAYER—1980

The strife is o'er
The battle done
The victory of life is won

But in our hearts remain the sorrow and loneliness for the above named heroes who have gone on to the glory of Thy Kingdom. Almighty and Merciful Father we ask that they sleep in eternal peace with Thee.

And Good Lord we ask Thy Blessings upon all Law Enforcement Officers throughout the land.

Protect them Oh God in their daily patrols and deliver them from all dangers which they face each day of their lives. Watch over them as they perform the dangerous tasks assigned to them. Imbue them with mercy and justice while keeping order in this chaotic world. Bless them with wisdom to determine the force needed to complete their myriad duties. Give them the wisdom and strength to know and to do Thy will, and in doing so, preserve the peace and tranquility of America. Deliver them from all temptation which is thrown in their way and when the day is o'er bring them safely home to their loved ones. This we ask in the name of Thy Son Jesus who sacrificed His all that the entire world would be protected and saved by His Grace.

LEGISLATION FOR CONGRESS TO FORGO PAY ADJUSTMENT FOR FISCAL YEAR 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 5 minutes.

● Mr. GRASSLEY. Mr. Speaker, I am introducing a measure today calling for Congress to forgo our pay adjustment for fiscal year 1981. Under the Federal Pay Comparability Act of 1975, annual pay adjustments procedures are established for Members of Congress, the president pro tem of the Senate, the Speaker, the majority and minority leaders of the House and Senate, congressional employees in the executive schedule, and certain members of the judiciary. My bill would remove Members of Congress from consideration for a pay increase. The Advisory Committee on Federal Pay would still be empowered to recommend pay adjustments on the basis of comparable wages in the private

sector for executive level V employees and the judiciary. We, as Congressmen, must not be lulled into thinking the economy is healthy enough to reward ourselves in this fashion. The facts show that we cannot.

Our budget balancing is a charade. The primary reason our budget is balanced on paper is because individuals are being pushed into higher tax brackets by cost of living increases. However, as workers earn more money, they pay a higher percentage of that increase to the Government. They are, in essence, losing money.

Who has caused this demon inflation? In large part, the Federal Government is responsible for inflation by deficit spending, throwing money into dead-end goods not useful to consumers and expanding the money supply to finance the deficit. Who controls the Federal Government's pursestrings? We do. Congress must take the blame squarely for inflation. It is lunacy to give ourselves a "cost-of-living" increase for increases in the cost of living we have caused.

Furthermore, I do not believe we should automatically receive a pay raise in view of our dubious performance. Each Member should "go on the record" on this important issue and stand by this critical vote.

Congress must exercise moral leadership on this issue. Federal employees will probably not get a cost-of-living increase equivalent to the inflation rate. Employees in depressed industries are being laid off for the sake of our national economic recovery.

Americans must endure high interest rates and postpone any major purchases as a contribution to the fight against inflation. Farmers and small businessmen must delay any capital improvement projects to further our efforts toward a more stable economy. In the face of all this national sacrifice, is not foregoing our pay raise the least we can ask of ourselves?

Mr. Speaker, I ask you and all of the other distinguished Members of this body to join with me in exercising a little self-restraint and demand the deletion of our comparability pay increase.●

FREEDOM OF SPEECH AND "DEATH OF A PRINCESS"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 20 minutes.

Mr. PAUL. Mr. Speaker, can freedom of speech be protected when Government subsidizes, regulates, controls, and issues licenses for radio and TV stations? This question has certainly been brought to the forefront this past week with the controversy over the TV production, "Death of a Princess," and today's announcement that the Saudis will "punish" us with a $2-per-barrel price increase and I hope that is all they do.

As to deciding whose rights shall gain priority—the station management, the State Department, the taxpayer who wants to see the movie, or the taxpayer who does not—one has an impossible task since the entire fiasco was created by initially violating the Constitution with regard to freedom of speech and property rights of all American citizens.

Confiscating tax dollars from unsuspecting and unwilling productive citizens to support the Public Broadcasting System and the Corporation for Public Broadcasting is the act that set the stage for the controversy. Although this may be the first controversy to attract the attention of the average person, to some degree this issue exists with every broadcast produced or partially produced at taxpayers' expense. How can this be fair to everyone when there is no issue that everyone agrees on? Why should anyone be forced to subsidize the broadcast of anything, at any time, if he or she does not agree with it? The only answer that can be conceivably given is that in a free society, no one should be. The whole issue demonstrates so well the fallacy of collective rights versus the true concept of individual rights.

Even though this point is usually ignored, since most programs are not controversial, this is no justification for it as a policy. If anything, it's this period of seduction that allows the concept of public control and subsidy of the media to gain acceptance. When a major confrontation finally occurs, as with the "Death of a Princess," the real issue is ignored, and the relative rights of interested parties are eagerly championed.

We then hear great oratory over first amendment rights, "to see any program desired." Therefore, all public TV stations must be forced to show the film, removing the "right" of the station manager to use his judgment. This was the argument of the Federal District Court judge in Houston when she ordered channel 8 to show "Death of a Princess" against the station's better judgment.

If the taxpayer who helps subsidize the making of the film and the station that is to show it get their "rights" protected, what about the rights of the taxpayer who disagrees? Whose rights are to be superior? Since rights cannot be arbitrary or relative, no equitable solution can be found. If we do not look at the basic problem—the violation of all taxpayers' rights in financing public TV—animosity, anger, and frustration will result, for there is no way to satisfy all concerned.

The State Department has a stake in this as well. If the film had been presented on private TV, and financed with private funds, it could say nothing. However, when taxpayers' dollars are being used to precipitate a diplomatic crisis, it seems that their concerns, interests, and recommendations should carry some weight.

Control over commercial TV and radio has the same implication. Relicensing and equal-time provisions have an effect on what the media can and cannot do. This problem, although minor, at present, can get more serious quickly, since the vehicle for control is already in place. It is amazing what can be done in the name of a national emergency. If your bank account can be frozen, the minds of those who manage TV and radio can be "frozen" as well, under emergency circumstances.

Since we live in a most imperfect world, one rapidly losing any understanding or regard for personal liberty, the only proper "solution" for now would have been for the courts to neither compel nor prohibit the PBS from broadcasting any program. Public pressure under these circumstances should be the most powerful and useful tool to monitor, to some degree, the programs shown on public TV at taxpayers' expense.

"Death of a Princess" is only the beginning, for soon, as public television deteriorates and inappropriate and even immoral shows are broadcast, the issue will be raised and not solved, so long as the basic cause is not examined.

This is not unlike the issue of deeply religious, pro-life Americans being forced, by the gun of the IRS, to finance the destruction of innocent life through Government-paid abortions. Here the demand of one individual for the destruction of life is claimed as a right, which takes precedence over the rights of productive citizens to keep the fruits of their labors and not become participants in an act they consider abhorent. This bizarre twisting of the concept of rights, if not understood and rectified, could destroy our free Nation. This conflict of rights is pervasive throughout our society and is involved in most of our legislative activities here in Congress.

In a free society, where civil liberties must be protected, how can one maintain order and yet never violate the civil rights of any student or taxpayer in a compulsory public school system centrally managed by the Federal Government? There is no way the so-called "right" of a Marxist to speak out in a tax-supported institution can be reconciled with the rights of those who have to pay. This same problem obviously exists with public broadcasting as well. Rules of decorum and decency, when imposed, will violate somebody's wishes, and if they are in school by force, their civil rights will of necessity be violated.

Whenever anybody benefits from the use of Government force, this benefit must be achieved at the expense of someone else. All welfare legislation—corporate or social—is based on this premise, and, tragically, the little people of America, those still willing to work without Government assistance, pay all the bills both literally and with the sacrifice of freedom. This must end, if we expect to preserve our American constitutional system of government.

I would like to insert at this point excerpts from an excellent essay on ownership of the airwaves by Ayn Rand.

THE PROPERTY STATUS OF AIRWAVES

(By Ayn Rand)

Any material element or resource which, in order to become of use or value to men, requires the application of human knowledge and effort, should be private property—by the right of those who apply the knowledge and effort.

This is particularly true of broadcasting frequencies or waves, because they are produced by human action and do not exist without it. What exists in nature is only the potential and the space through which those waves must travel.

Just as two trains cannot travel on the same section of track at the same time, so two broadcasts cannot use the same frequency at the same time in the same area without "jamming" each other. There is no difference in principle between the ownership of land and the ownership of airways. The only issue is the task of defining the applica-

tion of property rights to this particular sphere. It is on this task that the American government has failed dismally, with incalculably disastrous consequences.

There is no essential difference between a broadcast and a concert: the former merely transmits sounds over a longer distance and requires more complex technical equipment. No one would venture to claim that a pianist may own his fingers and his piano, but the space inside the concert hall—through which the sound waves he produces travel—is "public property" and, therefore, he has no right to give a concert without a license from the government. Yet this is the absurdity foisted on our broadcasting industry.

The chief argument in support of the notion that broadcasting frequencis should be "public property" has been stated succinctly by Justice Frankfurter: "[Radio] facilities are limited; they are not available to all who may wish to use them; the radio spectrum simply is not large enough to accommodate everybody. There is a fixed natural limitation upon the number of stations that can operate without interfering with one another."

The fallacy of this argument is obvious. The number of broadcasting frequencies *is* limited; so is the number of concert halls; so is the amount of oil or wheat or diamonds; so is the acreage of land on the surface of the globe. There is no material element or value that exists in *unlimited* quantity. And if a "wish" to use a certain "facility" is the criterion of the right to use it, then the universe is simply not large enough to accommodate all those who harbor wishes for the unearned.

It is the proper task of the government to protect individual rights and, as part of it, to formulate the laws by which these rights are to be implemented and adjudicated. It is the government's responsibility to define the application of individual rights to a given sphere of activity—to *define* (*i.e.*, to identify), *not* to create, invent, donate, or expropriate. The question of defining the application of property rights has arisen frequently, in the wake of major scientific discoveries or inventions, such as the question of oil rights, vertical space rights, etc. In most cases, the American government was guided by the proper principle: it sought to protect all the individual rights involved, *not* to abrogate them.

A notable example of the proper method of establishing private ownership from scratch, in a previously ownerless area, is the *Homestead Act of 1862*, by which the government opened the western frontier for settlement and turned "public land" over to private owners. The government offered a 160-acre farm to any adult citizen who would settle on it and cultivate it for five years, after which it would become his property. Although that land was originally regarded, in law, as "public property," the method of its allocation, *in fact*, followed the proper principle (*in fact*, but not in explicit ideological intention). The citizens did not have to *pay* the government as if it were an owner; ownership began with *them*, and they earned it by the method which is the source and root of the concept of "property": by working on unused material resources, by turning a wilderness into a civilized settlement. Thus, the government, in this case, was acting not as the owner but as the *custodian* of ownerless resources who defines objectively impartial rules by which potential owners may acquire them.

This should have been the principle and pattern of the allocation of broadcasting frequencies.

As soon as it became apparent that radio broadcasting had opened a new realm of material resources which, in the absence of legal definitions, would become a wilderness of clashing individual claims, the government should have promulgated the equivalent of a Homestead Act of the airways—an act defining private property rights in the new realm, establishing the rule that the user of a radio frequency would own it after he had operated a station for a certain number of years, and allocating all frequencies by the rule of priority, i.e., "first come, first served."

Bear in mind that the development of commercial radio took many years of struggle and experimentation, and that the goldrush of the "wishers" did not start until the pioneers—who had taken the risks of venturing into the unknown—had built it into a bright promise of great commercial value. By what right, code, or standard was anyone entitled to that value except the men who had created it?

If the government had adhered to the principle of private property rights, and the pioneers' ownership had been legally established, then a latecomer who wished to acquire a radio station would have had to buy it from one of the original owners (as is the case with every other type of property). The fact that the number of available frequencies was limited would have served, not to entrench the original owners, but to threaten their hold, if they did not make the best economic use of their property (which is what free competition does to every other type of property). With a limited supply and a growing demand, competition would have driven the market value of a radio (and later, TV) station so high that only the most competent men could have afforded to buy it or to keep it; a man, unable to make a profit, could not have long afforded to waste so valuable a property. Who, on a free market, determines the economic success or failure of an enterprise? The public (the public as a sum of individual producers, viewers, and listeners, each making his own decisions—not as a single, helpless, disembodied collective with a few bureaucrats posturing as the spokesmen of its will on earth).

Contrary to the "argument from scarcity," if you want to make a "limited" resource available to the whole people, make it private property and throw it on a free, open market.

The "argument from scarcity," incidentally, is outdated, even in its literal meaning: with the discovery of ultra-high frequencies, there are more broadcasting channels available today than prospective applicants willing to pioneer in their development. As usual, the "wishers" seek, not to create, but to take over the rewards and advantages created by others. . . .

Collectivists frequently cite the early years of radio as an example of the failure of free enterprise. In those years, when broadcasters had no property rights in radio, no legal protection or recourse, the airways were a chaotic no man's land where anyone could use any frequency he pleased and jam anyone else. Some profesional broadcasters tried to divide their frequencies by private agreements, which they could not enforce on others; nor could they fight the interference of stray, maliciously mischievous amateurs. This state of affairs was used, then and now, to urge and justify government control of radio.

This is an instance of capitalism taking the blame for the evils of its enemies.

The chaos of the airways was an example, not of free enterprise, but of anarchy. It was caused, not by private property rights, but by their absence. It demonstrated why capitalism is incompatible with anarchism, why men do need a government and what is a government's proper function. What was needed was legality, not controls.

What was imposed was worse than controls: outright nationalization. By a gradual, uncontested process—by ideological default—it was taken for granted that the airways belong to "the people" and are "public property."

Radio communication is not to be considered as merely a business carried on for private gain, for private advertisement, or for entertainment of the curious. It is a public concern impressed with the public trust and to be considered primarily from the standpoint of public interest in the same extent and upon the basis of the same general principles as our other public utilities.

This was said by Herbert Hoover, then Secretary of Commerce, in 1924.

It was Hoover who fought for government control of radio and, as Secretary of Commerce, made repeated attempts to extend government power beyond the limits set by the legislation of the time, attempts to attach detailed conditions to radio licenses, which he had no legal authority to do and which were repeatedly negated by the courts. It was Hoover's influence that was largely responsible for that tombstone of the radio (and the then unborn television) industry known as the Act of 1927, which established the Federal Radio Commission with all of its autocratic, discretionary, undefined, and undefinable powers. (That Act—with minor revisions and amendments, including the Act of 1934 that changed the Federal Radio Commission into the Federal Communications Commission—is still, in all essential respects, the basic legal document ruling the broadcasting industry today.)

The Act of 1927 did not confine the government to the role of a traffic policeman of the air who protects the rights of broadcasters from technical interference (which is all that was needed and all that a government should properly do). It established service to the "public interest, convenience, or necessity" as the criterion by which the Federal Radio Commission was to judge applicants for broadcasting licenses and accept or reject them. Since there is no such thing as the "public interest" (other than the sum of the individual interests of individual citizens), since that collectivist catchphrase has never been and can never be defined, it amounted to a blank check on power over the broadcasting industry, granted to whatever bureaucrats happened to be appointed to the Commission.

It was the so-called "conservatives"—including some of the pioneers, some of the broadcasting industry's executives who, today, are complaining and protesting—who ran to the government for regulations and controls, who cheered the notion of "public property" and service to the "public interest."

Many businessmen, of the mixed-economy persuasion, resent the actual nature of capitalism; they believe that it is safer to hold a position, not by right, but by favor; they dread the competition of a free market and they feel that a bureaucrat's friendship is much easier to win. Pull, not merit, is their form of "social security." They believe that they will always succeed at courting, pressuring, or bribing a bureaucrat, who is "a good fellow" they can "get along with" and who will protect them from that merciless stronger: the abler competitor.

Consider the special privileges to be found in the status of a certified servant of the "public interest" and a licensed user of "public property." Not only does it place a man outside the reach of economic competition, but it also spares him the responsibility and *the costs* entailed in private property. It grants him *gratuitously* the use of a broadcasting frequency for which he would have had to pay an enormous price on a free market and would not have been able to keep for long, if he sent forth through the air the kind of unconscionable trash he is sending forth today.

Such are the vested interests made possible by the doctrine of the "public interest"—and such are the beneficiaries of any form, version, or degree of the doctrine of "public property."

Now observe the practical demonstration of the fact that without property rights, no other rights are possible. If censorship and the suppression of free speech ever get estab-

lished in this country, they will have originated in radio and television.

The Act of 1927 granted to a government Commission total power over the professional fate of broadcasters, with the "public interest" as the criterion of judgment—and, simultaneously, forbade the Commission to censor radio programs. From the start, and progressively louder through the years, many voices have been pointing out that this is a contradiction impossible to practice. If a commissioner has to judge which applicant for a broadcasting license will best serve the "public interest," how can he judge it without judging the content, nature, and value of the programs the applicants have offered or will offer?

The result was what it had to be (illustrating once more the power of basic principles): by gradual, unobtrusive, progressively accelerating steps, the Commission enlarged its control over the content of radio and television programs. No, the Commission did not censor specific programs: it merely took cognizance of program content at license-renewal time. What was established was worse than open censorship (which could be knocked out in a court of law): it was the unprovable, intangible, insidious *censorship-by-displeasure*—the usual, and only, result of any non-objective legislation.

Nor can the freedom of one medium of communication be destroyed without affecting all the others. When censorship of radio and television becomes fully accepted, as a *fait accompli*, it will not be long before all the other media—books, magazines, newspapers, lectures—follow suit, unobtrusively, unofficially, and by the same method: overtly, in the name of the "public interest"; covertly, for fear of government reprisals. (This process is taking place already.)

So much for the relationship of "human" rights to property rights.

Since "public property" is a collectivist fiction, since the public as a whole can neither use nor dispose of its "property," that "property" will always be taken over by some political "elite" by a small clique which will then rule the public.

There is only one solution to this problem, and it has to start at the base; nothing less will do. The airway should be turned over to private ownership. The only way to do it now is to sell radio and television frequencies to the highest bidders (by an objectively defind, open, impartial process)—and thus put an end to the gruesome fiction of "public property."

Such a reform cannot be accomplished overnight; it will take a long struggle; but that is the ultimate goal which the advocates of capitalism should bear in mind. That is the only way to correct the disastrous, atavistic error made by capitalism's alleged defenders.

I say "atavistic," becaue it took many centuries before primitive, nomadic tribes of savages reached the concept of private property—specifically, *land* property, which marked the beginning of civilization. It is a tragic irony that in the presence of a new realm opened by a gigantic achievement of science, our political and intellectual leaders reverted to the mentality of primitive nomads and, unable to conceive of property rights, declared the new realm to be a tribal hunting ground.

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TOWARD MORE EFFECTIVE REGULATION OF HEALTH AND SAFETY: RISK COMPARISON COMES TO THE FOREFRONT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. RITTER) is recognized for 5 minutes.

● Mr. RITTER. Mr. Speaker, much as everybody wishes to avoid them, we all face risks to our health and safety in daily life. We can, and do, try to reduce these risks. But reducing them costs money and resources. Even the act of reducing one risk may introduce a different one, perhaps worse than the first. We may limit the use of coal, for example, but what are the risks of its alternatives—OPEC oil, nuclear powerplants, synthetic fuels, and so forth? If we ban saccharin, what are the risks of its alternatives—an increased use of sugar, for example. Congress and regulatory agencies, with the best of intentions, have sometimes caused more harm than good in trying to reduce risks.

Our Nation's money and resources are limited, especially in these inflationary times. So we must make intelligent comparisons between the alternative risks before trying to set priorities for choosing among them. We must also compare the risks to human life and health of different levels of regulatory standards, such as allowable percentages of a particular pollutant. Such levels can range from sulfur in coal to asbestos in hair dryers. These risks must then be compared with everyday risks we all take and all understand, such as driving, smoking, drinking, and so forth. Using such comparison of alternative risks, Government can stop regulating blindly and move toward more balanced, sensible regulation of risks in the 1980's.

To help the U.S. Government do that, I have introduced H.R. 4939 to provide a mechanism for U.S. regulatory agencies to compare risks between alternatives in areas like technology and human health. The step forward this bill would provide is especially important now, in view of the groundswell of attention being given to comparison of risks, both in Congress and among scientists. I wish to bring some of these recent developments to the attention of my colleagues during the hearings this week on my comparative risk legislation.

Several recent actions in Congress have been stimulated by concerns over risks of nuclear energy. This is particularly of interest at a time when increased reliance on OPEC oil adds a special urgency to the debate over energy risks. One bill involving comparisons of risks is the Emergency Evacuation Act of 1980, introduced by the gentleman from New York (Mr. WYDLER). In making our preparations for citizen evacuation in the event of any disaster, it is important for planners not only to draw upon the considerable experience of evacuations from previous non-nuclear accidents, but also to consider how probable each potential source of disaster is. For example, the risks of a major dam breaking, the danger from a major chemical facility, the danger from a large oil depot and the potential risk of a nuclear plant all must be considered.

Another bill is H.R. 7078, the Nuclear Safety Research and Development Act of 1980, introduced by the gentleman from Washington (Mr. MCCORMACK). This is broader. It compares the risks of potential day-to-day harm to the public from the operation of nuclear and other types of powerplants.

These same principles of comparing risks are also at the heart of H.R. 6745, the Radiation Control Act of 1979, also introduced by Mr. WYDLER. While focusing on the radiation risks from nuclear energy, it requires a comparison and understanding of risks from different sources of radiation, such as radiation from chest X-ray, dental X-ray, living in Denver, radon gas in stoves, and so forth.

Still another example of how Congress is beginning to make use of the tool of comparison of risks is the amendment by BARRY GOLDWATER, JR., of California, to the Department of Energy Authorization bill, H.R. 6627, as passed by the Subcommittee on Energy Research and Production of the Committee on Science and Technology. This amendment requires a comparison of the risk from nuclear wastes with the risk of uranium ore simply lying in the ground before mining. Repositories to dispose of these wastes are to be designed with a comparison of these risks in mind. This appears to be a sensible outlook in trying to put the administration's long-foundering waste management program on track.

All the above mentioned bills involve the comparison of risks in some way and have borrowed from my ideas on this matter. However, H.R. 4939 goes one important step further. It is, to my knowledge, the first attempt in Congress to use comparison of risks in a broad, comprehensive way as a means to make Federal regulation work better. In that sense, this week's hearings are a landmark in the development of this concept.

In addition, the House Judiciary Committee has just added to the report on its major regulatory reform bill important comparison-of-risk language.

Mr. Speaker, comparison of risks is clearly an idea whose legislative time has come. Today and tomorrow, the House Subcommittee on Science, Research, and Technology is holding hearings on H.R. 4939. These hearings are exploring how risk comparison can become a valuable instrument of U.S. regulatory policy. They involve testimony from distinguished witnesses from universities, regulatory agencies, industry, labor, and Congress. I hope my colleagues will find these hearings useful as a key part of the public discussion of the use of risk comparison.

We are honored to have scheduled as witnesses distinguished, knowledgeable and articulate persons, each of whom is extremely well qualified to give insight into ways in which comparison of risks can be used to improve Government regulation that affects our lives. The list of scheduled witnesses is shown below.

At a time of high inflation, Government must be frugal with the way it spends our tax dollars. Comparison of risks is a way for regulatory agencies to do a better job of protecting the public—by targeting their limited resources on the most serious threats to health and safety instead of regulating "blindly." Comparison of risks brings Government regulation into the 1980's.

The list of witnesses scheduled to appear at the comparison-of-risks hearings is as follows:

WITNESSES SCHEDULED TO TESTIFY AT "COMPARISON OF RISKS" BILL HEARINGS

MAY 14, 1980 WITNESSES

Dr. James Vaupel, Institute of Policy Sciences and Public Affairs, Duke University.

Dr. Walter Albers, Head of Societal Analysis Department, General Motors Research Laboratory.

Dr. Howard Raiffa, Graduate School of Business Administration, Harvard University.

Dr. William McCarville, Director, Environmental Affairs, Monsanto Industrial Chemicals.

Mr. David Doniger, National Resource Defense Council.

Dr. Nicholas Ashford, M.I.T. Center for Policy Alternatives.

Mr. James P. Carty, VP and Manager, Government Regulation and Competition, National Association of Manufacturers.

Mr. Jack Sheehan, United Steelworkers of America.

MAY 15, 1980 WITNESSES

Dr. Denis Prager, Acting Associate Director, Office of Science and Technology Policy.

Dr. Richard Wilson, Energy and Environmental Policy, Harvard University.

Mr. David Burnham, Aspen Institute.

Dr. Joseph Rodericks, Deputy Associate Commissioner for Health, U.S. Food and Drug Administration.

Dr. Bailus Walker, Director of Health Standards Programs, U.S. Department of Labor.

Dr. Peter Preuss, Deputy Associate Executive Director, Consumer Product Safety Commission.

Thomas Grumbly, Associate Administrator, Food Safety and Quality Service, U.S. Department of Agriculture.

Richard Dowd, Director, Science Advisory Board, U.S. Environmental Protection Agency.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. ERTEL) is recognized for 5 minutes.

● Mr. ERTEL. Mr. Speaker, due to the President's decision to locate a number of Cuban refugees at Fort Indiantown Gap in my district, I was absent yesterday participating in briefings of local public officials arranged at my request. I missed rollcall votes on H.R. 6616, the ocean dumping authorization for fiscal year 1981, and H.R. 663 and House Joint Resolution 545, supplemental appropriations for food stamps.

I would like to indicate at this time that, had I been present I would have supported all three bills.●

NEAL SMITH INTRODUCES BILL ON FOOD LABELING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. SMITH) is recognized for 15 minutes.

● Mr. SMITH of Iowa. Mr. Speaker, the need for reducing sodium consumption is, or should be, of vital concern to the 20 to 25 million Americans who suffer from high blood pressure, often a contributing factor to heart attacks, strokes and other cardiovascular diseases. Almost all of us know of a relative or a friend whose doctor has recommended a sodium restricted diet because of high blood pressure.

Although the relationship between diet and hypertension is complex, the Council on Scientific Affairs of the American Medical Association reports that there is evidence that moderate sodium restriction holds the possibility for many people of aiding drugs in the lowering of a patient's blood pressure. For some it can possibly make the difference in the person not having to take blood pressure pills at all. Thus, the AMA recommends to its members that moderate sodium restriction should be considered as a possible element in the treatment of all hypertensive patients.

In a report to the Food and Drug Administration, the Federation of American Societies of Experimental Biology, studying the role of salt in the human diet, concluded that from 1 to 3 out of every 10 Americans was genetically disposed to hypertension and that hypertension incidence is associated with high intakes of salt.

Furthermore, while the restriction of salt intake may not entirely prevent high blood pressure, it certainly will not hurt for it is generally agreed that sodium consumption in the United States is higher than needed for human nutrition. The Senate Select Committee on Nutrition and Human Needs recommended that Americans eat at most, 5 grams (1 teaspoon) of salt daily instead of the 6 to 18 grams typically consumed daily by the average American.

Since table salt is the most common source of sodium intake—the chemical formula for salt is sodium chloride—most people think all they have to do to reduce their salt intake is to put away their salt shakers and cut back on salting food during cooking. If this were all one had to do, cutting down on sodium would be relatively easy. But unfortunately, this action affects only the direct input of sodium in the American diet. It is the hidden sodium intake in our diet that comes from commercially prepared foods which complicates the problem for the millions of people affected.

Dr. James Hunt, of the University of Tennessee Medical School, recently found that a group of patients who were on a salt restricted diet unknowingly were consuming at least 4,600 milligrams of sodium daily. This is over twice the frequently prescribed therapy of limiting sodium intake to 1,000 to 2,000 milligrams daily. This sodium was inadvertently consumed in canned soups, ketchup, and commercially prepared foods and condiments, pickles, canned goods, cereals, bread, cheeses, pastries, and processed meats that are among the commercially prepared foods which contain large amounts of sodium. Sodium also is added to commercially prepared foods in the form of preservatives such as sodium benzoate, and in the form of flavoring agents such as monosodium glutamate, and in leavening agents such as sodium bicarbonate.

One cannot rely on taste alone as a guide to a food's sodium content since many of these commercially prepared foods do not taste "salty." For this reason, the American Medical Association stated in testimony submitted in 1978, to the Food and Drug Administration, that many patients on restricted sodium intake have difficulty in making food purchases in the absence of label information concerning the sodium content of foods.

Last summer the American Medical Association went further and their house of delegates adopted a resolution requesting Federal legislation requiring food manufacturers to print on container label the amount of sodium in milligrams per average serving so the American public may be informed as to the amount of sodium in their diets.

The following week, the Des Moines, Iowa, Register, in an editorial wrote:

> Unaccustomed as they are to appealing for a government regulation, members of the American Medical Association have done that in an effort to curb the excessive use of salt by Americans. A resolution adopted by the AMA House of Delegates requests legislation that would require food processors to print on container labels the amount of added sodium chloride (salt) in each average serving. The request is worthy of quick action by Congress. As an AMA nutrition report points out, the average person controls only a little more than a quarter of the salt used in cooking or at the table; the rest has been added by food processors. Much of the recent furor over "junk foods" has centered on sweets and products with little nutritional value. Equally important is the high proportion of sodium chloride added to canned and pre-packaged foods. Salt is a contributing factor in high blood pressure, a condition affecting 23 million Americans. Most of them probably have been advised by their doctors to drastically reduce their use of salt, and some are on special low-sodium diets. Those people are entitled to know how much salt has been added to the food products they buy. Most labels on processed foods list the contents. The AMA wants the list to show the quantity or proportion of sodium chloride. That is a reasonable request. Listing the salt content conceivably could encourage processors to reduce the amount of salt they added to their products.

Patients who are on a sodium restricted diet frequently require additional potassium than what is contained in a normal diet. In contrast, therapeutic treatment of patients suffering from kidney ailments frequently involves restricting their daily potassium intake. For all these people, knowledge of the potassium content of foods is a distinct help in monitoring the potassium level in their diet.

In March of 1980, the American Medical Association's Council on Scientific Affairs recommended in its report EE (I-79) that foods for human consumption be labeled to show the amount of sodium and potassium in miligrams per average serving, stating:

> The Council believes such labeling is important for dietary and health reasons.

I am today, therefore, introducing legislation which would amend the Federal Food, Drug and Cosmetic Act, to achieve this objective. Some food manufacturers already list the sodium content on the labels of their products. So it should not cause serious compliance problems. For those cases where there may be problems for individual food manufacturers to list the sodium and potassium content on food labels, this legislation also offers an alternative of displaying a notice nearby the food display in the grocery store informing consumers of the sodium and potassium content per average serving.

This legislation also would authorize and direct the Secretary of Health and Human Services where practical, to approve for labeling purposes, the use by

industry of average sodium and potassium contents for a food as based on an officially approved source, rather than requiring the determination by chemical analysis of every batch of the product produced.

The legislation should be of distinct benefit to that sizeable portion of our population who are working with their doctor in a vital effort to deal with blood pressure and kidney health problems.●

MONTHLY LIST OF GAO REPORTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. BROOKS) is recognized for 5 minutes.

● Mr. BROOKS. Mr. Speaker, the monthly list of GAO reports includes summaries of reports which were prepared by the staff of the General Accounting Office. The March 1980 list includes:

MONTHLY LIST OF GAO REPORTS

NATIONAL DEFENSE

Nuclear Fuel Reprocessing and the Problems of Safeguarding Against the Spread of Nuclear Weapons. Acc. No. 111839, EMD-80-38, March 18.

Circumstances Surrounding the Government's Approval of Nuclear-Related Exports to Iran. Acc. No. 111869, EMD-80-44, March 17.

The MX Weapon System—A Program with Cost and Schedule Uncertainties. Acc. No. 111718, PSAD-80-29, February 29.

Models, Data and War: A Critique of the Foundation for Defense Analyses. Acc. No. 111782, PAD-80-21, March 12.

Military Overseas Housing Allowances Should Be More Realistic. Acc. No. 111696, FPCD-80-33, March 5.

Coordination of Federal Arms Control Research Program to Be Improved. Acc. No. 111826, ID-80-6, March 17.

Review of the Planned Consolidation of Defense Contract Administration Services Regions in Atlanta. Acc. No. 111870, LCD-80-46, March 20.

A Decision by the Secretary of Defense is Needed on the AV-8B Aircraft Program. Acc. No. 111548, PSAD-80-23, February 8.

ENERGY

Letter reports

The National Security Council should coordinate the nuclear threat definition policies of the Departments of Defense and Energy and provide guidance on safeguarding nuclear weapons in this country. EMD-80-48, February 19.

Information on the Battlefield Exploitation and Target Acquisition System. Acc. No. 111689, LCD-80-38, March 3.

ENERGY

The Federal Government Should More Actively Promote Energy Conservation by Heavy Trucks. Acc. No. 111788, EMD-80-40, March 13.

U.S. Energy Assistance to Developing Countries: Clarification and Coordination Needed. Acc. No. 111922, ID-80-7, March 28.

NATURAL RESOURCES AND ENVIRONMENT

Delays and Unresolved Issues Plague New Pesticide Protection Programs. Acc. No. 111866, CED-80-32, February 15.

What Have HUD and EPA Done to Deal with High Radiation Levels in Two Montana Cities? Acc. No. 111694, CED-80-63, February 8.

Impact of Making the Onshore Oil and Gas Leasing System More Competitive. Acc. No. 111848, EMD-80-60, March 14.

Letter reports

The Water Resources Service charged water rates for three contracts that were too low to guarantee fast Federal cost recovery. Acc. No. 111886, CED-80-69, March 25.

No evidence was found that Allegheny County misrepresented park site conditions in applying for funds from the Department of the Interior. Acc. No. 111867, CED-80-85, March 18.

AGRICULTURE

Department of Agriculture: Actions Needed to Enhance Paperwork Management and Reduce Burden. Acc. No. 111906, GGD-80-14, March 10.

Letter reports

The Farmers Home Administration's Economic Emergency Loan Program could be more effective. Acc. No. 111923, CED-80-84, March 28.

COMMERCE AND HOUSING CREDIT

Illegal Aliens: Estimating Their Impact on the United States. Acc. No. 11827, PAD-80-22, March 14.

Letter reports

Summary of passport control and retrieval system in five Federal agencies. Acc. No. 111892, ID-80-17, February 26.

The Department of Housing and Urban Development has not been sufficiently aggressive in collecting millions of dollars in premiums that mortgage institutions owed. Acc. No. 111840, FGMSD-80-27, March 19.

TRANSPORTATION

How to Improve the Federal Aviation Administration's Ability to Deal with Safety Hazards. Acc. No. 111699, CED-80-66, February 29.

Letter reports

The Urban Mass Transportation Administration needs controls over no-prejudice authorizations. Acc. No. 111798, PSAD-80-36, March 14.

SOCIAL SERVICES

Better Reevaluations of Handicapped Persons in Sheltered Workshops Could Increase Their Opportunities for Competitive Employment. Acc. No. 111766, HRD-80-34, March 11.

Navajo Community College Funding Problems. Acc. No. 111904, CED 80-79, March 21.

Letter reports

Opportunities are available for ACTION to increase its Older American Volunteer programs. Acc. No. 111754, HRD-80-58, March 7.

HEALTH

Increased Use of Expanded Function Dental Auxiliaries Would Benefit Consumers, Dentists, and Taxpayers. Acc. No. 111765, HRD-80-51, March 7.

Letter reports

The Indian Health Service and the Alaska Native Health Organizations should continue to demonstrate their support of the provisions of the Indian Self-Determination Act. Acc. No. 111784, HRD-86-60, March 11.

The American Health Planning Association savings estimate for the health planning programs is unreliable. Acc. No. 111787, HRD-80-49, March 13.

The acquisition and screening of certain plant extracts should be developed because of their usefulness in cancer chemotherapy. Acc. No. 111919, HRD-80-53, February 28.

INCOME SECURITY

Legislation Authorizing States to Reduce Workers' Compensation Benefits Should Be Revoked. Acc. No. 111821, HRD-80-31, March 6.

Letter reports

Limited available data on the multiemployer pension plan insurance program makes it impossible to estimate reliably the costs and premium requirements of proposed program revisions. Acc. No. 111700, HRD-80-65, February 29.

ADMINISTRATION OF JUSTICE

FBI Audit Conclusions on the Criminal Informant Program Should Have Been Qualified. Acc. No. 111868, GGD-80-37, March 13.

Drug Enforcement Administration's CENTAC Program—An Effective Approach to Investigating Major Traffickers That Needs to Be Expanded. Acc. No. 111914, GGD-80-52, March 27.

GENERAL GOVERNMENT

Program to Follow Up Federal Paperwork Commission Recommendations is in Trouble. Acc. No. 111799, GGD-80-36, March 14.

Controls Over Consulting Service Contracts at Federal Agencies Need Tightening. Acc. No. 111853, PSAD-80-35, March 20.

The Federal Reserve Should Assure Compliance with the 1970 Bank Holding Company Act Amendments. Acc. No. 111781, GGD-80-21, March 12.

Experiences of Past Territories Can Assist Puerto Rico Status Deliberations. Acc. No. 111739, GGD-80-26, March 7.

Problems with New Responsibilities of Self-Government in the Northern Mariana Islands. Acc. No. 111753, ID-80-20, March 7.

Stronger Management of EPA's Information Resources Is Critical to Meeting Program Needs. Acc. No. 111752, CED-80-18, March 10.

Closer Controls and Better Data Could Improve Antitrust Enforcement. Acc. No. 111680, GGD-80-16, February 29.

States Are Funding Juvenile Justice Projects that Conform to Legislative Objectives. Acc. No. 111755, GGD-80-40, March 7.

Budget Formulation: Many Approaches Work but Some Improvements Are Needed. Acc. No. 111920, PAD-80-31, February 29.

Congress Should Consider Exploring Opportunities to Expand and Improve Application of User Charges by Federal Agencies, Acc. No. 111925, PAD-80-25, March 28.

Inadequate Contract Administration on Housing Renovation Project at Malmstron Air Force Base. Acc. No. 111783, PSAD-80-32, March 11.

Farmers Home Administration's ADP Development Project-Current Status and Unresolved Problems. Acc. No. 111697, CED-80-67, February 19.

GSA Needs to Improve Its Cleaning and Guard Contracting Activities. Acc. No. 111780, LCD-80-21, March 12.

Letter reports

Taxpayers do not claim all the withholding allowances to which they are entitled. Acc. No. 111891, PAD-80-41, February 27.

Impoundment of funds for several agencies. Acc. No. 111690, OGC-80-7, February 29.

Further improvements are needed to strengthen internal auditing in the Federal Deposit Insurance Corporation. Acc. No. 111692, GGD-80-46, March 4.

Progress has been made in the development of an equal employment opportunity management information system. Acc. No. 111695, FPCD-80-39, March 4.

Revenues projected by the Panama Canal Commission for fiscal year 1981 appear to be reasonable. Acc. No. 111740, ID-80-19, March 6.

The Detroit District Corps of Engineers should require that public announcements for architect-engineer services contain information used for judging the evaluation and selection process. Acc. No. 111741, LCD-80-39, March 7.

The financial statements of the Gorgas Memorial Institute of Tropical and Preventive Medicine present fairly its assets and liabilities. Acc. No. 111890, ID-80-28, March 7.

Alleged financial irregularies at the Upper East Tennessee Human Development Agency, Kingsport, Tennessee. Acc. No. 111847, HRD-80-69, March 10.

Impoundment of funds for HEW and the Departments of the Treasury and Agriculture. Acc. No. 111863, OGC-80-8, March 20.

No irregularies were found involving claim payment to the Export-Import Bank of the United States. Acc. No. 111937, ID-80-35, March 28.

The Federal Emergency Management

Agency's planned relocation from Olney, Md. to Philadelphia, Pa. has advantages and disadvantages. Acc. No. 111924, LCD-80-47, March 28.

GENERAL PURPOSE FISCAL ASSISTANCE

Compliance with Requirements to Hold Public Hearings on Use of Revenue Sharing Funds. Acc. No. 111884, GGD-80-41, March 25.

The Monthly List of GAO Reports and/or copies of the full texts are available from the U.S. General Accounting Office, Distribution Section, Room 1518, 441 G Street, N.W., Washington, D.C. 20548. Phone (202) 275-6241.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 5 minutes.

● Mr. DRINAN. Mr. Speaker, I was necessarily absent from the House of Representatives yesterday to attend an international tribunal in Amsterdam on behalf of Soviet dissident Anatoly Shcharansky.

Had I been present, I would have voted as follows: "yea" on rollcall No. 229, on final passage of H.R. 6616, Marine Protection, Research and Sanctuaries Act authorization for fiscal year 1981; "yea" on rollcall No. 230, on passage of House Resolution 663, the rule providing for the consideration of House Joint Resolution 545; and "yea" on rollcall No. 231, on passage of House Joint Resolution 545, making urgent appropriations for the food stamp program for fiscal year 1980.●

VETERANS BEWARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ROBERTS) is recognized for 5 minutes.

● Mr. ROBERTS. Mr. Speaker, a recent article included in the publication Medicine & Health stated:

A long-simmering plan for putting the brakes on federal hospital construction has been given a fresh boost by Council on Wage and Price Stability Chairman Alfred Kahn and is due for White House announcement soon.

The plan was worked out according to the article "after extensive nitpicking negotiations between the White House, Defense Department, and HEW." No reference was made as to whether the Administrator of Veterans' Affairs was included in the negotiations or not. Apparently the "agreement" requires that before new Federal hospital beds can be built a survey must be made of the area to see if an unused facility of adequate size is available for leasing. If not, the construction plan must be submitted to the local health planning agency for review and comment.

I would concur with the conclusion of the writer of the article that the plan is seen as a first step in a direction planning officials have been trying to move the Defense Department and Veterans' Administration for years. Although Federal construction projects, including VA, are coordinated with local and State planning agencies, Federal facilities are not subject to health systems agency final approval. This is not necessary since all Federal projects are subject to extensive reviews by the Office of Management and Budget, the standing Committees on Veterans' Affairs of the House and Senate, and the Committees on the Budget.

The article points out that the announcement comes at a time when the Navy is trying to move on a big hospital in San Diego, Calif., over objections of planners. A similar situation exists at Minneapolis, Minn., where the Veterans' Administration has plans to construct a new, much-needed replacement hospital there over the objections of the local planning agency. Similar situations exist at Baltimore, Md. and other places.

Mr. Speaker, local health-planning agencies are upset because for many years the local communities have been receiving millions of Federal dollars to construct private medical facilities and to purchase equipment for those facilities. Now, apparently some of the planning agencies feel veterans should be treated in those facilities than in VA hospitals. The committee has long felt that this is not feasible for many reasons and we will never allow a local health systems agency to have veto power over where VA facilities are to be built, determine the size of such facility, or have anything to do with eligibility requirements for admission to VA facilities.

Mr. Speaker, I continue to be amazed at the lack of sensitivity for veterans on the part of some leading administration spokesmen. We spend much time and effort either educating them on the law pertaining to veterans, or rebutting efforts to limit or terminate the level of benefits and services for our Nation's veterans.

There follows a series of articles between the Veterans' Administration, Mr. Kahn and myself regarding this issue. I can assure all veterans that the House Committee will not sit idly by and let this happen, and I would urge all veterans to become more active in their local communities and local health planning agencies in the future.

Finally, Mr. Speaker, I would urge the President to reject this latest recommendation by Mr. Kahn, if it is now in fact before him. Otherwise, our Nation's veterans will suffer the fate all Americans have suffered as the result of Mr. Kahn's advice to the President during the past few years on how to fight inflation.

The material follows:

MAY 6, 1980.

Hon. MAX CLELAND,
Administrator of Veterans Affairs,
Veterans Administration,
Washington, D.C.

DEAR MR. ADMINISTRATOR: You will recall my letter of October 10 concerning a memorandum sent by Mr. Alfred E. Kahn to several Department heads, including yourself, in reference to reducing Federal support for Federal hospitals in regions where "there is already excess capacity".

I certainly realize that the construction budget proposed by you for fiscal year 1981 does not reflect this view, and I am aware of your personal opinion concerning this matter. Nonetheless, I am also informed that Mr. Kahn continues to insist on this course of action and, in fact, has asked for additional information from the Veterans Administration concerning a possible policy change by the President.

I would appreciate your sharing with the Committee any response you may have made to Mr. Kahn in further reference to this matter.

Sincerely,

RAY ROBERTS,
Chairman.

MAY 6, 1980.

Mr. ALFRED E. KAHN,
Chairman,
Council on Wage and Price Stability,
Washington, D.C.

DEAR MR. KAHN: In a letter dated November 30, 1979 (copy enclosed) you indicated that you had asked several Executive Branch agencies, including the Veterans Administration, for their views about curtailing Federal support for construction of hospitals in regions where "there is already excess capacity". You will recall in my letter of October 10 I had expressed my concern should such policy be implemented.

It is my understanding there has been additional communication between you and the Administrator of Veterans Affairs in further reference to this matter, and I would appreciate your advising me whether you continue to insist that veterans needing care and treatment may have to rely on such treatment in private facilities in the future. Such policy disturbs me and I hope you will provide me with your views on this matter at the earliest possible time.

Sincerely,

RAY ROBERTS,
Chairman.

COUNCIL ON WAGE AND PRICE STABILITY,
Washington, D.C., November 30, 1979.

Hon. RAY ROBERTS,
Chairman
Committee on Veterans Affairs,
Washington, D.C.

DEAR CHAIRMAN ROBERTS: Thank you for your letter of October 10, about Federal support for construction of hospitals in regions where there is already excess capacity.

I have been giving serious consideration to this problem for some time. Continuing Federal support for hospitals in areas of excess capacity has obvious inflationary consequences in a sector of the economy that has been plagued by disproportionately rapidly rising costs for the last decade.

Recently, I asked several Executive Branch agencies for their views about the wisdom of our moving to curtail Federal support in those circumstances. I am paying particular attention to the problems that might arise if Federal support for new hospitals were curtailed in some areas, including the one you asked about—the Veterans' Administration's program.

I will answer your questions when I have made up my own mind about this entire issue, but I didn't want your inquiry to go unacknowledged any longer.

Sincerely,

ALFRED E. KAHN,
Chairman.

VETERANS ADMINISTRATION,
November 7, 1979.

Hon. RAY ROBERTS,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your letter asking for our views with respect to a proposal to restrict Federal assistance for hospital construction in overbedded areas as a means of controlling the inflation of health care costs.

As you are aware, the VA is a national system of hospitals organized into medical districts, with from five to ten hospitals per district to form a consortium of facilities for comprehensive care of veterans. All of these medical districts are larger than Health Service Areas organized under Public Law 93-641, and often involve a Primary Service Area of more than one State. Medical centers within

these districts shares services to provide comprehensive care in an efficient and cost effective manner to meet the VA legislated missions. Also, many services, such as blind rehabilitation, spinal cord injury, open heart surgery, cardiac catheterization, bone marrow transplant, end stage renal disease, and other specialized services are planned and controlled on a nation-wide basis based on VA system-wide needs. Studies completed by the VA continue to demonstrate that the VA system provides care at a lower cost per equivalent episode of medical inpatient care than the private sector.

The VA construction program has not provided any additional beds to the total operating beds of the system over the past 10 years, and projects currently being planned do not provide additional beds to the system. Since 1968, the VA operating beds have been reduced by 20 percent and the inpatients treated have been increased by 50 percent. For example, only one new metropolitan site of a new VA hospital has been selected by the President for the past decade. New beds at the Camden, New Jersey location will be more than offset by bed losses due to fire and safety and patient privacy considerations at other VA hospitals in the same metropolitan area.

Planning for construction in the VA is based on the needs of the veteran population in areas larger than Health Service Areas. These construction plans undergo an extensive review process involving internal VA review and justification, compliance with the Office of Management and Budget Circular A-95 process requiring State and local planning review and comment, Office of Management and Budget budgetary review, and review and approval by four congressional committees prior to appropriation.

We believe that this process includes significantly more oversight than does the Health, Education, and Welfare planning process. Subjecting the VA planning process to State and local approval under the auspices of Health, Education, and Welfare is inconsistent with the clear legal mandate of the VA to provide care to veterans. The Health, Education, and Welfare planning process was not designed for a national health system such as the VA hospital system. Such a relationship would be unworkable and would be counter to the intent of Congress.

The inflation of health care costs is of concern to us all. We agree that steps should be taken to discourage "overbedding"; however, we do not believe the VA has contributed to this problem. Overbedding is a complex issue that requires an indepth analysis. Many of the excess community beds, such as obstetrics, gynecology, pediatrics, and nursery would not be suitable for veterans care. Due to the uniqueness of the VA system, both in terms of mission and national management considerations, we do not believe that the current initiative to limit construction of hospital beds in the private sector is applicable to the VA.

Sincerely,

MAX CLELAND,
Administrator.

OCTOBER 10, 1979.

Hon. MAX CLELAND,
Administrator of Veterans Affairs,
Washington, D.C.

DEAR MR. ADMINISTRATOR: On August 16, 1979, Mr. Alfred E. Kahn sent a memorandum to several Department heads, as well as the Administrator of the Small Business Administration, the Administrator of Veteran's Affairs and the Federal Cochairman of the Appalachian Regional Commission, concerning a proposed policy memorandum to President Carter on Federal assistance to hospital construction in overbedded areas. Mr. Kahn had asked for a response from all individuals by the close of business Friday, August 24. The substance of the draft memo was to urge the President to issue a directive to all affected Federal agencies to give no support for construction of hospitals in regions where capacity is already excessive as a means of controlling the inflation of health care costs.

I would appreciate your sharing with the Committee your views concerning this matter as you are of course aware of our deep concern in the health program for our Nation's veterans.

Sincerely,

RAY ROBERTS,
Chairman.

OCTOBER 10, 1979.

Mr. ALFRED E. KAHN,
Council on Wage and Price Stability,
Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that you have recently asked for comments on the issue of Federal assistance to hospital construction in overbedded areas. I am informed that as a matter of policy you would urge the President to issue a directive to all affected Federal agencies to give no further support for the construction of hospitals in regions where capacity is already excessive.

As Chairman of the Committee on Veterans' Affairs, first I would appreciate your letting the Committee know whether in your view such a policy would affect the Veterans Administration health facilities construction program. Secondly, if it is the intent to place veterans in private hospitals on a cost reimbursable basis, under what authority would such placement be authorized?

Sincerely,

RAY ROBERTS,
Chairman.●

TITO—THE LAST OF THE GREAT LEADERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 15 minutes.

Mr. DANIELSON. Mr. Speaker, last week on Sunday, May 4, 1980, President Tito of Yugoslavia, the last of the great leaders of World War II, died. With him there passed the last of that generation of giants which provided leadership through the period between the two great world wars, the agony of World War II, the cold war, and reconstruction.

Josip Broz Tito was a charter member of that small group which led the world through those difficult times. Among them, were our own President Franklin D. Roosevelt, the great Winston Churchill, Chiang Kai-shek and Mao Tse-tung of China, Charles de Gaulle of France, and Josef Stalin of the Soviet Union. Of all of these, Tito lived the longest having reached the age of 87 years and still being the leader of his Government until the day he died. He would have been 88 years of age on May 25, 1980.

Many of us remember how the then Government of Yugoslavia collapsed when Adolf Hitler bombed Belgrade to rubble and sent his army into Yugoslavia that first Sunday in April of 1941. Within 3 days the royal Government of Yugoslavia had fled, leaving the country without leadership and subject to conquest by Hitler's Wehrmacht and Mussolini's fascist army. At that time, Tito pulled together such forces as he could, set up a provisional organization, and vowed to defend Yugoslavia to the end.

Victory for Yugoslavia at that time seemed to the rest of the world to be nothing but the wildest imagination. After all, Hitler had already conquered all of Central Europe, forced France to surrender, and pushed the British armies into the sea. Yet Tito pulled his forces back into the mountains of Yugoslavia and commenced a well planned and well coordinated guerrilla warfare which gradually drew the support of more and more of the people of Yugoslavia. With his forces he denied victory to the German and Italian armies and provided a large and active southeastern front which played a material part in the ultimate defeat of the Axis.

One of Hitler's greatest mistakes was his attack on Yugoslavia in April of 1941. He assumed that Yugoslavia would collapse and that his forces would be in full charge within a matter of less than a month. That plan of Hitler's failed completely. Hitler was never able to extricate his forces from Yugoslavia, and they remained committed and tied down there until they were soundly defeated and driven from Yugoslavia by Tito's army in the spring of 1945. Because of Hitler's need to divert huge quantities of supplies and large numbers of troops to Yugoslavia in the spring of 1941 he was denied the use of those forces and those supplies when he attacked the Soviet Union in June of 1941.

We all remember that Hitler's armies were within sight of Moscow, and had surrounded Leningrad, in the late fall of 1941, but were never able to proceed further. That marked the high-water mark of Hitler's invasion of the Soviet Union. Meanwhile, Hitler was compelled to commit his forces in Yugoslavia in his vain effort to bring that country into submission. It has been estimated that Tito's guerrilla forces in Yugoslavia kept approximately 500,000 German troops tied down throughout the war. These, in addition to the fascist armies of Mussolini, which were even less successful than those of Hitler.

Tito's military success during World War II is all the more remarkable when we bear in mind that Yugoslavia received no outside aid whatsoever until late in the war and at no time had the assistance of military personnel from other nations fighting the Axis. It is reported that in June of 1942, speaking to a formation of new troops and commenting on the lack of military supplies, Tito stated:

> With stout hearts and deep awareness, we have captured rifle by rifle, thus arming ourselves.

And a few weeks later while speaking to others of his troops he stated:

> As for armament, so far we have taken it from the enemy. He did not give it to us voluntarily; we had to capture it from him. Everything you have, every rifle, every revolver, every bullet, has been paid for in blood. We now have enough weapons to capture new ones. Our fighting man must never be at a loss because he has little ammunition . . . for that means it must be taken from the enemy. As long as there is an enemy, we shall have arms and everything we need. That is our source.

Today, 35 years after World War II, Yugoslavia is a strong and modern nation. That fact is itself a tribute to the genius of President Tito as the political leader of his government during the

post-war period. The Balkans have always been an area of extreme internal strife, so much so in fact that the English word "balkanize," which means to break up into smaller and often hostile units, is derived from the name of the area. During the last 500 or 600 years, the Balkans have been the scene of almost continuous strife, and government after government has failed to endure. Under President Tito's leadership Yugoslavia has become an integrated whole with a strong industrial economy supported by extensive agricultural.

Yet Yugoslavia is an exceptionally complex area. Modern Yugoslavia is a federal government consisting of six separate republics and two autonomous provinces. To further complicate these eight political subdivisions, Yugoslavia has three major religions, Roman Catholic, Orthodox Catholics, and Moslem, plus a small segment of Christian Protestants. Yugoslavia utilizes two alphabets, the Latin and the Cyrillic, both of which are official, and Yugoslavia has three equally official languages; namely, Serbo-Croatian, Slovenian, and Macedonian. There is no question that the leadership of President Tito has been the glue which has held these varied ethnic, political, religious, and cultural groups together. Only the future can tell us whether the political organization which he created, together with the sense of common purpose which he has sought to instill, is a strong enough cement to hold them together in the future.

I was fortunate to be selected to be a member of the official U.S. delegation to the funeral services for President Tito which were held in Belgrade last Thursday, May 8, 1980. The service was most impressive. There were enormous crowds of people at the principal service, held in front of the National Assembly Building in the morning. The crowds which gathered there and along the 3-mile route to the gravesite numbered not in the tens of thousands but in the hundreds of thousands. Despite the size of the crowd, the silence of respect which immediately followed the end of the official ceremony was so complete that many of our delegation noted that we could hear a bird chirping.

The world has passed through a time of many grave crises during the years of President Tito's life. Let us hope that we may never have to relive those experiences again. But if we do, may we again have the good fortune to be led by such giants as Roosevelt, Churchill, Chiang, de Gaulle, and President Josip Broz Tito.

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, I am notifying the House today of the U.S. Export-Import Bank's proposal to provide a credit of $5.5 million to make possible the sale of $6.9 million in U.S. goods and services for the Jose Cabrera Nuclear Power Station in Zorita, Spain.

The Westinghouse Electric Corp. would be enabled by this credit to sell four nuclear fuel reloads for the Zorita powerplant to Union Electrica of Madrid, Spain's fifth largest electric company. Westinghouse will provide completed fuel assemblies, performance calculations, data for computer programing, and onsite technical assistance.

In 1964, the Eximbank provided a direct credit of $24.5 million for this same project.

This financing notification was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, requires that the Bank notify the Congress of proposed financing of exports involving nuclear technology or services. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress following notification.

I am submitting for the RECORD copies of correspondence from the Eximbank giving the terms and details of the proposed transaction. I would welcome any comments or questions my colleagues might have on this financial proposal.

The material follows:

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., April 29, 1980.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

JOHN L. MOORE, Jr.

EXPORT-IMPORT BANK OF THE UNITED STATES,
Washington, D.C., April 29, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(iii) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Spain:

A. DESCRIPTION OF TRANSACTION

1. Background and purpose

In August, 1964 Eximbank authorized a direct credit of $24.5 million to assist Union Electrica, S.A. in financing the purchase of U.S. goods and services for the Jose Cabrera nuclear power station located in Zorita, Spain. Union Electrica has now requested and Eximbank is prepared to provide an additional direct credit in connection with the operation of this power station of $5,520,000.

This additional Eximbank direct credit will finance four nuclear fuel reloads for the Zorita power station. Union Electrica selected Westinghouse Electric Corporation to fabricate the fuel reloads after considering the bid of a French supplier supported by Direction de Relations Economiques Exterieures, France's export credit agency. After receiving confirmation that DREE intended to finance four reloads, Eximbank supported a direct credit on terms comparable to the French offer.

2. Identity of the borrower

Union Electrica, headquartered in Madrid, was established in 1912 and is Spain's fifth largest electric utility company. Union Electrica is primarily privately owned, although 11.5 percent of its outstanding shares are owned by Instituto Nacional de Industria, which is in turn wholly owned by the Spanish government.

3. Nature and use of goods and services

The principal goods and services to be exported from the United States are completed fuel assemblies, performance calculations, and data for computer programming of fuel performance. On-site technical assistance will also be provided.

4. Safety and safeguard aspects

Exports of the fuel reloads will be made within the framework of two agreements: (1) the bilateral "Agreement on Atomic Energy: Cooperation for Civil Uses" between the United States and Spain of August 16, 1957, as amended; and (2) the trilateral agreement "Atomic Energy: Application of Safeguards by the IAEA to the United States-Spain Cooperation Agreement" among the United States, Spain and the International Atomic Energy Agency of December 9, 1966, as amended. Eximbank will require as a condition precedent to disbursement under this credit confirmation from the Department of State that exports to Spain for this transaction will be consistent with Section 128 of the Atomic Energy Act of 1954, as amended.

The nuclear equipment and services will be provided by Westinghouse Electric Corporation, Pittsburgh, Pennsylvania. Export licenses must be obtained from the Nuclear Regulatory Commission with respect to individual sales of the fuel reloads.

5. Executive branch approval

In accordance with established procedures, Eximbank requested through the Department of State the views of the Executive Branch on the proposed transaction. State's Bureau of Oceans and International Environmental and Scientific Affairs advised that the Executive Branch has no objection to Eximbank's proceeding with this transaction.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank direct credit of $5,520,000 will facilitate the export of $6,900,000 of U.S. goods and services. The availability of Eximbank financing appears to have been a factor in winning this sale for the U.S. supplier.

The fuel fabrication will be primarily performed at Westinghouse's South Carolina facility and will provide approximately one hundred thirty-four man/months of direct employment.

2. The financing plan

The total cost of the United States goods and services to be purchased by Union Electrica is $6,900,000 which will be financed as follows:

	Amount	Percent of U.S. costs
Cash	$1,380,000	20
Eximbank	5,520,000	80
Total	6,900,000	100

(a) Eximbank Charges: Disbursements under the Eximbank credit will bear interest at the rate of 7⅞% per annum, pay-

able semiannually. This rate is comparable to that offered by the French supplier with official French government-supported financing. A commitment fee of 0.5% per annum also will be charged on the undisbursed portion of this Eximbank credit.

(b) Repayment Terms: The financing for the fuel reloads will be repaid in 4 schedules each of 6 semiannual installments, as follows:

Reload No., Delivery Date, and First Repayment Date:

1: 12-80/1-81, January 15, 1982.
2: 12-81/1-82, January 15, 1983.
3: 12-82/1-83, January 15, 1984.
4: 12-83/1-84, January 15, 1985.

Attached is certain additional information on Eximbank activity in and economic data on Spain.

Sincerely,

JOHN L. MOORE, Jr.

EXIMBANK EXPOSURE IN SPAIN (AS OF FEB. 29, 1980)

	Outstanding	Undisbursed
Direct loans	$928, 461, 906. 28	$212, 285, 727. 02
CFF loans	913, 246. 26	440, 303. 00
Financial guarantees	190, 501, 744. 36	155, 629, 689. 69
Bank guarantees and other	1, 794, 367. 44	1, 017, 196. 08
Insurance:		
Medium term	587, 807. 22	4, 630, 721. 45
Short term	42, 757, 732. 49	0
Total exposure	1, 165, 016, 804. 05	374, 003, 637. 24

DEFAULTS AND RESCHEDULINGS

In the past ten years there have been no defaults or reschedulings of Export-Import Bank direct credits for U.S. export sales in Spain.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. KOGOVSEK) is recognized for 5 minutes.

● Mr. KOGOVSEK. Mr. Speaker, from May 7 through May 9, 1980, I was in Yugoslavia as part of the official U.S. delegation attending the funeral services of our friend, President Tito. On the days I was absent, I missed rollcall Nos. 218, 219, and 220, all regarding the first budget resolution of 1981. The CONGRESSIONAL RECORD of May 7, 1980, officially records my paired votes on these important issues. However, I would like the RECORD to show that, had I been able to be present for the votes, I would have voted "nay" on rollcall No. 218, "yea" on rollcall No. 219, and "yea" on rollcall No. 220.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nebraska (Mr. CAVANAUGH) is recognized for 5 minutes.

● Mr. CAVANAUGH. Mr. Speaker, I was unable to be present on Tuesday, May 13, as I was in Nebraska for the primary election. This required me to miss three rollcall votes. Had I been here I would have voted aye on each of the rollcall votes:

Rollcall No. 229, H.R. 6616, amendment to the Marine Protection, Research and Sanctions Act of 1972;

Rollcall No. 230, House Resolution 663, the rule under which the joint resolution on food stamps was considered; and

Rollcall No. 231, House Joint Resolution 545, the food stamp appropriations resolution.●

STATUS OF THE CONGRESSIONAL BUDGET FOR FISCAL YEAR 1980

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHLEY) is recognized for 5 minutes.

● Mr. ASHLEY. Mr. Speaker, the House Budget Committee today is notifying the Speaker of the House of the current levels of congressional action on the budget compared to the spending ceilings and revenue floor established by the second budget resolution for fiscal year 1980. Under the Budget Act a point of order lies against any measure that would cause the spending ceilings or the revenue floor established by a concurrent resolution on the budget to be breached.

This report is to advise you of the revised levels of new budget authority, outlays, and revenues compared to the second budget resolution for 1980. The revised levels are based on the latest 1980 economic forecast for fiscal year 1980 agreed to by the Budget Committees.

The Budget Committee is aware that these revised spending levels continue to prevent consideration of important spending legislation in process and urgent supplementals requested by the President. However, a revision of the spending ceilings and the revenue floor is in conference along with the first budget resolution for fiscal year 1981. Because the revisions in this report reflect action as of May 1, it does not include the reestimates in the Giaimo amendment of the fiscal year 1980 part of the budget resolution currently in Conference. The committee is hopeful that these actions can be completed within the next week.

A copy of my letter to the Speaker and of the committee's report are attached:

COMMITTEE ON THE BUDGET,
Washington, D.C., May 14, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending. I am herewith transmitting the status report under S. Con. Res. 53, the Second Budget Resolution for Fiscal Year 1980. This report reflects the resolution of November 28, 1979 and estimates of budget authority, outlays, and revenues based on all completed action on spending and revenue measures as of the close of legislative business May 1, 1980.

Sincerely yours,

THOMAS LUDLOW ASHLEY,
Acting Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1980 CONGRESSIONAL BUDGET ADOPTED IN SENATE CONCURRENT RESOLUTION 53

(Reflecting completed action as of May 1, 1980)

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	638, 000	547, 600	517, 800
Current level	648, 880	560, 786	528, 890
Amount over resolution	10, 880	13, 186	11, 090
Amount under resolution			

BUDGET AUTHORITY

Any measure providing budget or entitlement authority for fiscal year 1980, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in S. Con. Res. 53 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate and which would result in outlays for fiscal year 1980, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in S. Con. Res. 53 to be exceeded.

REVENUES

Any measure that would result in a revenue loss of more than $11,090 million for fiscal year 1980, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in S. Con. Res. 53.

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 2, 1980.

Hon. ROBERT N. GIAIMO,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the budget. This report for fiscal year 1980 is tabulated as of close of business May 1, 1980. Since my last report the Congress has cleared for the President's signature H.J. Res. 541 providing for the transfer of funds to the Federal Trade Commission. This bill reduces budget authority and outlays.

[In millions of dollars]

	Budget authority	Outlays	Revenues
1. Enacted	640, 103	552, 459	528, 890
2. Entitlement authority and other mandatory items requiring further appropriation action	8, 719	8, 275	
3. Continuing resolution authority	65	57	
4. Conference agreements ratified by both Houses	−8	−6	
Current level	648, 880	560, 786	528, 890
Second Concurrent Resolution	638, 000	547, 600	517, 800
Current level is:			
Over resolution by	10, 880	13, 186	11, 090
Under resolution by			

Sincerely,

ALICE M. RIVLIN,
Director.

PARLIAMENTARIAN STATUS REPORT SUPPORTING DETAIL, FISCAL YEAR 1980 AS OF CLOSE OF BUSINESS MAY 1, 1980

[In millions of dollars]

	Budget authority	Outlays
I. Enacted		
Permanent appropriations and trust funds	342,000	294,528
Previously enacted	375,788	335,714
Offsetting receipts	−77,733	−77,733
Enacted this session:		
Aviation and Noise Abatement Act (Public Law 96-193)	57	
Interest forgiveness on loan repayments from Guam (Public Law 96-205)	2	2
Transfer of funds to the Federal Trade Commission from the International Communications Agency (Public Law 96-219)	−12	−10
Increase participation in farmer held reserve program (Public Law 96-234)		−42
Total, enacted	640,103	552,459
II. Entitlement Authority and Other Mandatory Items Requiring Further Appropriation Action		
Function 050:		
Military retired pay	466	464
Civilian and military pay raise	2,830	2,788
Function 150:		
Pay raise limitation: Export-Import Bank		(1)
Payment to Foreign Service retirement trust fund:		
Foreign assistance appropriation	1	1
Offsetting receipt	−1	−1
State, Justice, Commerce appropriation	4	4
Offsetting receipt	−4	−4
Function 270: Energy tax credit payments	1	1
Function 350: Pay raise limitations:		
Federal Crop Insurance Corporation		1
Farm Credit Administration		1
Function 370: Pay raise limitation:		
Federal Home Loan Bank Board		1
Federal Savings and Loan Insurance Corporation		1
Function 400:		
Payments to air carriers	20	18
Retired pay, Coast Guard	4	4
Pay raise limitation: St. Lawrence Seaway		(1)
Maritime subsidies		44
Highway trust fund, pay raise limitation		6
Function 500:		
Student loan insurance fund	649	300
Human development, social services	236	236
Unemployment trust fund, state administration		9
Function 550:		
Grants to States for medicaid	2,255	2,255
Federal hospital insurance trust fund, pay raise limitation		5
Function 600:		
Child nutrition	337	110
Department of Labor:		
Advances to unemployment trust fund (Black lung) (601)	455	419
Offsetting receipts	−419	−419
Advances to unemployment trust fund (FUBA) (603)	38	38
Black lung disability trust fund	494	458
Assistance payments program	80	80
Milwaukee R.R. supplementary unemployment benefits (Public Law 96-101)	2	2
Unemployment trust fund, State administration and services		95
Pay raise limitations:		
Social security trust fund (OASI)		108
Civil service retirement trust fund		2
Unemployment trust fund		2
Function 800:		
Payment to civil service trust fund	377	377
Offsetting receipts	−377	−377
Function 850: Federal payment for D.C. retirement benefits (Public Law 96-122)	52	52
Function 920: Allowance for civilian agency pay raise	1,218	1,195
Total, entitlement authority	8,719	8,275
III. Continuing Resolution Authority		
Continuing resolution:[2] Federal Trade Commission:		
Enacted through May 31, 1980	53	38
Estimate for balance of fiscal year	12	19
Total, continuing resolution authority	65	57
IV. Conference agreements ratified by both Houses		
Transfer of funds to the Federal Trade Commission from State Department (contributions to international organizations) (H.J. Res. 541)	−8	−6
Total current level as of May 1, 1980	648,880	560,786
Second Budget Resolution	638,000	547,600
Amount remaining:		
Over ceiling	10,880	13,186
Under ceiling		

[1] Less than $500,000.

[2] Foreign assistance appropriations and the appropriations for certain ongoing Labor-HEW programs under Public Law 96-123, the continuing appropriations authority are funded for the full fiscal year and therefore, are included in the enacted category of this report. Federal Trade Commission is funded through May 31, 1980, under Public Law 96-123, Public Law 96-219, and H.J. Res. 541.

Note: Detail may not add due to rounding. ●

STUART EIZENSTAT SPEAKS ON ECONOMIC DEVELOPMENT

(Mr. EDGAR asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. EDGAR. Mr. Speaker, Monday, May 12, the Northeast-Midwest Congressional Coalition had the honor of hearing Domestic Policy Adviser, Stuart Eizenstat, speak before local officials of the region. The topic was economic development. Mr. Eizenstat's remarks were largely drawn from a speech he gave at the University of North Carolina at Chapel Hill. I would like to submit this speech for the RECORD and commend it to the attention of my colleagues.

A NON-ECONOMIST'S LOOK AT ECONOMIC POLICY FOR THE 1980'S

(Speech by Stuart E. Eizenstat)

Profound changes occurred during the 1970's in our economy, requiring fundamental, structural policy responses for the 1980's.

Beginning in 1969–1970, and aggravated by the double impact OPEC price increases and other outside forces had in the mid 1970's on both economic growth on the one hand and inflation on the other, a new word entered the economic lexicon—stagflation. This condition, one virtually unknown in past American history, combined high rates of inflation with low growth, and thus rising unemployment. In 1974, the unemployment rate was 5.6 percent and the inflation rate as measured by the consumer price index 12.2 percent. In 1975, unemployment rose to 8.5 percent and inflation stood at 7 percent. Never before had the nation experienced such high rates of inflation and unemployment at the same time. In the past high inflation had been associated with periods of boom and with excessive demand—high growth and low unemployment. Here the inflation was to a large degree externally imposed, and became embedded in wages and prices and in our psyches—our attitude toward savings, credit, and the future. Most of the acceleration of inflation since 1975 is attributable to significant energy, food, and most recently, home purchase price increases.

Traditional Keynesian economics was ill-equipped to deal with this dual problem, nor with the impact of energy and other supply dislocations.

Inflation worsened during the 1970's due to a variety of factors not prevalent during most of the 1960's, when inflation remained low for most of that decade.

First, inflation accelerated during the Vietnam War as the Nation attempted initially to finance the War without raising additional revenues to do so.

Second, there has been a gradual but inexorable decline in the rate of productivity growth—output per manhour. The increase in productivity helps permit wage increases without an inflationary impact. The 1970's saw a precipitous decline in the rate of increasing productivity growth. Between 1948 and 1955 total productivity averaged 2.5 percent increase per year (3.2 percent for manufacturing). From 1955 to 1965 it averaged 2.4 percent (2.8 percent for manufacturing). Between 1965 and 1973 productivity increases dropped to 1.6 percent annually (2.4 percent for manufacturing). From 1973 to 1978 they averaged only .8 percent (1.5 percent for manufacturing). In 1979 productivity actually fell, for all business—the only year except 1974 within recent memory with a decline. This has had a disastrous impact on inflation. Although workers have shown restraint and the increase in compensation per hour has been relatively stable over the past few years, wage increases are not being offset by rising productivity. The declining rate of productivity growth has translated into higher unit labor costs rather than offsetting wage increases.

The productivity problem itself is a result of multiple factors, many not fully understood by economists—a large influx of younger workers in the labor market who require greater training than more experienced workers and whose output is reduced during their training phase; an uncertain and costly regulatory system; an industrial plant structure that is antiquated in certain key sectors and badly in need of modernization; the adverse impact on plant efficiency of rising real oil prices; sociological changes in the traditional American work ethic, with a greater emphasis on leisure time; the increasing shift of our economy toward a service economy.

This productivity slide has been accompanied by extremely low savings rates—now around 3 percent, the lowest in decades. In contrast, savings rates in Germany and Japan were 13 percent and 20 percent respectively, in 1979.

Third, the decade of the 1970's saw extraordinary pressure on the dollar, not heretofore experienced. The reserve currency of the world remained strong and unchallenged from post-World War II days until the 1970's, when two devaluations occurred. On a trade-weighted basis the dollar declined by 17 percent from January, 1977 to November, 1978, adding to inflation. This decline occurred largely because of a prolonged balance of payments deficit due to our foreign oil bill, declining competitiveness of American exports abroad and concern about persistent inflationary pressures in our domestic economy. Only a major dollar rescue effort by the President, which included a dramatic rise in interest rates to slow domestic inflationary forces and attract foreign capital, stemmed the tide. Since November, 1978, the dollar's value on a trade-weighted basis has increased by 10 percent, as of April 18, 1970.

American economic policy cannot be made without regard to its international implications.

The post-World War II economic recovery in Germany and Japan was so successful that they outsold us in world markets and increasingly penetrated our own. Our exports lagged badly at the very time oil imports increased.

Fourth, the massive oil price increases from OPEC were major contributors to American inflation in the mid to late 1970's. The 8.8 percent and 12.2 percent increases in the CPI in 1973 and 1974 came in significant part from the enormous jump in world oil prices.

The 100 percent-plus increase in OPEC prices from December 1978 to February 1980 was a principal cause of the increase in the rate of inflation in 1979.

The American people cannot attempt to make themselves fully whole against such outwardly induced price increases. If they attempt to do so, inflation would never be solved. Labor has exhibited enormous restraint in this area.

Fifth, a series of socially important government actions over the last twenty years have had an impact, although each served a necessary function in our democracy—regulatory activities, administrative decisions and an increasing shift toward payroll taxes, which are directly reflected in higher prices. While the importance of many of these actions outweights their inflationary impact, these improvements do come at a cost. Regulations now cost between $50 and $150 billion per year.

During the 1970's, we saw an enormous burst of new regulatory legislation whose economic impacts were not fully recognized until years later—the Clean Air Act, the Clean Water Act, the Toxic Substances Act, the Occupational Safety and Health Act. All should be preserved. All of these are critically important to the improvement of the quality of life and the protection of our environment. Btu cumulatively they had costs along with their benefits.

We compound our overall inflation problem by exaggerating the increase in the cost of living, in the way in which the consumer price index is calculated. For example, the index gives too great a weight to the cost of rises in mortgage interest rates by in effect assuming homeowners refinance their homes at the current rate of interest every month.

The consumer price index is adequate as a fixed weight index of prices. It is not as adequate as a measure of the cost of living. Most items in the CPI are consumer goods, but a house is a capital good, which is worth more to the owner over time.

Higher rates of inflation through the 1970's has created an inflationary psychology which permeates our society. Expectations about inflation produce inflationary behavior by consumers and industry. These forces accelerated sharply in early 1980, necessitating the stronger measures proposed by the President.

The other part of the stagflation equation—unemployment—has likewise proven a difficult economic problem during the last decade. The unemployment rate averaged about 1.4 percent higher in the 1970's than in the 1960's for a variety of reasons, including a huge growth in the labor force and significant changes in its composition, and slower economic growth (real output growth slowed from an annual average of 4.0 percent to 2.9 percent).

President Carter's employment and training programs have been highly successful, helping, together with a rebounding economy from 1977 to 1979, to reduce unemployment significantly and creating over 9 million new jobs.

The unemployment rate masks the true gravity of the unemployment problem among minorities in general and minority teenagers specifically—where unemployment rates average over 35 percent.

There have been major changes in the structure of the labor force in the last decade. The surge of the young people born during the post-World War II baby boom into the job market meant a less experienced workforce requiring more training, and a greater need to create jobs at a record rate to accommodate them.

Youth unemployment—particularly among minorities—represents one of the most fundamental and explosive problems of our time. Despite major increases in jobs for minority teenagers by President Carter's youth initiatives, the unemployment rate hovers around 35 percent, due to the continued surge of minority teenagers into the labor force. When the unemployment rate for white male teenagers decreased from 14.7 percent to 13.9 percent between 1964 and 1979, for minority teenagers it increased from 24.3 percent to 31.5 percent during the same time period. In 1979, 64.8 percent of white youth were working, while only 43.3 percent of black youths were able to find employment.

Between 1977 and 1979, we saw an increase in labor force participation rates by minority teenagers for the first time in two decades—due in large part to President Carter's new jobs programs. While this was a welcomed development, the influx into the labor force of young people who had been too discouraged to seek work prevented unemployment rates among minority teenagers from falling despite the number of new jobs created.

While the total number of teenagers will diminish throughout the 1980's and there will be fewer white teenagers in the labor market in the 1980's—indeed there already has been an absolute decline here over last year—there will be substantial increases in the number of black and Hispanic teenagers seeking work.

Our post-industrial economy demands higher basic educational skills than in the past. In 1950, 34 percent of entry level jobs were open to someone without a high school diploma, but by 1970 the number had dropped to 8 percent. Yet at a time when educational skills are increasingly necessary for even entry level employment, dropout rates are at staggering levels in my areas—45 percent in New York City, and some employers report that upwards of 60 percent of young applicants fail entry level job tests. An H.E.W. test of 17-year-old minority youngsters showed over 40 percent unable to perform up to literacy standards required for most jobs.

The 1970's saw a startling jump in women in the labor force. We were part of an era of transition—from one to two earner families. During World War II, when women were first required in the labor force in large numbers, 36 percent of working age women had a job or actively sought one. That number was only 40 percent at the beginning of the 1970's; it rose to 48 percent in 1978 and to 51 percent last year. Economists expect women's labor force participation to continue its dramatic rise during the 1980's. Both the impact of inflation, which forced many women to seek jobs, and career decisions caused by the profound effects of the women's liberation movement, led to this increase. Parents with responsibility for the care of children required flexi-time and part-time jobs and increased day care in order to fulfill their needs or desires to work.

High inflation and high unemployment were the twin economic curses of the 1970's. Dealing with each separately and both together remains the challenge of the 1980's.

ECONOMIC SOLUTIONS

Although I am not an economist, I believe economic policy in the 1980's must be based on the new economic realities we have seen in the 1970's—a rapidly rising oil import bill, more limited Federal fiscal resources, pressure on the dollar, declining rates of productivity, insufficient capital investment and savings—but should remain true to the historic mission of the Democratic Party to the working man and woman and to the poor and disadvantaged.

This requires neither the rigidities inherent in a Constitutional amendment to balance the budget, which would put economic and budget planning in a straightjacket, nor an explosion of yet undeveloped and unproposed new programs cumulatively placing new commitments on the Federal budget, not yet envisioned by current proposals, without reductions elsewhere. Our current agenda of new social proposals is digestable and their passage should remain a priority. We must not turn our back on those most in need.

During his time in office, President Carter has begun to put in place many of the economic policies essential to meet our new economic realities. Careful budgeting (using zero based concepts) and program evaluation, together with a growing economy, have reduced the budget deficit from $66 billion in FY 1976, when the President ran for office, to half that figure in FY 1980 and will hopefully lead to budget balance in FY 1981. The President's pro-growth policies and major increases in the government's employment and training programs have reduced unemployment. The CETA program and the Job Corps have been doubled and the private sector initiative (Title VII, CETA) and targeted tax credit have helped focus our jobs programs on the most disadvantaged. A major restructuring of youth training and employment programs has been proposed, with major emphasis on basic skills development.

Regulatory reform initiatives by the President have begun to dismantle competition-barring economic regulation in industries like the airline and banking industries, have abolished thousands of unnecessary regulations and have instituted cost analysis for those which are necessary. The President is placing a new emphasis on exports, with an effort to eliminate unnecessary impediments to exports and to encourage American business to look beyond our own huge domestic market.

Farm policy has been based on non-inflationary target price concepts where farmers are paid the difference between market price and target prices for income support, and new farmer-held reserves protect both farmers and consumers from exaggerated swings in prices.

An historic Accord with organized labor and the Pay Advisory Committee and Price Advisory Committee it has produced, have institutionalized a voluntary incomes policy to help moderate wage and price increases.

The explosion of the underlying inflation rate in January and February, the deterioration of the bond market, the rapid rise in interest rates, and the buildup of inflationary psychology led the President to announce a series of additional stiff measures on March 14 to curb rapidly escalating inflation which has reached a dangerous level—a further reduction in Federal spending, credit controls, and additional energy conservation measures. These measures, which help puncture inflationary psychology, will put downward pressure on interest rates and will reduce our dependence on foreign oil.

A sensible economic policy for the 1980's must build on the program recently announced by the President and should include the following elements. It must be a policy which attacks inflation without consigning our people to a decade of no-growth policy, with permanently high levels of unemployment and massive business failures. It must recognize there is no single panacea.

First, restrained budgets and cautious fiscal policy will continue to be a necessity, since world oil prices will continue to inflict pres-

sure and pain on our economy during much of the 1980's. The Federal Government cannot over-stimulate an economy which already faces its share of inflationary pressures from world oil prices and declining rates of productivity. The share of Federal spending as a percentage of the GNP should stay in the range of the low 20's. But this should not be enforced by rigid mandates.

The experience of Germany, Austria and Japan which have high budget deficits but relatively low rates of inflation, makes it clear that flexibility in fiscal policy is important. The Presidency is already restricted by too many constraints to sound economic-policymaking without inventing new ones. Nor should growth be permanently stunted as a way of dealing with inflation.

The President's FY 1981 budget could produce the first balanced budget in twelve years—and only the second in twenty years. Prudent budgets need not exclude domestic social progress in the 1980's. Even with a stringent budget policy the President has been able to initiate a new urban policy, a major youth employment program, and significant new education commitments. But it does mean that prudence is essential and that programs should be carefully phased-in—particularly during a decade when defense expenditures will be increasing rapidly to meet national security commitments.

It means that zero-based budgeting must be continued and sunset legislation must become a reality, so that programs can be evaluated and improved or terminated where malfunctioning.

Through a series of steps over the last 10 years we have locked-in some 75 percent of the budget, with so-called "uncontrollable" spending, through entitlements, full indexing of certain programs, and prior years' defense commitments. We must avoid new indexing of Federal programs not now indexed and leave as much room as possible for continued discretion in the Federal budget. We must seriously review the accuracy of the method by which we index current programs to avoid under or over-compensation.

Control must likewise be developed over the growing number of "off-budget" items, such as loan guarantees—which total $142 billion for FY 1981. While these do not add to the deficit they have an impact on the availability and cost of capital. For the first time this year, President Carter has established a budget for these programs, and has asked Congress to pass a credit budget. But just as we seek more accountability from off-budget items, we should recognize the peculiar manner in which we treat many on-budget items. Loans, even if collateralized, are treated as expenditures in the year they are made, housing programs are counted at their full-life's obligation, and assets owned by the government are not reflected. If the federal budget was divided into capital and operating accounts, like the budgets of many state governments, there would be a substantial surplus. The President has directed OMB to review the entire method of federal budgeting.

Just as there has been a great growth in off-budget items, so too there has been an increased emphasis on funding programs through tax credits. While these credits are often useful and efficient, they permit less budgetary control than direct expenditures, which generally must go through the appropriations process. Tax expenditures will be over $200 billion in FY 1981, and they have gone up from 5.5 percent of the GNP to 7.5 percent in the past seven years. Tax credits and other deductions and exemptions from taxation must be subject to scrutiny just as we review direct expenditure programs.

The Congressional Budget reform process has served as a useful construct for sound budget-making. The progress made during the 1970's by Senator Edmund Muskie and Congressmen Brock Adams and Bob Giaimo in making the process work must continue to receive support—both from the Congress and the Executive Branch.

But budget policy for the 1980's must likewise help insure steady growth. The Administration does not seek the long-term deflation of growth. This would not only impose large social cost but would reduce business expansion and the economic growth necessary to a viable economy. Low levels of unemployment must continue to be the long-term goal of the nation. Ambitious goals are embodied in the Balanced Growth and Full Employment Act of 1977. Economic growth is a necessity for society to keep pace with inflation.

Second, we must build on the efforts already begun by the President to make regulations less burdensome and costly to the economy. We need not gainsay the progress brought by environmental, health and safety regulations (which have improved the quality of our lives and the safety of our workplaces) to recognize that these regulations should be as cost-effective as possible. We have been bequeathed a beautiful planet which developed over tens of millions of years. We must not despoil it in a few short decades.

The answer in the 1980's to our economic problems is not to turn the clock back on the progress made to clean our air and water and provide safer workplaces for our workers but to make regulations more sensitive and sensible, cost-effective and efficient in achieving their results, and to build more accountability into the regulatory process.

President Carter has made enormous progress in this area and has provided a solid foundation for continued progress in the 1980's. By Executive Order he has directed that all major new regulations must have an analysis accompanying them before they become final which assesses costs and other burdens, and has required that existing regulations should undergo a sunset review. OSHA has already discarded over 900 needless and burdensome regulations. The Regulatory Analysis Review Group under the President's economic adviser, Charles Schultze, reviews the analyses of the agencies' most important regulations and, with the President's blessing, works with them to reduce their inflationary impact before they are implemented.

This has resulted in savings of hundreds of millions of dollars of annual costs for regulations such as those involving DOT's equal access requirements, EPA's new source performance standards and OSHA's cotton dust standards.

The President established the Regulatory Council composed of the regulators from the Executive Branch agencies and on a voluntary basis, many of the independent regulatory agencies, to develop consistent regulatory approaches, and has asked them to develop a twice-yearly Regulatory Calendar.

This Calendar contains all major proposed regulations for the succeeding twelve month period, with a cost analysis of each, broken down by industrial sector. It provides the private sector the opportunity to plan in advance and to petition the government if the proposed regulations are unduly burdensome or unnecessary. It permits the government to avoid overlapping regulation and alerts us to the potential of overburdening a given sector of the economy.

These reforms are now being pursued by Executive authority. This year, it is imperative that Congress make these reforms permanent and extend them to the independent regulatory agencies not subject to Presidential control. Passage of bills initiated by Senators Culver, Laxalt, and Ribicoff, and Congressman Danielson, which incorporate most of the President's proposal, would accomplish this result. It would be a major anti-inflation achievement by the Congress. Under this legislation cost analyses would be required and regulators would have to choose the least costly and least inflationary way of regulating or explain why a more costly route was taken.

During the 1980's we should increasingly move, wherever possible, to performance standards with greater discretion on the part of industry in the manner of compliance. The EPA's bubble policy is an excellent example of rational, sensible and inflation-saving regulation, in which a company need not achieve a given level of performance from each smokestack, if it complies overall with required standards. By setting a performance standard, while permitting an industry latitude in the way in which the standards are met, innovation is encouraged and cost-effective regulations can become a reality.

So too we must move during this decade to develop better ways of accounting for and measuring the costs and benefits of regulation so that their total impact can be measured. Just as there are limits to public resources so too there are limits to the private resources capable of handling new regulations. We must develop sensible ways of allocating these costs on the private sector just as our Federal budgets allocate resources in the public sector.

But we must guard against efforts to emasculate basic environmental and worker protections in the guise of regulatory reform. Efforts to emasculate the Occupational Safety and Health Administration through legislation now pending are ill-founded and will be strongly opposed by the Administration. OSHA under the leadership of Ray Marshall and Eula Bingham has eliminated nit-picking regulations, has streamlined its procedures, and is concentrating on major health issues—all by administrative action. Legislation is not appropriate.

Just as we make improvements in the process by which regulations are developed, we must phase-out economic regulation where it impedes competition.

President Carter counts the deregulation of airlines and banking as among his most significant domestic accomplishments. He has urged the Congress to also deregulate the rail, trucking and communications industries. Legislation in each of these areas are moving through the Congress, with particular speed in the Senate on rail and trucking under the leadership of Senator Cannon.

This substantive economic deregulation will be a critical part of the President's economic policy for the 1980's, increasing competition in the economy and leading to an improved anti-inflationary climate. The President's airline deregulation bill has saved passengers over $2 billion while significantly improving industry productivity. There can be no justification in a country which prides itself on its free market system in having an industry as major as the trucking industry in which entry of new firms is limited by artificial restraints, full price competition is barred by legalized price-fixing, and a maze of restrictions limit the commodities trucking firms can carry and the places they can stop for goods. These barriers to true competition in the trucking industry and in other industries must be dismantled so that the competitive forces can be released, which will lead to more price competition and more productivity. The bill of Senators Cannon and Packwood, recently passed by the Senate, is a major step foward in this area as is the Senate-passed rail deregulation bill. We cannot afford an economy in the 1980's which shields industries from the discipline of the competitive marketplace by artificial regulatory restraints. In addition, the President's appointees to the ICC, FCC and FTC have

already taken significant deregulation actions in areas ranging from trucking to pay TV to advertising by doctors.

As Charlie Schultze has pointed out, history may record the President's most significant domestic accomplishment as the fundamental restructuring of many sectors of American industry in a more competitive environment.

The President has also launched a campaign to cut paperwork imposed on business and the public. Already the total has been reduced 15 percent, in spite of new statutory requirements. Further progress will be made if Congress passes the President's paperwork reduction bill, and with the new paperwork budget the President has instituted, under which agencies must fit within paperwork limits established by the Office of Management and Budget.

Third, it is important to a smooth-functioning economy in the 1980's that voluntary incomes policies be pursued. For the next few years large energy price increases can be expected. We must keep these increases from leading to general increases in the wage and price structure. It will be self-defeating to attempt to catch up with outwardly-imposed energy prices for this will only insure that they become embedded in our basic wage-price structure. There has not been an explosive catch-up effort by wages to match these huge energy increases. The President's voluntary guidelines have helped restrain wages and prices in the areas they cover.

An example for such a voluntary wage-price program is the historic Accord with organized labor, in which they have become full partners in the fight against inflation, together with representatives of business and the public, on the Pay Advisory Committee. This Committee together with the Price Advisory Committee, with their wide business, labor and public participation signals a recognition that voluntary standards of wage and price behavior are necessary to restrain inflation.

Serious additional study is merited to the idea of supplementing this type of voluntary wage-price program in the 1980's by using the tax system to encourage moderate wage and price behavior. The Administration proposed this innovative concept in 1979 through its Real Wage Insurance proposal, under which workers could receive protection through the tax system for moderate wage behavior, if inflation exceeds a given level. Tax-based income programs of one variety or another may prove to be an important way to avoid large externally-imposed price shocks from becoming embedded in our economy—if they prove to be administratable. While more work is necessary on these ideas, pioneered by the late Arthur Okun, they deserve serious study.

Study should also be given to the propriety and feasibility of using the government's discretionary grants as levers to encourage anti-inflationary behavior.

Fourth, the economic policy of the 1980's must place greater emphasis on the supply side of our economy—both capital and human—than has been the case in the past, with emphasis on improving capital and human investment, and stimulating greater productivity and savings. We must improve the productivity of both capital—through incentives for innovation, investment and savings—and of labor—by employment and training programs funded by the federal government, particularly for youth and minorities; a more skilled labor force is a more productive one. It is these dual efforts which may help achieve both stable prices and lower levels of unemployment.

The 1980's should serve as a transition from economic policies which focused largely on controlling demand to ones which place more—though not exclusive—emphasis on the supply side of our economy, in order to more efficiently produce our products and develop and use the resources from which they are made. Supply-side policies and demand-related policies should be considered together.

The newly enacted financial institutions reform bill contains a major savings incentive urged by the President—the phase-out of ceilings on interest paid to small savers with savings deposits at savings and loan associations or thrift institutions. Moreover, the windfall profits tax signed by the President contained a tax incentive signed by its sponsor, Senator Bentsen, to induce savings. Reduced federal spending will also stimulate greater savings.

The President believes that expenditure reductions necessary to balance the budget (if the economy grows sufficiently) are necessary before productivity stimulating tax reductions are appropriate. Across the board tax reductions would lead to higher deficits, would not lessen inflation rates, and in the wrong circumstances might be misinterpreted as a slackening in the fight against inflation.

But during the 1980's there will be occasions when tax reductions are necessary to offset the impact inflation has in pushing incomes into higher tax brackets.

These tax cuts should serve multiple objectives—not simply to reduce tax burdens and maintain economic growth, as important as these are, but also to help fight inflation. Such future reductions could offset payroll taxes or stimulate greater capital investment by accelerated depreciation, which in turn would increase our productivity. Yet an element of caution is important. The decline in the rate of productivity growth in the United States predated the decline of business capital investment—which have largely occurred since 1974. Assisting capital investment, as important as this is, must not be viewed as a magic solution to declining rates of productivity growth.

Productivity and savings-oriented tax reductions will be possible once Congress makes the spending reductions necessary to balance the FY 1981 budget under current economic circumstances.

It is only through improved productivity that we can increase real wages without adverse consequences to inflation.

Federal support for basic research had nose-dived over many years. President Carter adopted a policy of real growth in research and development every year. This should likewise contribute to improved productivity if maintained over a long enough period.

Productivity should also be stimulated by more emphasis on industrial innovation—building on the initial program proposed last year by the President—and on research and development.

Improved industrial innovation is an important element here, in developing and commercializing new products and processes. The President's program in this area provides a framework for action in the 1980's to enhance the nation's tradition of industrial innovation. This program enhances the transfer of technological information; provides for broadened cooperation with universities and industry in the advancement of generic technologies; will strengthen the patent system and help restore the incentive to patent and develop inventions; will clarify anti-trust laws in the cooperative research area; will establish corporations for industrial development to provide equity funding for small businesses which develop and market promising high-risk innovations; opens federal procurement to the purchase of innovative products; and develops a federal forecasting system to provide labor and management with advance warning of industrial changes to permit timely adjustment. Yet this program is only a first step. Much more emphasis must be placed on innovation in the years ahead, including a review of the tax code to see what, if any, changes might further stimulate industrial innovation and productivity.

But increasing productivity will also require major investments in human capital. We cannot be satisfied with high rates of unemployment.

During the 1970's an exceedingly large number of teenagers entered the labor force. During the 1980's, the number of teenagers will drop and our work force will become more experienced and more productive. However, minority youth problems may become even more aggravated if further action is not taken, because their number will substantially increase. It is critically important that youth employment be directly tackled—particularly among our minorities.

President Carter has taken special efforts to deal with the problem of youth unemployment, particularly among blacks and Hispanics. From a base of $2.5 billion he has increased funding on youth employment to $4 billion annually. The President has forwarded to the Congress recently the most ambitious youth employment proposal in our nation's history, to add an additional $2 billion for youth employment, training, work experience and basic skills. For the first time, the education system, the employment system and the private sector will be knit together to eradicate the cancer of youth unemployment. This measure will increase the supply of trained young people entering the labor force and will add to the productivity of our labor force.

Secretary Marshall has increasingly emphasized training in our adult employment programs, likewise contributing to a more mature, productive workforce. In the 1980's, we must continue to emphasize work experience and training experiences, with long-term payoffs. We should explore ways of helping train mature workers layed-off from slow-growth or declining industries for jobs in high growth areas. These will be less costly in the long-run than the cost of unemployment compensation and trade adjustment assistance. And we must continue to strengthen the jobs programs President Carter has developed.

Fifth, more emphasis on micro-economics and sectoral policies are required. Particular industries have been affected in very different ways by the new realities of the 1970's and will have different needs in the 1980's. Even the most enlightened macro-economic policies may need to be supplemented by policies which focus on particular sectors of our economy.

There are instances in which particular companies in an industry—a Chrysler Corporation—requires particular help from the government because of extraordinary conditions. But these should be the exceptions.

President Carter has recognized that we must strengthen the basic industries in our country—modernize them, increase their productivity and their competitiveness in world markets. We cannot let them deteriorate one by one. His special program for the steel industry is a reflection of such a sectoral policy. The program has helped increase the profitability and capability utilization of the industry.

The President's hospital cost containment program to control inflation in the hospital sector is another example of sound economic policy for a particular industry. Its passage by Congress remains a priority. Micro-economic policies should also attempt to identify sectors of the economy where growth can be anticipated in the decade ahead and where our products can be particularly competitive in world markets, and provide a hospitable environment for the development of such sectors.

Labor-management councils, such as those being promoted by Secretary Marshall, can help identify needs in various industries and lend to cooperative efforts to satisfy those needs.

Sixth, just as we focus on particular industries to a greater extent in the 1980's, we must also focus special attention on economically troubled areas of our country—the upper Midwest and Northeast. The excellent work of the Northeast-Upper Midwest Congressional Coalition has highlighted the problem.

As population and industry increasingly move from the industrial heartland to the Sunbelt we are in very real danger of having a nation divided into healthy and sick regions. We must focus on the problems that are created for our entire Nation when whole regions do not share in our economic prosperity, or when large parts of our labor force do not have a real opportunity to make it into the mainstream of our economy. If we do not pay attention to these targeted and specific problem areas, we will never achieve full employment and price stability, the principal goals of our National economic policy.

We should be concerned about the problems of specific regions, as well as individual industries or certain groups in our labor force.

We must target our programs to depressed areas. At the current time, many of the metropolitan areas in the growing regions of our Nation are experiencing unemployment rates of three to five percent, while Detroit is at 12 percent, Newark is at 10 percent and Cleveland is above 10 percent. National economic stimulus at this time might create inflation in the healthy areas of our Nation while doing little to solve the problems of Detroit, Newark or Cleveland. But programs targeted specifically to these areas can increase production and create new jobs in those areas having idle resources, without fanning the fires of inflation.

In addition, as we enter a new era in which energy and other raw materials are not as readily available at cheap prices as in the past, we should preserve the enormous investments already made in this country. We have invested billions of dollars in both the public infrastructure of declining regions—roads, sewers, transportation facilities—and in the private plant and equipment of some of our troubled industries—autos, steel and rubber. We cannot afford to walk away from these investments and allow them to lie idle and the jobs to go overseas.

Finally, we must be concerned about the high social cost of having significant poverty and high unemployment concentrated in a few geographic areas. We as a Nation simply cannot afford the social, economic and political disaffection, and despair and the deep frustration that result.

The Carter Administration has made great strides to encourage private investment and jobs to locate in the urban and rural areas that are lagging behind the national economy.

We have proposed and Congress has enacted the Urban Development Action Grant Program—known as UDAG. This program is funded at $675 million annually and is designed to bring new private sector investments and jobs into economically troubled cities and counties. With each dollar of UDAG money, we have been able to leverage more than five dollars of private investment in the needy areas.

$4.2 billion of private investment stimulated by less than $800 million of UDAG grants. More than 200,000 new jobs have been created by the program alone.

We have proposed and Congress is about to complete action on a substantial expansion of the economic development programs in the Department of Commerce. Here, we have doubled the amount of grants available to economically troubled rural and urban areas and increased by more than five-fold the amount of loan guarantees available for new businesses in these areas.

Finally, we have proposed and Congress has enacted an extension of the 10 percent investment tax credit to rehabilitation of plant and equipment, as well as new construction. This tax incentive encourages businesses to rehabilitate and expand their current facilities. It already has stimulated more than $2 billion of industrial rehabilitation.

All of these programs have been developed by the Carter Administration and all are designed to bring private sector jobs and investments into the cities, towns and counties that do not share fully in our Nation's economic prosperity and to encourage investment in our Nation's depressed areas. Moreover, Federal procurement is being focused in these labor-surplus areas—although more needs to be done here.

As we enter the decade of the 1980's, we will have to shape our economic policy tools more carefully. We cannot simply rely on the blunt tools of the past—universal tax cuts and broad spending programs. Instead, we must rely increasingly on targeted measures designed to address the specific regional industrial and labor force problems that we will face in the upcoming decade.

Seventh, we must build on the President's policies which recognize that the world economy will be even more inter-dependent in the 1980's. The 1970's dramatically demonstrated that our economy is not isolated from the events around the world. Pressures on our dollar, which remains the world's reserve currency, impact on the flexibility of domestic monetary policy. The President's successful dollar rescue effort in 1978 had domestic impacts which he felt had to be taken in order to secure stability in exchange markets abroad.

Our current accounts position strengthened over the last two years. In 1977 our deficit was $14 billion. In 1979 it was in rough balance.

With the large oil bills we will face in the early 1980's increased exports will be an essential means of paying for U.S. imports as well as for maintaining a strong domestic economy with increased job opportunities. The 1980's must build on the efforts begun by President Carter to expand our exports—through the reinvigorated Export Council, the major reorganization and strengthening of our federal trade functions under the Department of Commerce and the U.S. Trade Representative, and the removal of many disincentives to exports. For example, the Justice Department is now developing guidelines under the President's export program which will remove much of the uncertainty surrounding the anti-bribery legislation.

The Administration has recently supported efforts by Senators Stevenson and Danforth which offer an exciting, innovative prospect for increased exports, through encouragement of associations of businesses to pool their resources for export purposes or to create export trading companies.

Obviously there are exceptional circumstances like the necessary response to the Soviet invasion of Afghanistan, when trade as usual cannot and should not continue.

But exports must be encouraged. We are competitive in world markets in many areas. For years American business has been looking inward at our huge domestic markets, while our friends, with smaller home markets, have been forced to export to survive economically. We now have as great an urgency as do they.

One additional factor in expanding exports is to markedly increase this nation's woefully inadequate foreign language facility. Our high school and college students have a worse foreign language capability now than a decade ago, though the world has become more interdependent. We can hardly increase exports to Japan, for example, when so few Americans can speak the language or have studied the culture. The recommendations of the President's Commission on Foreign Language and International Studies form an action agenda for the 1980's which should be pursued to correct those problems.

The Multilateral Trade Agreements negotiated under the President's leadership by Ambassador Robert Strauss provide a secure framework for expanded trade, reduced tariff and non-tariff barriers to American exporters, and creation of a conducive atmosphere for increased trade. Free trade fosters competition and helps fight inflation. It helps make our own industries competitive and increasingly productive.

There is a cloud on the horizon—the increased trend toward protectionism. The General Agreement on Tariffs and Trade sees protectionism growing throughout the world, with 20 percent of all world trade restricted by protectionist measures—an increase of some 5 percent in the past few years. Protectionism at home breeds it abroad—and soon everyone loses.

President Carter remains deeply devoted to free trade and to the avoidance of protectionism. We cannot expect to expand our exports to other markets if we shut our market to others.

But he also recognizes that free trade must assure fair trade—and he has acted where necessary to end unfair trade practices by our foreign competitors. Foreign dumping or improper subsidization have no legitimate role in world trade. The new trade act provides an efficient mechanism for the adjudication of dumping actions. When they are filed, as in the steel area, they will be objectively and effectively processed. We cannot and will not sit idly by and permit these unfair practices to wreck our domestic industries. We have fashioned innovative remedies for the shoe and color television industries and for the textile and steel industries, when such action was necessary.

The recent decision by Nissan and Honda of Japan (and the earlier one by Volkswagen) to make some of their cars and trucks in this country hopefully reflects a growing sensitivity that trade must be a two-way street. More such investments by Japanese automakers would be welcomed and would help offset pressures for restrictive actions. Large trade imbalances in certain sectors invite problems and increase protectionist sentiment which is in no country's interest.

We must also move in the 1980's to look at the international monetary system in light of new realities created by the strength of other national currencies and the pressures which have been created for the dollar.

The dollar is the central currency for the world economy, serving as the principal medium for international trade and finance and the major currency held in official reserves by foreign countries. This large international role of the dollar today is the product of an evolutionary process, arising from the predominance of the U.S. economy, the operation of the international monetary arrangements established following the World War II, and the unparalleled strength and openness of the U.S. financial markets. The key position of the dollar in the financial system places special responsibilities on the United States to maintain the fundamental economic conditions required for a strong, stable currency.

In recent years, a greater balance has emerged among the major countries in terms of economic size and ability to assume responsibility for the health and stability of the world economy. Consequently, while the dollar remains the principal currency in use internationally, other national currencies have developed a capacity for an increased in-

ternational role, and have begun to be used more widely in international transactions and reserves. While a greater balance of responsibilities is desirable, an international monetary system based on a number of national reserve currencies would provide wide scope for destabilizing capital flows and shifts among these currencies. Moreover, the process of diversification of reserves, if left to itself, could lead to heavy exchange market pressures that would be damaging to the dollar and to the general stability of the interntional financial system.

A major challenge for the 1980's will be to devise arrangements for an orderly evolution of the international monetary system toward less reliance on national currencies for international transactions and reserves. A promising approach currently under consideration is the possible establishment of an international monetary reserve account in the International Monetary Fund. In brief, such an Account would accept dollar deposits by foreign central banks and issue, in exchange, claims denominated in Special Drawing Rights (SDRs), an international reserve asset created by the IMF which is valued on the basis of a "basket" of 16 currencies.

An appropriately designed Substitution Account could make an important and useful contribution to the stability of the international monetary system. It could provide an attractive, non-disruptive, off-market mechanism for countries to diversify reserve portfolios without having to hold a number of national currencies, as well as a means of easing exchange market pressures in times of exchange market strain. The Account would enhance the role of the SDR in the international monetary system and thus represent an important step away from increasing reliance on national currencies and toward an internationally created and managed asset as the principal reserve instrument for the system. There are many difficult issues which must be resolved before such an Account could be established, particularly an equitable sharing of any costs involved in operating the Account. The United States believes that the effort to develop an acceptable arrangement is worthwhile, and is playing a constructive and leading role in the discussions.

I believe with these policies pursued and implemented we will leave the decade of the 1980's with an economy stronger and more vital than ever.

EXPLANATION AS TO VOTE

(Mr. DANIELSON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, I was unable to be present for the recorded votes taken on Wednesday, May 7, 1980, and Thursday, May 8, 1980, because I was in Yugoslavia as a member of the delegation representing the House of Representatives and the United States at the funeral of President Tito. I would like to announce how I would have voted on those 12 recorded votes.

MAY 7, 1980

On rollcall No. 217 when the House agreed to resolve itself into the Committee of the Whole for the consideration of House Concurrent Resolution 307, setting forth the congressional budget for the U.S. Government for the fiscal years 1981, 1982, and 1983 and revising the congressional budget for the U.S. Government for the fiscal year 1980, I would have voted "yea."

On rollcall No. 218 when the House rejected an amendment to House Concurrent Resolution 307 that sought to strike the reconciliation language in the resolution that instructs eight House and eight Senate authorizing committees to report legislation to save $9.1 billion in outlays in fiscal year 1981, I would have voted "no."

On rollcall No. 219 when the House agreed to sections 1 through 5 and section 7 of House Concurrent Resolution 307, I would have voted "yea."

On rollcall No. 220 when the House agreed to section 6 of House Concurrent Resolution 307—1980 revised budget—I would have voted "yea."

MAY 8, 1980

On rollcall No. 221 when the House approved the Journal of Wednesday, May 7, 1980, I would have voted "yea."

On rollcall No. 222 when the House rejected an amendment to S. 1309, to increase the fiscal year 1979 authorization for appropriations for the food stamp program, that sought to reinstate the purchase requirement for food stamps, I would have voted "no."

On rollcall No. 223 when the House rejected an amendment to S. 1309 that sought to reduce the food stamp benefits of those households which include children receiving federally subsidized school lunches, I would have voted "no."

On rollcall No. 224 when the House rejected an amendment to S. 1309 that sought to limit eligibility for the food stamp program to households with gross incomes below the poverty line, I would have voted "no."

On rollcall No. 225 when the House rejected an amendment to S. 1309 that sought to reinstate the purchase requirement except for households which contain a member who is over 60 years of age or is blind or disabled, I would have voted "no."

On rollcall No. 226 when the House agreed to an amendment to S. 1309 that provides for repayment of certain excess food stamp benefits, I would have voted "no."

On rollcall No. 227 when the House rejected an amendment to S. 1309 that sought to convert the food stamp program into a block grant program effective in fiscal year 1982, I would have voted "no."

On rollcall No. 228 when the House passed S. 1309, to increase the fiscal year 1979 authorization for appropriations for the food stamp program, I would have voted "aye."

A SALUTE TO PATRICIA A. RUSSELL, ESQ.

(Mr. STOKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. STOKES. Mr. Speaker, I would like to bring to the attention of my colleagues in the U.S. House of Representatives an extraordinary individual and speaker—Ms. Patricia A. Russell, Esq.

On Sunday, April 27, 1980, I had the pleasure of hearing Ms. Russell speak at the 24th Annual Breakfast Program for the National Association of Negro Business and Professional Women's Clubs in Cleveland, Ohio. She delivered a fiery and very inspirational message entitled "If Not You—Who? If Not Now—When?"

I must pause here to say, Mr. Speaker, that I have heard many excellent speeches during my tenure here in the U.S. House of Representatives and during my public career. However, it is rare to come across such an articulate, sincere, magnetic, and charismatic speaker as Ms. Russell. Each sentence she uttered took on the flavor of a drum cadence getting the troops ready to overcome any challenger or obstacle.

Her speech on that occasion served as an inspiration to everyone in the audience. Later as I reflected on the speech, I came across the Negro National Anthem which was printed in the program and realized that her presence that day was symbolic of the first few lines of the song:

Lift every voice and sing
Till earth and heaven ring
Ring with the harmonies of liberty.
Let our rejoicing rise
High as the listening skies
Let it resound loud as the rolling sea.

Mr. Speaker, this prolific black woman is currently the Chief of the Complaints Branch, Complaints and Compliance Division, Broadcast Division, at the Federal Communications Commission. She is a graduate of Kentucky State University and has received a J.D. degree from the Howard University School of Law. In addition to her employment with the FCC, she is a national officer with the Alpha Kappa Alpha Sorority, Inc., a member of the Indiana State Bar, the American Bar, the Federal Bar, and the National Conference of Black Lawyers.

Ms. Russell is a vivacious and energetic speaker, lawyer, and human being. I am sure that if W. E. B. DuBois were alive today, he would say that she was the kind of person he was referring to when he talked about the "talented tenth."

Therefore, at this time, I would like to enter Ms. Russell's speech in the RECORD so that my colleagues in the House of Representatives can join me in saluting her:

IF NOT YOU—WHO? IF NOT NOW—WHEN?

(Remarks by Patricia A. Russell)

Who are we?

We are the issue of an ancestry that authored a legacy; through their deeds and declarations they insisted that the Nation pause and ponder—what manner of people are these?

We point to our history rich and pure—Dr. Booker T. Washington, Rosa Parks, Fannie Lou Hammer, Justice Thurgood Marshall, Dr. Charles Drew, Dr. George Washington Carver, and Dr. Martin Luther King, Jr. We are the products of suffering and sacrifice. We are those, who like silver, must be captioned as sterling. We are wise and watchful as we weigh the past against the present. We see old concerns packaged and treated as if brand new. We hear proposals that offer, but only partially fulfill.

Thus, we are cautious for we are sensitive to broken promises. We are candid for our lessons have taught us forthrightness. We

are strong for we have learned the tools of survival through our existence. We are ethnic black.

We are talented, creative and imaginative. Our capabilities are diverse. Our credentials are multifarious. Our qualifications are excellent. We are determined to attain the victor's cup. We are motivated by—the heartbeat of our struggle. We are those from the North, South, East and West. We are heterogeneous. We are the dedicated and determined. We are the thinkers and the doers. Who are we? We are today's choice and today's challenge. Know us . . . for our story shall be continued.

To Dr Theresa Cook, distinguished president of the Cleveland Club of the National Association of Negro Business and Professional Women; to the dedicated and determined program chairlady, Mrs. Clara Woodson, and to the members of her committee, to your voice of reason in Washington, Congressman Louis Stokes, noteworthy honorees, members of the dais, members of the Cleveland club, ladies and gentleman:

It is for me a very special honor and privilege to be invited to share this auspicious occasion with you.

You see, I am glad to be in Cleveland this morning not just because I am from the Midwest and it is always good to see friends who are more like family;

I am glad to be in Cleveland this morning not just because it houses some of the most notable institutions of higher education in this country;

I am glad to be in Cleveland not just because it stands as a main contributor in both the public and private sector to those in American mainstream;

I'm glad to be in Cleveland this morning because here you have a clear day, and at home in Washington, D.C., it was cold with torrential rains!

Ladies and gentleman: today we come at a time of inflation and recession, outrageous food prices, inadequate educational systems, hardcore unemployment, a recall on credit cards, no new credit, and creditors who let us know we should have known better; shockingly dangerous pollution of our air and water, prime interest rate swinging between 19 percent and 21 percent; antiquated transportation systems, a de minimus number of new starts in housing; insufficient and ineffective public facilities; deterioration of the family as a unit of society and a lack of equal opportunity for all Americans. For even the most casual observer readily surmises that we live in an era of more hate than love, more poverty than health, more despair than hope, more neglect than attention and more problems than solutions.

The solutions, it appears are often caught in the quagmire of discussions, proposals, studies on the study, or yet another attempt to create, develop and implement a plan B for the plan A that failed.

Whether on issues that are foreign or domestic, economic, educational, political or social, structural, systemic or institutional . . . there is a prevailing need for us to come now and reason together. Although general approaches have in the past been encouraged, we are reminded that stop gap measures rise and fall with various administrations both in the public and the private sector. Thus, the need for defined, detailed, concentrated approaches becomes increasingly clear. The recitation of problems, concerns, deficiencies, and/or shortcomings merely highlights the fact that we begin yet another decade with old aches and ailments, we have too quickly accepted half-suited temporary measures that hold pacification not promise.

Our most academically credentialed have found a strange comfort in invitations to the so-called high places—the executive suites with mahogany tables and highbacked chairs and fluorescent lights—the halls of decision-making—where the deliberations will surely impact upon the lives of men and woman. Yet, there is an unacceptable absence of meaningful programs, strategy and/or funding. Regrettably, action without accolades; sensitivity without sympathy; a rationale without rhetoric has not been evidenced. Our posture has been to go not get; to literally dress up and not figuratively dress-down interim, filler programs that in any other forum or for another people would be rejected; we converse but fail to create; we willingly review the agenda and fail to scrutinize the subagenda.

I ask you—if not you—who?

We are those uniquely suited for the task. For we have a heritage that sets the stage for the heavy contest between hope and fear. We have an experience factor that accompanies us and let's us understand the mission of rising against the odds. We have historically gone into life's most adverse situations and been the victor . . . we are the long distance runners finding energy in other excuses.

Historically, we were those with little more than a nickel and a nail in our pockets struck out against the odds. And we rose again and yet again as stalwarts in the storm, giants in our chosen fields of endeavor.

Poet Margaret Walker of the Harlem renaissance period told the story of struggle in "For My People."

"For the gone years, and the now years, and the maybe years, washing, ironing, cooking, cleaning, sewing, mending—when we were planting, ploughing, digging, pruning, dragging along. Never gaining, never reaping, never knowing and never understanding. For the cramped bewildered years we went to school to learn to know the reasons why, and the answers to and the people who, and the places where and the days when, in memory of the bitter hours when we discovered we were black, and poor, and small and different, and nobody wondered and nobody understood."

Artists painted our story—Ernie Barnes captured on canvas a lady standing at the bus stop with shopping bags surrounding her feet, having worked too many hours, for too little pay—he captioned her pose—"Rock of Ages."

Song writers have told our story through the lyrics of song—

"Freedom—freedom" before I'll be a slave,
I'll be buried in my grave, and go home to my
Lord and be free.

"We shall overcome"
"Lift every voice and sing"

While in New York I viewed again that proud woman standing in the harbor holding the great torch with her right hand, and clutching the Declaration of Independence with her left: wearing on her head a crown of high spikes, and around her feet a broken shackle symbolizing the overthrow of tyranny—and I listened as she cried out with silent lips—"give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore. Send those, the homeless, tempest-tost to me, I left my lamp beside the golden door!"

And we came, although involuntarily, we came, and became academicians, scholars, educators, engineers, environmentalists, scientists, sociologists, businessmen and women, orators, artists, teachers, preachers, creators, innovators, implementators, men and women of courage, men and women of substance—who keep coming—who keep coming.

We came and we became those who knew and understood the true meaning of the words.

My country tis of thee
Sweet land of liberty
Of thee I sing;
Land where my fathers died
Land of the pilgrim's pride
From every mountain side
Let freedom ring. . . .

We listened and we heard one of our sons, Dr. Martin Luther King, Jr. tell 225,000 people about a dream of freedom that he had—he asked that freedom ring from the snow capped mountains of Colorado; from the curvaceous mountains of California; from Lookout Mountain of Tennessee; let freedom ring from every hill and molehill of Mississippi; let freedom ring until white men and black men, Jews and gentiles, Protestants and Catholics join together and say—free at last, free at last, thank God Almighty I'm free at last!

We listened to John F. Kennedy "Ask not what your country can do for you—but ask what you can do for your country."

I believe Langston Hughes' appropriate response: "I, too, sing America. I am the darker brother. They send me to eat in the kitchen when company comes, but I laugh, and eat well, and grow strong. Tomorrow, I'll be at the table when company comes; nobody'll dare say to me, 'eat in the kitchen,' then. Besides, they'll see how beautiful I am—and be ashamed—for I too, am America."

Robert Kennedy responds—"Some see things that are and ask why? I see things that never were—and ask why not?"

If not you—who? If not now—when?

Today we stand perched on the edge of history—an assembly peculiarly suited to write brilliant pages in the volumes of recorded time. Why not decide to take out a long-term commitment to causes that are just. Why not decide categorically and unequivocally that as for us—it will not be our own feet that cause us to stumble.

Accordingly, there is a requirement to release the neutral gear—ideologically, philosophically, and attitudinally, it has become too easy to write a check in the place of giving time, energy and effort; it is easier to refer rather than to assist; easier to lecture by example rather than to set an example.

Those who most need our assistance are the homeless and the helpless, society's cast-out, the poor, the dispossessed, the seniors and the youth. Significantly, all assistance does not come in the form of a basket at Christmas, a clothe-a-child marathon, a holiday dinner for the seniors, or a one-time trip with youth to the theater. Service requires active participation—and activity comes from your presence and your payment. Service involves consistent "people" measures that help people develop a life, not just a living. Accordingly, the focus necessarily becomes the practical and immediate as well as planning and policy that will bring structure, purpose and meaning to programs affecting us during life's one step from the cradle to the grave.

Thus, I ask you: If not you—who? Who better suited to serve in the capacity of going to the halls of deliberation and sitting at the table of negotiation—than those within our ranks?

I ask you: If not now—when? At a time when others have tried and failed. Now is the hour when we must categorically and unequivocally set our agenda.

It is not enough to point to the 1,000 black students in Ivy League schools and decide that we have reached our goals—may I suggest to you, that the motivational level of the '60's has largely dissipated at our institutions of higher education, and admissions policies are being reviewed and revamped in view of the court cases—De Funis, Bakke and Fullilove under the imminent cry of reverse discrimination; it is unacceptable to look at the handful of $20,000 jobs which

minorities fill in government and big business and decide that there is no more to be done on the employment scene.

Further, I would urge you to share with me a special concern for the seniors and the young . . . for although at opposite ends of life's spectrum, they are our greatest resource. The seniors house the wisdom taught by the tell-tale lessons of the experiences of yesteryear.

Their voices tell us—We are captive and cautious; we step slowly, but wisely; we are patient and perceptive; we are gray haired and grateful; we house volumes of knowledge, marked common sense; we tell only a message of truth; we are your heritage and your history.

Deep in their memory bank they house chapters of testimony as to the iron will of refusin' to lose. Notice their pride, they have championed the task of "makin' do." They are those who have been able to take little and do much in a society that offers too little for too many.

And our youth's request is equally requiring—Today as parents ponder the plight of their young, they seek noonday solutions to midnight occurrences and find respite in "sending the kids away" for the summer, camp or overseas—seeking for them a benefit from the exposure. But have no plan or program for "taking the pulse" of their heartbeat as they struggle to find their niche in the American mainstream. Too often parents come offering . . . "too much, too little, to late." It's time to give them Gucci, Vuton, Givenchy, Blass, Ungara, slick cars, imported luggage, tight legged jeans, European suits, narrow ties, Ms. Vogue, and Mr. Esquire, but what does it mean to have them all dressed up with no place to go.

Have we too often stressed the need to be somebody rather than to have as other notables of the past—something within? Whatever selected field of endeavor; whatever level of academic achievement; whatever collection and display of accolades and awards at the height of our "somebodiness" we need to have something within.

That something that sometimes makes us stand alone, yet, that something that reassures us that sometimes the one who files the minority report becomes the majority. Recognizably, our elementary students are very capable of reciting all of the lyrics of the "Top 10" hits, but have no grip or grasp of historical facts that relate to the cutting edge of the black experience.

Yes, too many of our young people have been allowed by school systems and/or principals and/or teachers and/or parents to enjoy the luxury of using sophisticated calculator devices in mathematics classes. They have failed to realize that the calculator may get them a grade "c" but it won't "see" them through.

Perhaps we owe our children an apology—you see I'm sorry that we have too often taught mathematics, but failed to teach manners;

I'm sorry that we have stressed excellence—but failed to teach our children about the ladder of fairness, justice and equality. Yes, I apologize that we too often have rushed to get the house on the hill, but in our haste, we left the home behind; I'm sorry that in teaching them the basics, we failed to teach them a basic philosophy that would sustain them through it all.

A philosophy that—no matter how long the journey, steep the hill, dark the tunnel, cold the chill, fierce the enemy, few the friends—a basic philosophy that will sustain them through it all.

For example, one writer states in part in his poem "Anyway"—

"People are unreasonable, illogical and
self-centered. Love them anyway.
The good you do today will be forgotten
tomorrow. Do good anyway.
People favor underdogs but follow top dogs.
Fight for some underdogs anyway.
People really need help but may attack you
if you help them. Help them anyway.
Give the world the best you have and you'll
get kicked in the teeth. Give the
world the best you've got anyway.

The key you see is preparation, not procrastination. The key is substance, not substitutes. It's an education that's needed—not an explanation. We must tell them:

Education is like a Ford, it gives you a better idea;

Education is like Cola Cola, it's the real thing;

Education is like a slow poke sucker it lasts a long, long time.

Remember the late Billie Holiday said it best—"Rich relations may give a crust of bread and such—you can help yourself . . . but don't take too much . . . Momma may have . . . and Poppa may have . . . but God bless the child who's got his own. . . ."

Although highly educated, perhaps we need a new alphabet, not just the 3R's for life but an alphabet for living—

A. Attitude, it will determine your altitude, how high you will fly in this life.

B. Brain power, the best demonstration of blackness.

C. Courage to be strong in a time when we have neither the motivation nor inclination to be inspired.

D. Dedication to causes that are just.

E. Effort that you must make everyday to be a superstar. Just to be considered average.

F. Freedom, that is not free.

G. The Genius in each one of you.

H. Our heritage, rich and pure.

I. Intuition—to look beyond the obvious.

J. Justice, and the fact that you must strive to make it color blind.

K. Know how to create and implement the master plan for our future.

L. Life, you only go around one time.

M. Meditation, take time to get in touch with yourself.

N. Now . . . this is the hour.

O. Opportunity, to make a difference.

P. Promise that you hold for generations yet unborn.

Q. Questions you must ask in search for the truth.

R. Roots, as a twig is bent, so shall it grow.

S. Survival, it truly will be the survival of the fittest.

T. Truth that must be told.

U. Unity, that we must achieve.

V. Vision, never lose sight of the top of the mountain.

W. Willpower to rise to the top of the crop.

X. X-ray—hold people and things up to the light.

Y. You and your contribution.

Z. The Zodiac and your place in the sun.

I am reminded of a story in which a little boy decided to pose a very perplexing problem to the town's wise man—the little boy said to the wise man: "there is a bird in my hand, if you are so wise, tell me whether the bird is dead or alive."

The little boy knew that if the wise man told him that the bird was alive he would squeeze his hands together and the bird would die; and if he said he was dead he would release his hands and the bird would fly away—alive!

The wise man responded to the little boy, "the answer my son, is in your hands."

If I could deliver one message to our youth it would be that, the answer is in your hands as to whether you will or won't; can or can't; should or shouldn't.

The answer is in your hands as to whether you will be somebody on the outside lacking that something within that no one can affect from without; the answer is in your hands as to whether your chapter in life's history book will be one that contributes to the volume of those who came early and stayed late for the task that was worthwhile.

The answer is in your hands as to whether you will decide that as for you you will not be among those who major in the minor! The answer is in your hands as to whether you face the reality that in life the elevator to success is *not* running, and you will have to take the stairs!

I ask you: If not you—who? If not now—when?

Yes, it's easy to get weary in the struggle—easy to get comfortable and to avoid getting involved—daring to be different; daring to make a difference! But, we come this evening as at least two people. For we are those who are standing on the shoulders of some grandmother or grandfather, mother, father, sister, brother, aunt or uncle. Many, if not most of us, are first generation professionals. We are the exception, therefore, we have an exceptional responsibility to reach back and lend a helping hand to another, another, and yet another.

Langston Hughes gave our ancestors' testimony—"Mother to Son".

Well son, let me tell you
Life for me ain't been no crystal stair—

It's had tacks in it, and splinters
And boards torn up—and sometimes son,
Dare's been places on de' flor' whar dar ain't
Been no carpet, it's been bare.

But all 'de tim' I'sa been a climbin' on—
And reachin' landin's and turnin' corners—
And sometimes son, I'sa been goin' in de'
dark,
Whar dar ain't been no light.

So don't you set down—on de steps
Caus' you find's it's kinda hard—
I'sa goin' on honey—
I'sa still a'climbin'—
And, life for me ain't been no crystal stair.

If a contract were formed between you and the rest of mankind, the party to the first part would have to be a party to the second part and the party to the second part would have to be a party to the first part. The first part would read:

From this day on I will dare to be different,
And dare to make a difference;
I will dream but not be a dreamer;
I will lift, not limit, encourage not oppose;
I will sacrifice to serve.

And the second part written by mankind would read: As we wait for a resolution of our questions . . . as we wait . . . yearning for a better day . . . we, in the spirit of mankind, submit our entire and indivisable, express and unconditional belief that based upon who you are and those from whence you have come . . . that you can and will be a bridge over troubled waters.

As a lawyer, my concern is always centered on two issues, the facts and the evidence. The facts represent those things which have taken place, not what might have or might not have taken place. Evidence represents any and all facts, documents, exhibits, expert or lay opinion which would be admissable and relevant to reach a determination.

I simply want to see the record. What does the record reflect? What are the facts? Show me that you did not major in the minor. Show me the record that each of us, all of us benefited because you passed this way.

In life's book, every day is a page, every action or inaction a paragraph, every ponder, a question mark, every pause—a hyphen, every achievement an exclamation point, every completed task a declarative sentence.

Let the record show that you tried to help somebody to be somebody with something within. Let it show that you chose to make a choice and meet the challenge.

Know that as for me, it shall forever be

my goal to join with those—both the towering and the tiny—whose contribution has been worthy of being captioned on the pages of history; to join with those who are distinguished and distinct. Those who demonstrated humility without subservience; those who are flexible and fair; patient without procrastination; perceptive without pettiness; those who are educated and energetic academicians with an intellectual as well as a humanistic understanding; those who are straightforward for the purpose of constructive improvement and those who are interested in the achievement and attainment of human attributes . . .

Some would seek to omit or make secondary our great beginning; some would be desirous of throwing away the clock, and act as if time has re-written every line; but as for me; I will step up on our heritage, motivated by the reality that even now, on this day, this very second, we are standing on the periphery of what ought to be. Standing at the front door of what can be; standing as a cadre of those competent, capable and prepared who can make it be:

If not you—who? If not now—when?

Know that as for me—in the words of the spiritual—

I don't feel no ways tired
I've come to far from where I started from
Nobody told me that the road would be easy
And I just don't believe he brought me this far
To leave me.

Remember—
You have only just a minute
Only 60 seconds in it
Forced upon you, can't refuse it
Didn't seek it, didn't choose it
But it's up to you to use it
You must suffer if you lose it
Give account if you abuse it
Just a tiny little minute
But eternity is in it.

I have come to ask you as did Winston Churchill when the British troops had grown weary and worn from fighting—the Nazis were at their door—and they had neither the energy nor the will to fight anymore—they wanted to give up and Churchill reminded them that they were the ones trained, skilled, competent, and prepared to fight . . . to win—he asked, as I now ask you—

If not you—who? If not now—when?●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RODINO (at the request of Mr. WRIGHT), for today, on account of attending a funeral.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. TAUKE) to revise and extend their remarks and include extraneous material:)

Mr. GOLDWATER, for 5 minutes, today.
Mr. GRASSLEY, for 5 minutes, today.
Mr. PAUL, for 20 minutes, today.
Mr. RITTER, for 5 minutes, today.

(The following Members (at the request of Mr. MYERS of Pennsylvania) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. ERTEL, for 5 minutes, today.
Mr. SMITH of Iowa, for 15 minutes, today.
Mr. BROOKS, for 5 minutes, today.
Mr. DRINAN, for 5 minutes, today.
Mr. ROBERTS, for 5 minutes, today.
Mr. DANIELSON, for 15 minutes, today.
Mr. NEAL, for 5 minutes, today.
Mr. KOGOVSEK, for 5 minutes, today.
Mr. CAVANAUGH, for 5 minutes, today.
Mr. ASHLEY, for 5 minutes, today.
Mr. MURTHA, for 15 minutes, today.
Mr. SMITH of Iowa, for 60 minutes, on May 21.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. EDGAR, and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,358.

Mr. STOKES, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,080.75.

Mr. ASHBROOK, to revise and extend, immediately following remarks of Mr. DORNAN on B-1 bomber, today.

(The following Members (at the request of Mr. TAUKE) and to include extraneous matter:)

Mr. LENT.
Mr. MCKINNEY.
Mr. RITTER in two instances.
Mr. COLLINS of Texas in three instances.
Mr. HORTON.
Mr. SENSENBRENNER.
Mr. BETHUNE.
Mr. WYLIE.
Mr. GOODLING.
Mr. PHILIP M. CRANE.
Mr. DANIEL B. CRANE.
Mr. PAUL.
Mr. PURSELL.
Mr. ASHBROOK in three instances.
Mr. BROWN of Ohio.
Mr. KEMP in three instances.
Mr. HYDE.

(The following Members (at the request of Mr. MYERS of Pennsylvania) and to include extraneous matter.)

Mr. FAZIO.
Mr. COELHO.
Mr. MCDONALD in five instances.
Mr. JACOBS.
Mr. RAHALL.
Mr. SMITH of Iowa.
Mr. UDALL.
Mr. SANTINI.
Mr. HAMILTON.
Mr. STACK.
Mr. FORD of Michigan in two instances.
Mr. CONYERS.
Mr. YATES.
Mr. RANGEL.
Mr. APPLEGATE.
Mr. OTTINGER.
Mr. SHELBY in two instances.
Mr. SKELTON.
Mr. MAGUIRE.
Mr. MURPHY of New York.
Mr. FUQUA.
Mr. GRAY.
Mr. MOAKLEY.
Mr. LUKEN.
Mr. DRINAN.
Mr. PEASE.
Mr. LAFALCE.
Mr. HUBBARD.

ADJOURNMENT

Mr. DANIELSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 5 minutes p.m.), the House adjourned until tomorrow, Thursday, May 15 1980, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4373. A letter from the Executive Director and Secretary, Chrysler Corporation Loan Guarantee Board, transmitting the Board's report in support of its determinations to issue a commitment to guarantee up to $1.5 billion of loans to Chrysler Corp., pursuant to sections 4 and 14(b) of Public Law 96-185; to the Committee on Banking, Finance and Urban Affairs.

4374. A letter from the Director of ACTION, transmitting a draft of proposed legislation to authorize appropriations for programs under the Domestic Volunteer Service Act of 1973; to the Committee on Education and Labor.

4375. A letter from the Assistant Secretary of State for Congressional Relations transmitting notice of the State Department's intention to issue a license for the export of certain defense equipment and services sold commercially to Japan (Transmittal No. MC-22-80), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

4376. A letter from the Secretary of Commerce, transmiting the semiannual report of the Inspector General of the Department of Commerce, covering the period October 1, 1979, through March 31, 1979, pursuant to setcion 5(b) of Public Law 95-452; to the Committee on Government Operations.

4377. A letter from the Information Officer, Postal Rate Commission, transmitting a report on the Commission's activities under the Freedom of Information Act during calendar year 1979, pursuant to 5 U.S.C. 552 d); to the Committee on Government Operations.

4378. A letter from the Chairman, Federal Election Commission, transmitting proposed regulations to govern the application of the Federal Election Campaign Act of 1971, as amended, to contributions to and expenditures by delegates and delegate committees at all levels of the delegate selection process, pursuant to section 311(d) of the act; to the Committee on House Administration.

4379. A letter from the Secretary of Health and Human Services, transmitting a report on the analysis of deficiencies in the foreign medical education of U.S. foreign medical student transferees, pursuant to section 782 (c) of the Public Health Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

4380. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting a report on commercial and industrial storage of distillate and gasoline, pursuant to section 241 of Public Law 96-102; to the Committee on Interstate and Foreign Commerce.

4381. A letter from the Secretary, Federal Trade Commission, transmitting the eighth report of the Commission on the impact on

competition and on small business of the development and implementation of voluntary agreements and plans of actions to carry out provisions of the international energy program, pursuant to section 252(i) of the Energy Policy and Conservation Act of 1975, as amended; to the Committee on Interstate and Foreign Commerce.

4382. A letter from the Chairman, Railroad Retirement Board, transmitting a draft of proposed legislation to amend the Railroad Retirement Act of 1974 to simplify certain annuity computations under that act; to the Committee on Interstate and Foreign Commerce.

4383. A letter from the Comptroller General of the United States, transmitting a report on the status of efforts to control fraud, abuse, and mismanagement in domestic food assistance programs (CED-80-33, May 6, 1980); jointly, to the Committees on Government Operations, Agriculture, and Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of New York: Committee on Merchant Marine and Fisheries. H.R. 6864. A bill to authorize appropriations for the administration of the Deepwater Port Act of 1974; with amendment (Rept. No. 96-950, part 2). Referred to the Committee of the Whole House on the State of the Union.

Mr. FOLEY: Committee of Conference. Conference Report on S. 1309 (Rept. No. 96-957). And ordered to be printed.

Mr. ROBERTS: Committee on Veterans' Affairs. H.R. 7102. A bill to amend title 38, United States Code, to promote the recruitment and retention of physicians, dentists, nurses, and other health-care personnel in the Department of Medicine and Surgery of the Veterans' Administration, and for other purposes; with amendment (Rept. No. 96-958). Referred to the Committee of the Whole House on the State of the Union.

Mr. FUQUA: Committee on Science and Technology. H.R. 7099. A bill to authorize appropriations for environmental research, development, and demonstrations for the fiscal year 1981, and for other purposes (Rept. No. 96-959). Referred to the Committee of the Whole House on the State of the Union.

Mr. REUSS: Committee on Banking, Finance and Urban Affairs. H.R. 7051. A bill to authorize appropriations for the international affairs functions of the Department of the Treasury for fiscal years 1981 and 1982, and for other purposes; with amendment (Rept. No. 96-960). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 6830. A bill to amend the Securities Exchange Act of 1934 to authorize appropriations for the Securities and Exchange Commission for fiscal years 1981 through 1983; with amendment (Rept. No. 96-961). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 6863. A bill to amend the Disaster Relief Act of 1974 to provide for authorization of appropriations thereunder through fiscal year 1983; with amendment (Rept. No. 96-962). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Public Works and Transportation. H.R. 6417. A bill to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, for highway safety, for mass transportation in urban and in rural areas, and for other purposes; with amendment (Rept. No. 96-963). Referred to the Committee of the Whole House on the State of the Union.

Mr. BINGHAM: Committee on Foreign Affairs. H.R. 7219. A bill to authorize appropriations for the fiscal year 1981 to meet the obligations of the United States under the International Natural Rubber Agreement (Rept. No. 96-964). Referred to the Committee of the Whole House on the State of the Union.

Mr. BEARD of Rhode Island: Committee on Education and Labor. H.R. 5888. A bill to amend title 5 of the United States Code to provide death benefits to survivors of Federal law enforcement officers and firefighters, and for other purposes; with amendment (Rept. No. 96-965). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself and Mr. VENTO):

H.R. 7339. A bill to amend the Truth in Lending Act to prohibit application of any change in an open end credit plan to any credit extended prior to the effective date of the change, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ANNUNZIO (for himself, Mrs. SPELLMAN, Mr. VENTO, Mr. FAUNTROY, Mr. EVANS of Delaware, Mr. WYLIE, and Mr. MITCHELL of Maryland):

H.R. 7340. A bill to amend the Truth in Lending Act to encourage cash discounts, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BARNARD (for himself and Mr. GRAMM):

H.R. 7341. A bill to expedite the conversion by certain existing electric powerplants from the use of oil to coal or another alternate fuel, and to conserve oil and natural gas used by other powerplants, and to assist the ratepayers of the electric utilities involved in reducing the costs of conversion and insuring that petroleum and natural gas costs are reasonable; to the Committee on Interstate and Foreign Commerce.

By Mr. BETHUNE:

H.R. 7342. A bill to amend the Congressional Budget Act of 1974 to establish procedures for setting targets and ceilings, in the congressional budget process, for loans and loan guarantees under Federal credit programs, and for other purposes; to the Committee on Rules.

By Mr. CLAUSEN:

H.R. 7343. A bill to assist small business concerns by increasing Federal expenditures for research and development which go to such concerns; by providing tax incentives including accelerated depreciation, investment tax credit for used equipment, deferral of capital gains from investment in such concerns and a corporate income tax rate reduction; by awarding attorneys' fees where such concerns are successful in a suit with the Federal Government, and by providing for Federal regulatory flexibility with respect to such concerns, and for other purposes; jointly, to the Committees on Small Business, the Judiciary, Ways and Means, and Government Operations.

H.R. 7344. A bill entitled "Small Business Equal Access to Justice Act"; jointly, to the Committees on Small Business and the Judiciary.

By Mrs. FENWICK:

H.R. 7345. A bill to confer U.S. citizenship posthumously upon Ihor Daschko; to the Committee on the Judiciary.

By Mr. GRASSLEY:

H.R. 7346. A bill to prevent the next following annual adjustment in the rate of pay for Members of the Congress; to the Committee on Post Office and Civil Service.

By Mr. GREEN:

H.R. 7347. A bill to protect certain rights of privacy of individuals; jointly, to the Committees on the Judiciary and Interstate and Foreign Commerce.

By Mr. HALL of Texas:

H.R. 7348. A bill to amend the Internal Revenue Code of 1954 to provide that oil from any royalty interest shall be exempt from the windfall profit tax; to the Committee on Ways and Means.

By Mr. JACOBS:

H.R. 7349. A bill the former Presidential Enough Is Enough and Taxpayers Relief Act of 1980; to the Committee on Government Operations.

H.R. 7350. A bill to repeal Public Law 96-190, the Dispute Resolution Act; jointly, to the Committees on the Judiciary and Interstate and Foreign Commerce.

By Mr. JEFFORDS:

H.R. 7351. A bill to provide for dismissal of any officer or employee of the Federal Bureau of Investigation who impersonates an officer or employee of the Bureau of the Census; to the Committee on the Judiciary.

By Mr. MITCHELL of New York:

H.R. 7352. A bill to amend chapter 5 of title 37, United States Code, to revise the special pay provisions for certain health professionals in the uniformed services; to the committee on Armed Services.

By Mr. MOAKLEY:

H.R. 7353. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for amounts paid into an individual housing account, and for other purposes; to the Committee on Ways and Means.

By Mr. NATCHER:

H.R. 7354. A bill to amend the Internal Revenue Code of 1954 with respect to the tax treatment of cooperative electric and telephone companies; to the Committee on Ways and Means.

By Mr. ROBERTS (by request):

H.R. 7355. A bill to amend title 38, United States Code, to eliminate provision of outpatient dental treatment for service-connected noncompensable dental conditions which are unrelated to service trauma or prisoner-of-war status; to the Committee on Veterans' Affairs.

By Mr. SMITH of Iowa:

H.R. 7356. A bill to amend sections 403 and 405 of the Federal Food, Drug, and Cosmetic Act to require that foods intended for human consumption be labeled to show the amount of sodium and potassium they contain; to the Committee on Interstate and Foreign Commerce.

By Mr. SOLOMON:

H.R. 7357. A bill to revise the State trigger provisions of the Federal-State extended unemployment compensation program; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 7358. A bill to amend title VI of the Powerplant and Industrial Fuel Use Act of 1978 to provide financial and technical assistance to States, local governments, and regional agencies to promote the establishment of consolidated programs to mitigate certain adverse social and economic impacts caused by major energy developments, and for other purposes; jointly, to the Committees on Interstate and Foreign Commerce, Banking, Finance and Urban Affairs, and Public Works and Transportation.

By Mr. UDALL (by request):

H.R. 7359. A bill to amend title VI of the Federal Land Policy and Management Act

of 1976, as amended (43 U.S.C. 1701 et seq.) to establish the Snake River Birds of Prey National Conservation Area, Idaho; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

By Mr. CHARLES WILSON of Texas:

H.R. 7360. A bill to designate certain National Forest System lands in the State of Texas as components of the National Wilderness Preservation System; to the Committee on Interior and Insular Affairs.

H.R. 7361. A bill to amend title 18, United States Code, to prohibit certain practices in administering and using polygraph examinations for purposes of hiring, demoting, promoting, disciplining, and dismissing employees; to the Committee on the Judiciary.

H.R. 7362. A bill to provide that revenues derived from the crude oil windfall profit tax and the oil import fee shall be used to reduce the national debt; to the Committee on Ways and Means.

By Mr. DERWINSKI:

H.J. Res. 549. Joint resolution proposing an amendment to the Constitution of the United States providing for the election of the President and Vice President; to the Committee on the Judiciary.

By Mr. HALL of Ohio:

H.J. Res. 550. Joint resolution to authorize and request the President to issue a proclamation designating June 1 through June 7, 1980, as "National Management Week"; to the Committee on Post Office and Civil Service.

By Mr. MURPHY of New York (for himself, Mr. JOHNSON of California, Mr. MCCLOSKEY, and Mr. HARSHA):

H.J. Res. 551. Joint resolution authorizing and requesting the President of the United States to issue a proclamation designating the 7 calendar days beginning October 5, 1980, as "National Port Week", and for other purposes; jointly, to the Committees on Post Office and Civil Service and Merchant Marine and Fisheries.

By Mr. QUILLEN:

H.J. Res. 552. Joint resolution designating the "square dance" as the national folk dance of the United States of America; to the Committee on Post Office and Civil Service.

By Mr. ASHBROOK:

H. Con. Res. 336. Concurrent resolution disapproving certain regulations submitted to the Congress on April 3, 1980, with respect to the Education Division general administrative regulations authorized under the General Education Provisions Act and the statutes that authorize the programs covered by such regulations; to the Committee on Education and Labor.

By Mr. GOODLING:

H. Con. Res. 337. Concurrent resolution disapproving certain regulations submitted to the Congress on April 3, 1980, with respect to the adult education State-administered program authorized under section 304 and 306 of the Adult Education Act, as amended; to the Committee on Education and Labor.

By Mr. RANGEL:

H. Con. Res. 338. Concurrent resolution recognizing the congressional obligation to insure an adequate standard of living for the elderly; jointly, to the Committees on Education and Labor and Ways and Means.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

463. By the SPEAKER: Memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to establishment of a records system that would permit persons suddenly relocated as the result of a nuclear accident to draw upon their funds in their local banks through banks in the relocation area; to the Committee on Banking, Finance and Urban Affairs.

464. Also, memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to the broadcasting of information in the event of a nuclear accident; to the Committee on Interstate and Foreign Commerce.

465. Also, memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to the broadcast of emergency information through the National Weather Service radio communication system; to the Committee on Science and Technology.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BEDELL introduced a bill (H.R. 7363) for the relief of Ok Ran Kim, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 654: Mr. PHILIP M. CRANE.

H.R. 1002: Mr. CAMPBELL.

H.R. 1918: Mr. CAMPBELL, Mr. GUYER, and Mr. BADHAM.

H.R. 4178: Mr. OTTINGER.

H.R. 4200: Mr. SYMMS.

H.R. 5062: Mr. MINETA.

H.R. 5099: Mr. GOODLING.

H.R. 5610: Mr. BURGENER, Mrs. FENWICK, Mr. FINDLEY, Mr. GILMAN, Mr. KRAMER, Mr. LENT, Mr. LUJAN, Mr. MONTGOMERY, Mr. SHUMWAY, and Mr. SNYDER.

H.R. 6154: Mr. LOWRY, Mr. MOAKLEY, Mr. BONKER, Mr. WHITEHURST, Mr. MINETA, Mr. MAZZOLI, Mr. FORD of Michigan, Mr. VENTO, Mr. PHILLIP BURTON, Mr. GOLDWATER, Mr. MARKEY, Mr. BLANCHARD, Mr. SPENCE, Mr. JEFFORDS, Mr. MURPHY of Pennsylvania, and Mr. KOGOVSEK.

H.R. 6164: Mr. ADDABBO, Mr. BARNES, Mr. BLANCHARD, Mr. CORRADA, Mr. DOUGHERTY, Mr. DOWNEY, Mr. EVANS of the Virgin Islands, Mr. GRAY, Mr. HALL of Ohio, Mr. HUGHES, Mr. KILDEE, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MOFFETT, Mr. MURPHY of Illinois, Mr. RAHALL, Mr. ROE, Mr. SCHEUER, Mr. SIMON, Mr. SOLARZ, Mr. SPENCE, Mr. STOKES, Mr. WHITEHURST, Mr. WINN, and Mr. ZEFERETTI.

H.R. 6345: Mr. SIMON.

H.R. 6377: Mr. DELLUMS, Mrs. SCHROEDER, Mr. GARCIA, Mr. MURPHY of Illinois, Mr. SHANNON, Mr. GORE, Mr. SIMON, and Mr. ANDERSON of Illinois.

H.R. 6417: Mr. ROYER and Mr. PERKINS.

H.R. 6429: Mr. GRASSLEY, Mr. COELHO, Mr. FOLEY, Mr. KOSTMAYER, Mr. BUCHANAN, Mr. DE LA GARZA, and Mr. CLAUSEN.

H.R. 6611: Mr. LEACH of Iowa and Mr. GREEN.

H.R. 6705: Mr. WYATT.

H.R. 6794: Mr. BAUMAN, Mr. COURTER, Mr. HUTTO, Mr. MARTIN, and Mr. VANDER JAGT.

H.R. 6918: Mr. FUQUA, Mr. BENNETT, Mr. COELHO, Mr. RHODES, Mr. LAGOMARSINO, Mr. LUJAN, Mr. JOHNSON of California, Mr. GIBBONS, Mr. LOEFFLER, Mr. DERWINSKI, Mr. SANTINI, Mr. LOWRY, Mr. STEED, Mr. ROE, Mr. CARTER, Mr. PASHAYAN, Mr. FAZIO, Mr. MURPHY of Pennsylvania, Mr. WIRTH, Mr. SYMMS, Mr. MCKAY, Mr. SEBELIUS, Mr. CHENEY, and Mr. CLAUSEN.

H.R. 6953: Mr. ROE.

H.R. 6954: Mr. ROBERT W. DANIEL, JR., Mr. WHITTEN, and Mr. ENGLISH.

H.R. 6968: Mr. WYATT.

H.R. 7017: Mr. JEFFORDS, Mr. WIRTH, and Mr. MINETA.

H.R. 7039: Mr. WYATT.

H. R. 7142: Mr. BOWEN, Mr. MADIGAN, Mr. BURLISON, Mr. BEVILL, Mr. STANGELAND, and Mr. MONTGOMERY.

H.J. Res. 531: Mr. ARCHER, Mr. DOWNEY, Mr. GUARINI, Mr. LEDERER, Mr. STARK, Mr. ROUSSELOT, Mr. GRADISON, Mr. DUNCAN of Tennessee, Mr. MARTIN, Mr. LUKEN, Mr. KEMP, Mr. MAGUIRE, Mr. DRINAN, Mr. LAGOMARSINO, Mr. MOAKLEY, Mr. SOLOMON, Mr. BROYHILL, Mr. CONYERS, Mr. BOLAND, Mr. SYNAR, Mrs. SNOWE, Mr. OTTINGER, Mr. RAHALL, Mr. OBERSTAR, Mr. MURPHY of Pennsylvania, Mr. ST GERMAIN, Mr. RATCHFORD, Mr. CARTER, Mr. FORSYTHE, Mr. MADIGAN, Mr. LOEFFLER, Mr. BOWEN, Mr. SHELBY, Mr. ROSENTHAL, Mr. ERTEL, Mr. MILLER of Ohio, Mr. WHITEHURST, Mr. WEISS, Mr. WHITTAKER, Mr. HINSON, Mr. LEACH of Louisiana, Mr. WOLPE, Mr. LLOYD, Mr. GOODLING, Mr. STUDDS, Mr. DICKINSON, Mr. YOUNG of Alaska, Mr. LUNGREN, Mr. HARRIS, Mr. TAUKE, Mr. MOORHEAD of California, Mr. LUNDINE, Mr. TRAXLER, Mr. KRAMER, Mr. MATTOX, Mr. ROTH, Mr. CONTE, Mr. DAN DANIEL, Mr. CLINGER, Mrs. SMITH of Nebraska, Mr. VANDER JAGT, Mr. KINDNESS, Mr. MCDADE, Mr. COURTER, Mr. LENT, Mr. QUAYLE, Mr. EDWARDS of Oklahoma, Mrs. FENWICK, Mr. EVANS of Delaware, Mr. YOUNG of Florida, Mr. WINN, Mr. BENJAMIN, Mr. FROST, Mr. WYDLER, Mr. HORTON, Mr. PAUL, Mr. MCHUGH, Mr. CHAPPELL, Ms. MIKULSKI, Mr. SAWYER, Mr. LIVINGSTON, Mr. MILLER of California, Mr. BURGENER, Mr. HUGHES, Mr. EARLY, Mr. YOUNG of Missouri, Mr. RINALDO, Mr. ROBERT W. DANIEL, JR., Mr. LOTT, Mrs. CHISHOLM, Mr. STACK, Mr. VENTO, Mr. MARKEY, Mr. KELLY, Mr. HOPKINS, Mr. BINGHAM, Mr. BADHAM, Mr. YATRON, Mr. BAUMAN, Mr. MARRIOTT, Mr. MOTTL, Mr. DODD, Mr. JEFFORDS, Mr. HOLLENBECK, Mr. SPENCE, Mr. CORCORAN, Mr. DERRICK, Mr. PATTERSON, Mr. ROYER, Mr. STOKES, Mr. GLICKMAN, Mr. IRELAND, Mr. ALBOSTA, Mr. WAMPLER, Mr. BEARD of Rhode Island, Mr. FORD of Tennessee, Mr. WHITTEN, Mr. BUCHANAN, Mr. KOGOVSEK, Mr. AMBRO, Mr. ENGLISH, Mr. BONIOR of Michigan, and Mr. STUMP.

H.J. Res. 536: Mr. BOWEN, Mr. ERDAHL, Mr. FRENZEL, Mr. GIBBONS, Mr. HINSON, Mr. LEHMAN, Mr. LOTT, Mr. OBERSTAR, Mr. STACK, Mr. STARK, Mr. WHITTEN, Mr. VENTO, Mr. MURTHA, Mr. CHAPPELL, and Mr. C. W. YOUNG of Florida.

H. Con. Res. 57: Mr. SNYDER, Mr. ENGLISH, Mr. BRINKLEY, Mr. ICHORD, Mr. HEFNER, Mr. DORNAN, Mr. MOTTL, Mr. ROBERT W. DANIEL, JR., Mr. PRITCHARD, Mr. DANIEL B. CRANE, Mr. DOWNEY, Mr. BETHUNE, Mr. HOPKINS, Mr. JONES of Tennessee, Mr. BONER of Tennessee, Mr. HUBBARD, Mr. PANETTA, Mr. GINN, Mr. STUMP, Mr. BARNARD, Mr. QUAYLE, Mr. LIVINGSTON, Mr. DUNCAN of Tennessee, Mr. JONES of Oklahoma, and Mr. BURGENER.

H. Con. Res. 308: Mr. BAUMAN, Mr. BROWN of Ohio, Mr. FORD of Michigan, Mr. GRAY, Mr. GUDGER, Mr. HUTTO, Mr. KELLY, Mr. LEACH of Iowa, Mr. MURPHY of Illinois, Mr. OTTINGER, Mr. SIMON, Mr. WOLPE, and Mr. WYATT.

H. Con. Res. 331: Mr. MITCHELL of New York, Mr. GRASSLEY, Mr. DORNAN, Mr. MCCLOSKEY, Mr. FORSYTHE, and Mr. SNYDER.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

350. By the SPEAKER: Petition of Cicerone Ionitoiu, Paris, France, relative to human rights in Romania; to the Committee on Foreign Affairs.

351. Also, petition of the Colorado State Council on Criminal Justice, Denver, relative to the Law Enforcement Assistance Administration; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 6974

By Mr. CARR:

—Page 6, strike out lines 19 through 22 and insert in lieu thereof the following:

For the Air Force, $6,880,654,000, of which none shall be available for the strategic weapons launcher and $85,000,000 is authorized only for the research, development, test, and evaluation of the FB111 B/C aircraft.

Page 7, after line 14, insert the following new section:

EVALUATION OF POTENTIAL CRUISE MISSILE CARRIER AIRCRAFT

SEC. 203. (a) The Secretary of the Air Force shall carry out a competitive evaluation of the strategic weapons launcher and of the fast hard medium transport currently in production (or which is expected to be in production at the time of the commencement of procurement of an advanced cruise missile carrier aircraft) which is selected by the Secretary as being the most suitable for the purpose of this section, to determine which aircraft is preferable to use as an advanced cruise missile carrier aircraft.

(b) Of the amounts authorized to be appropriated for the Air Force by section 201, $60,000,000 shall be available only for the purpose of carrying out the evaluation required by subsection (a).

By Mr. SOLOMON:

—On page 20 after line 8 insert the following:

TO REQUIRE THAT A UNIT OF THE JUNIOR OFFICERS' TRAINING CORPS CONTAIN ONE HUNDRED STUDENTS TO BE ESTABLISHED AND FIFTY STUDENTS FOR THE UNIT TO BE MAINTAINED

SEC. 805. Section 2031 of title 10, United States Code, is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively;

(2) by inserting after subsection (a) the following new subsection:

"(b)(1) No unit may be estabilshed at an institution unless the unit contains at least 100 physically fit students who are at least fourteen years of age and are citizens or nationals of the United States on the date on which the unit is established.

"(2) No unit may be maintained at an institution unless the unit contains at least 50 physically fit students who are at least fourteen years of age and are citizens or nationals of the United States".

(3) by striking out paragraph (1) in subsection (c) (as redesignated by paragraph (1) of this section); and

(4) by redesignating paragraphs (2), (3), and (4) of subsection (c) (as redesignated by paragraph (1) of this section) as paragraphs (1), (2), and (3), respectively.

SENATE—*Wednesday, May 14, 1980*

(Legislative day of Thursday, January 3, 1980)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. DENNIS DECONCINI, a Senator from the State of Arizona.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, who has blessed us with the gift of another day, help us to use it in a manner Thou canst bless and hallow with Thy presence. May we be strong to do things worth doing and strong in turning away from the unworthy, the base, and the trivial. Make us generous in praise of others and restrained in our criticism. In troubled times create triumphant souls and in difficult days grant us dividends in character and grace. Support by Thy sustaining presence the President and Congress in the ways of Thy kingdom. Gather the people of this Nation under the shelter of Thy love that we may do justly, love mercy, and walk humbly with our God. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. MAGNUSON).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., May 14, 1980.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DENNIS DECONCINI, a Senator from the State of Arizona, to perform the duties of the Chair.

WARREN G. MAGNUSON,
President pro tempore.

Mr. DECONCINI thereupon assumed the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of proceedings be approved to date.

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

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from West Virginia.

THE NEW SOVIET THREAT

Mr. ROBERT C. BYRD. Mr. President, the Soviet intervention in Afghanistan is a reminder of both the old and the new in Soviet foreign policy. On the one hand, it is an example of the pursuit of very traditional Russian foreign policy objectives, the expansion of the Russian empire into contiguous areas. On the other hand, the Soviet action reminds us of new aspects of Soviet foreign policy. These new features are in many ways more troubling for the future than the more traditional aspects of Soviet foreign policy.

For the first time in history, the Soviet Union has acquired the military capabilities to project its power to any part of the globe. The Soviets have acquired a "blue water" navy and an airlift capacity that effectively extend their military reach.

The Soviets have not hesitated to use these new capabilities. They have provided the logistical support for major military operations on the Horn of Africa, in central and southern Africa—areas far from the Russian heartland and far from areas of traditional concern to the Soviet Union. Until the intervention in Afghanistan, the Soviets had preferred to rely on Cuban and other surrogate military forces. They may not be so circumspect in the future.

These new facts—Soviet military capabilities and their demonstrated willingness to use them far from Russia's borders—have transformed the international political situation. In the past, the Soviet threat was limited by its military capabilities to areas adjacent to the Soviet Union. The United States alone had the ability to project its power to any part of the globe. The Soviets have acquired the same kind of capabilities just at a time when the U.S. military capabilities—and our willingness to use them—have been called into question.

The Soviet threat today should not be confused with that of the immediate postwar years. Then, the Soviet Union used the power of the Red army to consolidate its control over nations in Eastern Europe. The United States and our allies could and did meet that threat by concentrating our energies and resources on Western Europe and in the Mediterranean. Now, the Soviet threat is global, it is not exclusively military, and the responses of the United States and other nations must be more varied and complex.

This analysis is not alarmist. The Russians are not 10 feet tall. The Soviet Union is bordered on the west by the rich, well-armed nations of Western Europe and on the east by an alert and determined People's Republic of China. Furthermore, the nations of the Third World are more determined than ever to maintain their independence and to resist manipulation by outside powers. The valiant resistance of the people of Afghanistan is evidence of this determination. The conditions in the world are not propitious for the unbridled exercise of the Soviet Union's newly acquired military muscle.

The Soviet challenge we and our friends in the world face today is a new one. But I am convinced that we can meet this challenge if we perceive the situation clearly and we begin to respond now.

We need a response that is not spasmodic, lurching from crisis to crisis. We need a response that is part of a cooperative international effort. We need a well-thought-out, sustainable program that will leave us at the end of the 1980's with a more stable international order than we have now.

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

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair. I have no requirement for our time under the standing order, and I am prepared to yield it back if there is no request for time or if the majority leader has no need for the time.

Would the majority leader like me to yield the time I have remaining?

Mr. ROBERT C. BYRD. I thank the minority leader. Mr. BUMPERS does have an order on my side, and he may need a little time.

Mr. BAKER. Mr. President, I yield my time under the standing order to the distinguished majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished minority leader. It may be that I may yield some of my time to Mr. BUMPERS.

THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, on the time that I have under my control, I ask for the following actions: That the Senate proceed immediately to the consideration of Calendar Orders Nos. 735 and 740.

Mr. BAKER. Mr. President, reserving the right to object—and I will not—the reservation is to gain the opportunity to advise the majority leader that those two items are cleared on our calendar, and we have no objection to their consideration and passage.

RENAMING BUILDINGS OF THE LIBRARY OF CONGRESS

The bill (S. 2517) to rename certain buildings of the Library of Congress, was

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

considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2517

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the building in the block bounded by East Capitol Street, Second Street Southeast, Independence Avenue Southeast, and First Street Southeast, in the District of Columbia (commonly known as the Library of Congress Building or the Library of Congress Main Building), shall hereafter be known and designated as the "Library of Congress Thomas Jefferson Building". Any reference in any law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the Library of Congress Thomas Jefferson Building.

SEC. 2. The building in the block bounded by East Capitol Street, Second Street Southeast, Third Street Southeast, and Pennsylvania Avenue Southeast, in the District of Columbia (commonly known as the Library of Congress Thomas Jefferson Building or the Library of Congress Annex Building), shall hereafter be known and designated as the "Library of Congress John Adams Building". Any reference in any law, map, regulation, document, record, or other paper of the United States to such building shall be held to be a reference to the Library of Congress John Adams Building.

SEC. 3. The Act entitled "An Act to name the building known as the Library of Congress Annex to be the Library of Congress Thomas Jefferson Building", approved April 13, 1976 (90 Stat. 329), is hereby repealed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MISSOURI JUDICIAL DISTRICT REALINEMENT

The bill (S. 2432) to amend title 28 of the United States Code to provide that the counties of Audrain and Montgomery shall be in the Northern Division of the Eastern Judicial District of Missouri, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 2432

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 105(a) of title 28, United States Code, is amended—

(1) in paragraph (1), by striking out "Audrain," and by striking out "Montgomery,"; and

(2) in paragraph (2), by inserting "Audrain," immediately after "Adair," and by inserting "Montgomery," immediately after "Monroe,".

SEC. 2. The amendments made by this Act shall apply to any action commenced in the United States District Court for the Eastern District of Missouri on or after the date of enactment of this Act, and shall not affect any action pending in such court on such date of enactment.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Does the distinguished Senator from Arkansas need more time than the 15 minutes allotted to him? If he does, I will yield him more time.

Mr. BUMPERS. Mr. President, I do not need the 15 minutes. I will finish in less than 10.

Mr. ROBERT C. BYRD. Will the Senator indulge me for just a moment and then I will yield the floor.

TIME-LIMITATION AGREEMENT—HOUSE JOINT RESOLUTION 545

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, with the understanding that the measure could be taken up today if cleared with Messrs. HOLLINGS and BELLMON, but no later than tomorrow in any case, the following time agreement be observe in connection with Calendar Order No. 750, the food stamp urgent supplemental, House Joint Resolution 545: That there be 2 hours equally divided on the bill to be controlled by Mr. EAGLETON and Mr. YOUNG; that there be 1 hour equally divided on any amendment; that there be 1 hour equally divided on an amendment by Mr. BELLMON to instruct the Secretary of Agriculture not to request any more supplementals for the food stamp program; provided further that there be 30 minutes on any amendment in the second degree; that there be 20 minutes on any debatable motion or appeal or point of order, if such is submitted to the Senate; and that the agreement in all respects be in accordance with the usual form.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. METZENBAUM. Mr. President, reserving the right to object, I say to the distinguished majority leader that I have no objection to taking time out from that permitted on the pending measure for the purpose of passing and considering such amendments as persons may care to make concerning the food stamp issue. But if the time allocation, as indicated by the leader, were to be taken in full by those wishing to be heard on the subject, it will almost totally preclude any debate at all on the Bayh measure. I do believe that many of us contemplated that there would be adequate time for a full debate on this subject.

Therefore, if placed in this manner, I would have to object. But I would be very receptive to trying to work out a lesser period of time so there still would be adequate time to debate the bottlers' bill.

I am not opposed to bringing up the food stamp bill on an interim basis. But the number of hours that I mathematically calculated would be involved would seem to totally limit debate on the bottlers' bill. Since we go into session tomorrow morning, immediately thereafter have the quorum call and then the cloture motion, it would just about effectively preempt all the time available during the day for this subject.

Mr. ROBERT C. BYRD. Mr. President, I think I can assure the distinguished Senator that in no event would the measure be called up before 4 o'clock today.

Mr. METZENBAUM. In no event would this matter be called up before 4 o'clock today?

Mr. ROBERT C. BYRD. I think I could assure the Senator of that.

Mr. METZENBAUM. If it is not called up before 4 o'clock today, and that is a definite assurance, then I have no objection at all. That would allow us plenty of time to debate the bottlers' bill. On that basis, I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—SECTION 904 WAIVER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as the section 904 waiver is offered, which is the motion to waive the Budget Act in connection with the supplemental appropriations bill, there be 1 hour equally divided between Messrs. HOLLINGS and BELLMON.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

TIME-LIMITATION AGREEMENT—S. 1309, FOOD STAMPS CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as the food stamps conference report, S. 1309, is called up, there be the following time agreement on that conference report: 90 minutes, to be equally divided between Mr. TALMADGE and Mr. HELMS; that there be 1 hour on a motion by Mr. HELMS to recommit, the hour to be under the control exclusively of Mr. HELMS; and that there be 20 minutes on any other debatable motion, appeal, or point of order if such discussion is entertained by the Chair.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. METZENBAUM. Mr. President, reserving the right to object, and I do not intend to object, but is the Senator from Ohio correct in assuming that the understanding that this matter will not come before 4 o'clock today is equally applicable to this issue?

Mr. ROBERT C. BYRD. Mr. President, the Senator is assured of that, with this condition: It will not be called up before 4 o'clock, except that with the approval of the Senator from Ohio, the Senator from Indiana, and the manager of the bill on the other side, we might take it up at 3:30.

Mr. METZENBAUM. Mr. President, that is entirely possible. I do not think I have that much, but there may be others who wish to be heard and it may make it impossible for me to get at it on tomorrow. So I have no desire to prolong the debate, but I want to be certain that those of us who do wish to be heard have an adequate time to do so.

If that be the case, I will tell the leader that I have nothing further and I have no objection to going forward on the food stamps conference report, as well as the budget matter.

Mr. ROBERT C. BYRD. It is the understanding that these measures could be called up at 4 o'clock, but the understanding is that they will not be called up before 4 o'clock unless Senators METZENBAUM, BAYH, and THURMOND have nothing further to say on the bottling bill, in which case we would be released from our assurance with respect to no action before 4 o'clock.

Mr. METZENBAUM. Mr. President, I always want to cooperate with the leader. Under those circumstances, I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

RECOGNITION OF MR. BUMPERS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Arkansas (Mr. BUMPERS) is recognized.

Mr. ROBERT C. BYRD. Mr. President, I thank Mr. BUMPERS for his patience.

S. 2695—CONVERTING OUR NATION'S UTILITIES FROM OIL AND NATURAL GAS TO COAL

Mr. BUMPERS. Mr. President, this country has embarked on an aggressive program to convert our Nation's utilities from oil and natural gas to coal. This program is a necessary and critical step in our urgent effort to free this Nation from its dangerous dependence on foreign oil. Everybody knows that we have the raw resources we need to accomplish this goal: The coal reserves in this Nation have a greater energy value than all the oil reserves of the entire Middle East.

I have already introduced a coal slurry pipeline bill to insure that our transportation systems will be adequate to haul the vastly increased amounts of coal that this Nation must produce to meet its future energy demands. But now I find we are faced with a very serious new barrier to increased coal production: excessive severance taxes imposed on coal by States which hold the richest coal deposits in the entire Nation. Montana and Wyoming hold nearly half of America's coal reserves, hundreds of billions of tons of economically recoverable coal which is ideally suited for utility use because it is low in sulfur. But these States have now adopted a coal policy of their own aimed at keeping much of their coal in the ground and at reaping windfall profits on the coal they do produce. Through coal severance taxes at exorbitant rates—30 percent in Montana and 17 percent in Wyoming—these two States are imposing their coal policy on the rest of the Nation, at an unacceptable and unreasonable cost.

The consumers of most of this coal are utilities serving 20 other States from the Deep South to the Far Northeast. And these utilities have to pass the full cost of coal severance taxes to their rate-paying customers—millions of captive consumers who have absolutely no control over these exploitative tax levies.

Most utilities have agreed to assume the substantial costs of converting to coal during a severely inflationary period. It is simply unfair that some States be permitted to add to these costs and to inflation merely to reap unreasonably large revenues for themselves.

The billions of dollars which will be paid to Montana and Wyoming by citizens of other States are far in excess of any justifiable need. I have no quarrel with the concept of severance taxes: They are a legitimate means of defraying the costs of services which States bear to support coal production. But the 30-percent and 17-percent rates of coal severance taxes in Montana and Wyoming are demonstrably many times greater than any coal-related costs these States bear now or will bear in the foreseeable future. In fact, both of these States earn so much in severance taxes that they are able to place portions of the revenues in untouchable trust funds to earn interest for the future. Congress simply cannot sanction a taxing practice which forces out-of-State consumers, already hard-hit by inflation, to pick up a huge tab today to provide for undefinable future needs in Montana and Wyoming.

The bill I am introducing today will only apply to coal mined on Federal or Indian lands. In 1979, 32,450,000 tons of coal were mined in Montana of which 12,900,000 tons were Federal; 71,825,000 tons were mined in Wyoming of which 30,100,000 tons were mined on Federal lands.

If we assume coal to sell for $10 per ton which is approximately correct, then Wyoming with a 17-percent severance tax (of which 6.5 is a county tax) would have received $21,930,000 and Montana with a 30-percent tax would have received $97,350,000. When one considers that this is in addition to the 50 percent royalty these States receive on Federal coal, the price seems very handsome indeed.

As for those royalty payments, assuming a 12½-percent royalty to the United States (the minimum permitted by law) 50 percent of which goes to the States, Montana would have received $7,512,500 and Wyoming would have received $18,812,500.

In sum, this practice is unfair, inflationary, burdensome to interstate commerce, obstructive to national energy goals—and entirely without need or justification.

Yet if some controls are not imposed, oppressive taxation of coal will certainly continue in Montana and Wyoming, and will spread to other coal-producing States who are tempted by their example. Accordingly, I am, with Senators DURENBERGER, JACKSON, RIEGLE, NELSON, LEVIN, PROXMIRE, and METZENBAUM introducing a bill which will limit to 12.5 percent the taxes which a State may impose on coal shipped in interstate commerce. This ceiling is generous to Montana and Wyoming, but it will restrain further exploitation of American coal and American consumers.

Mr. President, I ask unanimous consent that a list of severance tax rates by various States be inserted in the RECORD at this point.

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

STATE SEVERANCE TAXES ON OIL, GAS, AND COAL AS OF JULY 1979

State	Oil	Gas	Coal
Alabama	6 percent [1]	6 percent [1]	33.5¢/ton.
Alaska	12.3 percent [1]	10 percent	
Arizona	2.5 percent [1]	2.5 percent [1]	
Arkansas	4–5 percent [2]	0.3¢/Mcf (0.2 percent).	2¢/ton.
California	1.1¢/bbl. (0.1 percent).	0.11¢/Mcf (0.06 percent).	
Colorado	2–5 percent [2]	2–5 percent [2]	60¢/ton.
Florida	5–8 percent [2]	5 percent	
Georgia	0.25¢/bbl. (0.025 percent).	0.025¢/Mcf (0.013 percent).	
Idaho	0.25¢/bbl. (0.025 percent).	0.05¢/Mcf (0.025 percent).	2 percent.
Indiana	1 percent	1 percent	
Kansas	0.5¢/bbl. (0.04 percent).	0.086¢/Mcf (0.043 percent).	
Kentucky	1.5 percent [1]		4.6 percent.
Louisiana	3.25–12.5 percent [2]	7¢/Mcf (3.5 percent)	10¢/ton.
Michigan	4–6.6 percent	5 percent	
Mississippi	6.01 percent	6.01 percent	
Montana	2.3–2.85 percent [2]	2.65 percent	30 percent.
Nebraska	2.05 percent	2.05 percent	
Nevada	0.25¢/bbl. (0.025 percent).	0.05¢/Mcf (.025 percent).	5 percent.[1]
New Mexico	51.5¢/bbl. [1] (5.1 percent), +2.75 percent.	5.7¢/Mcf [1] (2.8 percent), +2.75 percent.	0.75 percent +20.6¢–43.5¢/ton.
North Carolina	0.25¢/bbl (0.025 percent).	0.025¢/Mcf (0.13 percent).	
North Dakota	5 percent	5 percent	85¢/ton.
Ohio	3¢/bbl (0.3 percent)	1¢/Mcf (0.5 percent)	19–44¢/ton.
Oklahoma	7.1 percent	7.1 percent	5¢/ton.
South Dakota	4.5 percent	4.5 percent	4.5 percent.
Tennessee	1.5 percent	1.5 percent	20¢/ton.
Texas	4.6 percent [1]	7.5 percent	
Utah	2.1 percent	2.1 percent	1 percent.
West Virginia	4.3 percent	2.9 percent	3.5 percent.
Wyoming	4 percent	4 percent	17 percent.

[1] Represents maximum possible rate where tax computation formula is complex.
[2] Represents range of rates in sliding scale based on volume of production.

Note: The following price figures have been used to convert per-volume tax rates to percentage figures. Oil: $10 (conservatively estimated average of current prices for lower-tier and upper-tier domestic oil). Gas: $2/Mcf (National Gas Policy Act "indicator" price for intrastate gas reduced to reflect current market prices). Coal: No conversion figures have been provided due to the wid[3] variation in coal prices throughout the country.

Source: Commerce Clearinghouse, State Tax Guide, §§45–200.

Mr. BUMPERS. Mr. President, I sincerely hope that my colleagues will look at this severance tax list in the RECORD tomorrow and see the difference between the States severence taxes. My State has a 2-cents-a-ton severance tax on coal. That is unbelievably low, but you will find that no State even remotely approximates the States of Montana and Wyoming when it comes to severance taxes on coal.

Mr. President, exculpatory words are never fully acceptable by those adversely affected by proposed legislation. Nevertheless, I want to state that this legislation is intended to be neither punitive nor provincial, but to prevent a precedent, which is left intact, would be terribly detrimental to this Nation's interests. I have the highest regard for my colleagues from Montana and Wyoming, both personally and professionally, and I have a deep and abiding respect for the people of these two States. But their interests must be the Nation's and the Nation's theirs.

I call upon all of my colleagues to support this legislation. It will prevent regional interest from creating burdens which consumers and national policy can ill afford to bear.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at this point.

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

S. 2695

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that, in order to alleviate the national energy emergency, reduce national dependence on petroleum imports, encourage the highest and best use of domestic petroleum and natural gas, and enhance interstate commerce by promoting increased reliance on our national reserves of coal for the generation of electricity and power, it is necessary to remove excessive burdens on production of coal used in powerplants and major fuel-burning installations.

SEC. 2. The Powerplant and Industrial Fuel Use Act of 1978 (42 U.S.C. No. 8301 et seq.) is amended by adding immediately following section 807 the following new section:

"SEC. 808. COAL FOR POWERPLANT AND INDUSTRIAL CONVERSION.

"(a) Notwithstanding any other provision of State or Federal law, with respect to any coal mined or produced on Indian lands or lands owned by the Federal government which is destined for shipment in interstate commerce for use in any powerplant or major fuel-burning installation, the sum of all severance taxes or fees, in respect of any fiscal year, levied upon or collected from any taxpayer, by a State or any political subdivision thereof on such coal or on any improvements or other rights, property, or assets produced, owned, or utilized in connection with the production of such coal shall not exceed a total of 12½ per centum of the value of such coal produced during such fiscal year at the time it has been extracted and prepared for transportation free on board the production site, exclusive of all State and local taxes and fees.

"(b) For purposes of subsection (a), 'severance taxes or fees' include any tax or fee, by whatever named called, levied or collected upon coal or upon any improvements or other rights, property, or assets produced, owned, or utilized in connection with the production of coal except for income, sales, property or other similar taxes or fees or general application which are not disproportionately imposed thereon."

● Mr. DURENBERGER. Mr. President, over the past decade the United States has become a virtual hostage to our dependence on imported oil. We all recognize that energy independence is a most important national goal that will require concerted effort and considerable cooperation from all Americans.

The people look to the Federal Government for the outlines of a consistent and sensible national energy policy. Congress has taken significant steps in the last 2 years to put such a policy in place. But in its detail this policy requires the voluntary conservation efforts of all citizens, a commitment to increased exploration and production from the energy producers, and a sense of urgency and national purpose in governments at all levels to get the job done.

Mr. President, today I rise to cosponsor a bill offered by Senator BUMPERS that illustrates the difficulty of arranging the details in a broad national energy policy. Most Americans realize that in the midterm, coal and nuclear energy have an important role to play in achieving energy independence. Congress passed legislation to encourage greater use of coal as early as 1974. Coal was a central part of the new energy policy announced by the Carter administration in 1977. Congress passed the Powerplant and Industrial Fuel Use Act in 1978 to mandate coal use in new facilities. In 1979, the Senate authorized a synthetic fuels corporation to support the production of synthetic fuels from coal. And we are now considering new legislation from massive coal conversions at existing utility sites. Mr. President, it is clear that the commitment to coal as a midterm energy resource is a fundamental and important part of our national energy policy.

Despite the national commitment to coal utilization, several obstacles have impeded rapid conversion to this energy resource. To the extent that coal conversion is delayed by capital formation problems in the utility industry, the Federal Government may speed conversions through financial assistance. And we are considering this question now. The role of Federal regulation has been closely examined as a part of the debate on the Energy Mobilization Board. And the impact of transportation charges was recently debated as part of general reform in regulation of the railroad industry.

Mr. President, there is another impediment to coal utilization that deserves the attention of this Congress. That is the question of State and local taxes on coal production. It is fair to say that in some cases State severance taxes have become a real economic burden on the production and utilization of coal. The bill that Senator BUMPERS and I offer today, will bring this issue to the attention of the Congress. This legislation would place a limitation on State and local production taxes. It applies only to coal produced on Federal or Indian lands. The limitation is 12.5 percent.

Mr. President, as a Senator from Minnesota I represent consumers who are forced to pay utility bills that include the costs of unreasonable coal severance taxes imposed by other States. I also represent a State that is familiar with the mineral production tax issue. Two-thirds of the Nation's iron ore is taken from taconite mines in northeastern Minnesota. Minnesota's iron range is the foundation for America's steel industry. We have a production tax on taconite ore. It amounts to slightly more than 4 percent of the value of the ore extracted. At this level it provides fair compensation to the State and local communities for the impact of the mining industry. Minnesotans do not object to production taxes that are reasonably designed to offset the burden that an extraction industry can impose.

But, Mr. President, I could not come to the floor of the Senate and defend a taconite tax of 17 percent or 30 percent. If we had such a tax, and I cannot imagine Minnesotans contemplating such tax, I am sure that we would be called to answer questions of national purpose, for the steel industry which is dependent on the mineral wealth of Minnesota is an important national industry.

Because we are familiar with the mineral tax issue, because Minnesota contributes an important raw material resource to the national economy, and because it does so without seeking a windfall for the State treasury, it is appropriate for a Minnesota Senator to raise the severance tax issue in the Congress by cosponsoring this legislation.

As my colleagues know I have an interest in this issue broader than the coal severance tax of one or two States. My interest goes to the general question of fiscal disparities between the States as a result of mineral wealth. It was a question raised by the Danforth amendment to the windfall profits tax. It is seen as well in legislation to provide energy impact assistance. I am sure that it will be raised many more times as we work together to achieve energy independence.

Mr. President, I hope that debate and hearings on this bill will contribute to resolution of the broader questions in the spirit of cooperation between the States. We should much prefer an energy policy built on cooperation than one that divides the Nation along producer/consumer lines.●

ORDER OF BUSINESS

Mr. BUMPERS. Mr. President, I yield the floor.

Mr. METZENBAUM addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, this body finds itself in a very unusual position. In fact, seldom have there been instances similar to this in the history of the Senate.

Mr. President, reserving the right to be recognized immediately thereafter, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tem-

pore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

COMPLIANCE BY THE SOVIET UNION WITH THE CONVENTION ON PROHIBITION OF BIOLOGICAL WEAPONS

Mr. ROBERT C. BYRD. Mr. President, I have cleared this request with the distinguished minority leader (Mr. BAKER). Mr. PROXMIRE is here; Mr. JAVITS is on his way.

I ask unanimous consent that the Senate proceed for not to exceed 10 minutes to the consideration of Calendar Order No. 732.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 405) expressing the sense of the Senate with respect to compliance by the Soviet Union with the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and Their Destruction.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. PROXMIRE. Mr. President, Senate Resolution 405 is intended to make one point. That point is that the Soviet Union must honor international conventions, treaties, and agreements to which it is a party. The resolution calls upon the U.S.S.R. to provide the United States with scientific data sufficient in quantity, quality, and timeliness to answer the outstanding questions regarding an apparent outbreak of anthrax in the Soviet city of Sverdlovsk in April 1979.

Article V of the 1972 Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction states as follows:

The States Parties to this Convention undertake to consult one another and to cooperate in solving any problems which may arise in relation to the objective of, or in the application of the provisions of, the Convention.

As recently as March 3–21 of this year, the nations which are parties to the convention met in Geneva to review its operation in order to assure that its objectives are being realized. This review, in which the Soviets participated fully, included an affirmation of the right of any part to the convention to request a consultative meeting of experts open to all parties. The Soviets agreed with this conclusion of the review conference.

Our request—that is, the U.S. request—of March 17 and our more formal demarche of March 28 merely seek to invoke our right under the convention to consult at the expert level on the reported 1979 outbreak of anthrax in Sverdlovsk.

The Soviets have responded to our requests with unsatisfactory replies which seek to turn aside the need for consultations among experts.

The information known to us suggests that there is legitimate cause for concern over what happened in Sverdlovsk, a city closed to U.S. personnel. There are many reports of deaths. The Soviets themselves have admitted that an outbreak of anthrax occurred. They have attributed these outbreaks to the handling and consumption of infected meat. It is this aspect of the explanation which raised doubts, since the information available to the U.S. Government indicates that the deaths were a result of pulmonary anthrax, a form of the disease which is not transmitted by infected meat.

There may be a natural explanation for what happened in Sverdlovsk, but until this fact is satisfactorily established, prudence and caution should prevail. The possibility that an accident may have occurred in a biological warfare testing facility cannot be ruled out at present. In fact, the evidence is heavily weighted on the side of a violation of the Biological Convention.

The resolution does not seek to prejudge the final answer. It merely serves to show both the President and the Soviets that this issue is too important to be relegated to routine bureaucratic handling by either side. It is an issue of concern to the entire international community. If the Soviets have nothing to hide, then talks among experts should be quickly convened. Delay only serves to increase tension. Hopefully, the expression of concern embodied in Senate Resolution 405, which 29 Senators have now cosponsored, will serve to alert the Soviets to the rising cost of continued delay.

Mr. President, I urge the adoption of the resolution.

Mr. President, I thank Senator CHURCH, chairman of the Foreign Relations Committee; Senator JAVITS, who is the ranking member; Senator PELL; and, in fact, the entire Foreign Relations Committee, which unanimously reported this resolution, for their excellent cooperation and their support in this matter.

I also thank two remarkable staff members that I have, I am proud to say: Ron Tamen, who is an outstandingly brilliant man, who called this to my attention; along with Charles Cecil, who is on loan from the State Department, working with us. These two gentlemen have worked hard on this matter. I think they have done a superlative job and deserve the thanks of the Senate.

Mr. THURMOND. Mr. President, will the Senator add my name as cosponsor?

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have added as cosponsors the names of Senator THURMOND, Senator METZENBAUM, and Senator DECONCINI.

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

Mr. PROXMIRE. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. Mr. President, this resolution renders a real service to the Senate and to the United States. I think we are all indebted to Senator PROXMIRE for originating it, as well as to his staff, to whom he has just paid such a tasteful tribute.

The reason, Mr. President, is twofold. One is the basic proposition, which is that we have a treaty of 1972 with the Soviet Union, which requires that there be no biological warfare weapons in the U.S.S.R. Therefore, this outbreak of anthrax, which is a characteristic biological weapon, is very concerning. It so happens that this is a matter of some personal experience with me as, during World War II, I served for several years as an Officer of the Chemical Corps of the U.S. Army, then called the Chemical Warfare Service.

I was a planning officer, and I have a pretty clear idea as to biological warfare weapons, as well as chemical warfare weapons, and know how serious could be a violation of this treaty.

So that is point one, that we have to hold the Soviet Union to a greater accounting than might otherwise be thought necessary in respect to that dread weapon.

Again, I call attention to the fact that this is an effective treaty between us in which no such weapon should exist in the Soviet Union.

The other point, in my judgment, is equally, if not more important. That is, it is my belief in respect to the foreign policy of the United States that in the years ahead we will at one and the same time be required to oppose the Soviet Union in its expansionist projects and plans and, at the same time, negotiate standstills and other arms limitation agreements if we are to have a world which will not kill itself by some form of international suicide.

Therefore, the dependence which we have no verification in terms of the treaties between the Soviet Union and ourselves, like this particular treaty on biological and toxic weapons, and on their destruction, becomes supremely important.

I say this because I know the Soviet Union listens very carefully to our debates, as we do to theirs. I hope they take note and take heed, because this is a matter of survival for us both, and for the rest of the world. They should understand very clearly the consequences if if they fail to explain what requires explanation, because the idea that this anthrax was caused by some food poisoning simply has to be challenged. Our inquiries indicate that this is pulmonary, not gastric, anthrax, of which there was an outbreak in Sverdlovsk.

Anything can happen, Mr. President, and we are not charging anybody with anything. We are asking for an explanation.

I believe it entirely appropriate to take this matter to the Security Council where procedures allow exactly such an inquiry if the Soviet Union does not answer satisfactorily.

Mr. President, I point out that the Foreign Relations Committee makes no implications, no charges. We treated the matter with complete objectivity and in a completely correct way, as the diplo-

mats say, and let us see if we are treated the same way by the Soviet Union.

But it is critical to emphasize from the point of view of the Foreign Relations Committee that this is a critical matter, that there is a lot at stake, that it is not just an inquiry about some unfortunate incident which we can take or leave. We cannot, in this case. We have to find out why, in view of the presence of the treaty, and the essentiality that we check very carefully on any charges that the treaties have been violated or completely bypassed.

Mr. President, I yield.

Mr. PROXMIRE. Mr. President, I thank my good friend from New York from the bottom of my heart. He has given exactly the right posture to this position of firmness, of insistence that we get an explanation, but very great care, indicating we do not make any charge, that we insist on getting the facts, which is exactly what we should do.

Mr. President, I ask unanimous consent that the name of the majority leader (Mr. ROBERT C. BYRD) be added as a cosponsor.

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

● Mr. CHURCH. Mr. President, on April 29, by a vote of 12 to 0, the Foreign Relations Committee ordered favorably reported Senate Resolution 405. This resolution, submitted by Senator PROXMIRE, expresses the sense of the Senate that the President should call on the Soviet Union to provide the necessary scientific information to resolve questions regarding the outbreak of anthrax near the city of Sverdlovsk last year. This is a reasonable and proper demand because the Soviet Union is obliged, under article V of the Convention on the Prohibition, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, to "cooperate in resolving any problems in relation to the objective of, or in the application of the provisions of, the convention." The resolution further calls on the President, "to undertake consultative and cooperative measures through appropriate international procedures, as provided by article V of the Convention, or, if necessary, to lodge a complaint with the Security Council of the United Nations, as provided by article VI of the Convention, if the Soviet Union fails to provide such data."

The Soviet Government has acknowledged that there was an outbreak of anthrax in Sverdlovsk in the spring of 1979. The Soviet Union contends, in its official response to questions raised bilaterally by the United States, that this outbreak was the result of natural causes, specifically from the ingestion of improperly handled meat. This explanation does not correspond to the information available to the United States, which indicates that the anthrax outbreak was of the pulmonary form, which would be caused by breathing spores released into the atmosphere. Moreover, the evidence indicates that the outbreak was the consequence of some kind of accident, such as an explosion, and was of such scale as to signify that the Soviet Union was in possession of this deadly biological agent in amounts prohibited by the Convention.

Mr. President, the importance of a prompt and satisfactory resolution of the questions surrounding this terrible incident is clear. If the anthrax outbreak in Sverdlovsk, and the deaths of perhaps dozens or hundreds of Soviet citizens, was caused by illegal Soviet possession of stocks of pulmonary anthrax spores in violation of the Biological Weapons Convention, the implications for overall United States-Soviet relations and for existing and contemplated arms control agreements are profound. The Soviet Union must be under no illusion that public attention to this issue will wane and the question fade away to become the province of technical experts.

This resolution will be a clear demonstration to the Soviet Union that the Senate, as well as the administration, is determined that the United States will persevere in its efforts to get satisfactory responses to its questions. The U.S. faces several major and pressing foreign policy problems at this moment. But, we must not let our other preoccupations lessen our determination to find out whether the Soviet Union is violating its international obligations under the Biological Weapons Convention. Therefore, I support this resolution and urge the Senate to approve it.

The administration also shares the Foreign Relations Committee's desire that the Senate express itself on the need to resolve the Sverdlovsk incident. I submit a letter from Ambassador Ralph Earle of April 28, 1980, stating the administration's position to this effect to be printed in the RECORD.

The letter is as follows:

U.S. ARMS CONTROL AND DISARMAMENT AGENCY,
Washington, D.C., April 28, 1980.

Hon. FRANK CHURCH,
U.S. Senate

DEAR MR. CHAIRMAN: Pursuant to the request of the Committee, I am transmitting the Administration's view with respect to S. Res. 405, pertaining to Soviet compliance with the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction.

The United States believes that the Soviet Union should provide information concerning the outbreak of disease at Sverdlovsk, as provided for under Article V of the Convention. S. Res. 405 expresses the Senate's support for the Administration's request. The Administration therefore has no objection to this resolution.

Sincerely,

RALPH EARLE II.●

CHEMICAL WARFARE SETS THE AGENDA FOR MUSKIE'S MEETING WITH GROMYKO

● Mr. DOLE. Mr. President, the Senator from Kansas joins with the distinguished Senators from Wisconsin (Mr. PROXMIRE), South Carolina (Mr. HOLLINGS), Delaware (Mr. ROTH), Ohio (Mr. GLENN), South Dakota (Mr. MCGOVERN), Rhode Island (Mr. CHAFEE), and many other distinguished Senators, in cosponsoring Senate Resolution 405, expressing the sense of the Senate with respect to compliance by the Soviet Union with the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons. This resolution is made at a particularly timely moment in the conduct of this administration's foreign policy, for the new Secretary of State, the distinguished and most recent former Senator from Maine, Mr. Muskie, is soon to meet with the Foreign Minister of the Soviet Union, Mr. Gromyko.

It is the feeling of this Senator that this resolution is a positive and constructive approach to addressing the recent reports of the development and use by the Soviets of chemical and biological weapons. In addition, this measure sends a message that the Congress of the United States will no longer tolerate the U.S.S.R.'s equivocation and reticence on this issue. This resolution represents a willingness to assume the responsibility for calling to the attention of the world community the Soviets' violation of international law, and it is the hope of the Senator from Kansas that Secretary Muskie will raise this grave and potentially far-reaching matter with the Russians and place it at the head of his agenda. Future negotiations must be predicated on their response. We cannot conduct business as usual as long as Soviet Russia violates past treaties blatantly.

THE TIME IS NOW

Mr. President, now is the time to set a precedent for future negotiations and agreements on chemical and biological warfare capabilities. As nations around the world begin to draw together into an increasingly interconnected relationship, respect for international law becomes of utmost importance. We have seen in Tehran what damage disrespect for international law can bring to political stability. We must have guidelines such as the Geneva treaty by which to measure and conduct international relations, but if we cannot rely on them, anarchy will result. While it is unfortunate that we are not able to undertake a more aggressive investigation into violations of the Geneva protocol of 1925, we can at least voice our opposition as a nation to these clear and aggressive violations of civilized values and of human rights.

It is the understanding of this Senator that the House Foreign Relations Committee has recently reported out a similar resolution for floor action, and therefore joins with us in this effort that is already past due. I think it is fair to say that my colleagues join with me in the feeling that the unified voice of the Congress is an effective and well reasoned first step in meeting this dangerous problem head on. I have spoken on this issue with great concern many times before, for I believe it is one of the gravest threats we face to world peace. At this time, I wish to make part of the RECORD remarks the Senator from Kansas made on May 6, addressing this issue:

The remarks follow:

STATEMENT BY SENATOR BOB DOLE

CHEMICAL WARFARE AND THE GENEVA CONVENTION

Mr. Dole. Mr. President, for the past 2 months, I have spoken in this Chamber about atrocities committed in South Yemen, Vietnam, Cambodia and, most recently, Afghani-

stan, by the Soviet Union—atrocities with which we are only vaguely familiar and against which we have virtually no defense. I am speaking about the use of chemical warfare. The Senator from Kansas has repeatedly called upon the State Department and the administration to direct the U.N. Committee on Disarmament to begin an investigation of the Soviet role in Afghanistan with regard to chemical warfare. Unfortunately, in the wake of new developments in Iran, there has yet to be a serious attempt made by either the State Department or the administration to address the implications of this international crime.

I suppose the old cliche, "out of sight, out of mind" too often rings true. But it is the feeling of the Senator from Kansas that these blasphemies against humanity may not be out of sight for long if we continue to allow the suspected use of chemical and perhaps even biological warfare by the Russians to continue unquestioned.

A CAUTIOUS APPROACH

While it may have been wise at first to approach the issue cautiously when reports were still unproven on the use of nerve gas in Afghanistan, the accident at Sverdlovsk last spring makes it extremely difficult to ignore or deny the Soviets' chemical/biological venturism. When over one thousand citizens die within hours in one city, it becomes increasingly difficult to deny that biological research is being done. And when a government refuses to explain this ghastly occurrence to expectant conference members in Geneva, it becomes a deadly risk to continue to trust that government in critical negotiations.

The West has for too long assumed more than its share of responsibility for keeping channels of communication open with the Soviets. We have been misled, lied to, ignored and yet we have continued to jump at every opportunity that presented itself to concede to Soviet demands. The Soviet track record on agreements with the United States have been marked with deception and disrespect. They have stoically accepted our unilateral concessions, while snickering behind their hands. If this is to become the premise on which future negotiations are to be based, it is clear to the Senator from Kansas that the talks of long past are null and void and the prospect for future communication is gloomy.

BUSINESS AS USUAL IN SPITE OF LETHAL GAS

The administration has recently offered tough rhetoric against the Soviet Union since the invasion of Afghanistan opened their eyes to a long standing, tough reality. However, the President continues to offer ceilings on defense that allow little or no real growth after inflation. Vice President Mondale has publicly conceded the Soviets' use of "lethal gas." Yet, the administration has conducted its diplomatic relations in a business-as-usual fashion that some in the press have even gone so far as to suggest amounts to trying to ". . . cover up Soviet germ warfare capability. . . ." While few can deny that politicking is an integral part of our system of government, overt attempts at manipulating world events to suit an administration's political needs is utterly without justification.

If Geneva is to be the site and occasion for communicating and negotiating on biological and chemical warfare, it seems that one of the basic goals of the conference should be to utilize that opportunity to ask some simple and direct questions on the way in which chemicals are being used and the extent to which they are being developed in participating countries. The inability and/or unwillingness of the Soviet Union to answer these questions makes the conference a farce and the questions a waste of time.

The Geneva conference is one of the few active communication conduits between the west and the Kremlin since the invasion of Afghanistan. That, in itself, might seem enough to insure its continued viability and stature despite the costs. It is American policy to maintain the framework of United States-U.S.S.R. negotiations intact. However, a closer examination of this relationship reveals that we're building our future on shaky ground. Within the past year, over 1,000 have died mysteriously and quickly at Sverdlovsk. There has yet to be a satisfactory explanation of the deadly anthrax spores which caused the mass epidemic. The Soviets can ignore our questions as probing obtrusively into their internal affairs, but as fellow human beings, transcending nationality, we are owed an explanation.

Mr. President, as stated before on previous occasions, the Senator from Kansas does not suggest or condone a U.S. response in the form of development of our own chemical arsenals. Steps in this direction would virtually insure a U.S. fate similar to that of the Soviets. There is an appropriate and needed response, however—one which should be employed immediately. Once again, I call upon the administration and the State Department to analyze the facts and publicly recognize that we have a serious problem. Only then can we begin to structure an adequate defense against biological and chemical weapons. Tough rhetoric will do little if we continue to ignore this dangerous threat to our existence. A failure to react may be more fatal to America than the nuclear arms race that has received so much more attention and which we have feared for so long.●

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 405) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Expressing the sense of the Senate with respect to compliance by the Soviet Union with the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

Whereas the United States and the Union of Soviet Socialist Republics are parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction, done at Washington, London, and Moscow on April 10, 1972;

Whereas article I of the convention prohibits each party to the convention from developing, producing, stockpiling, or otherwise acquiring or retaining certain microbial or other biological agents or toxins or certain weapons, equipment or means of delivery designed to use such agents or toxins; and

Whereas on March 17, 1980, the Government of the United States inquired of the Government of the Union of Soviet Socialist Republics as to the nature of an outbreak of pulmonary anthrax near the city of Sverdlovsk, Union of Soviet Socialist Republics, during April 1979 and has not received a satisfactory reply: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should—

(1) urge and request the Government of the Union of Soviet Socialist Republics promptly to exchange such scientific data as may be necessary to resolve any dispute regarding the nature of the outbreak of pulmonary anthrax near Sverdlovsk, Union of Soviet Socialist Republics, as provided for by article V of the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction; and

(2) undertake consultative and cooperative measures through appropriate international procedures, as provided by article V of the convention, or, if necessary, lodge a complaint with the Security Council of the United Nations, as provided by article VI of the convention, if the Government of the Union of Soviet Socialist Republics fails to make available such data.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that such copy be further transmitted to the Government of the Union of Soviet Socialist Republics.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SOFT DRINK INTERBRAND COMPETITION ACT

The ACTING PRESIDENT pro tempore. The clerk will state the pending business before the Senate.

The legislative clerk read as follows:

A bill (S. 598) to clarify the circumstances under which territorial provisions in licenses to manufacture, distribute, and sell trademarked soft drink products are lawful under the antitrust laws.

The Senate resumed the consideration of the bill.

The ACTING PRESIDENT pro tempore. The Senator from Ohio is recognized.

Mr. METZENBAUM. Mr. President, I am going to address myself at this point to the issue that is before the Senate, on why we find ourselves engaged in an anomalous situation.

We in the Senate are presently awaiting the tolling of the hours with respect to the cloture motion that has been filed. In the past, cloture has almost with no exception, almost with no exception, always been used to cut off a filibuster, when somebody insisted upon talking and using dilatory amendments in order to drag out the debate. That has been the normal procedure, and because of that we have had cloture made possible when 60 Members of the Senate vote to cut off debate, that it could be done, and there was a limit placed as to what could occur thereafter.

As a matter of fact, not only did we have a limit as to what could occur with reference to the subject debate, but we also provided that no nongermane amendments could be made after cloture had been invoked.

Now, what do we have? Now we have a filibuster taking place on the floor of the U.S. Senate, not by anyone attempting to drag out the debate, because I am certainly not attempting to do that.

We have a filibuster taking place to preclude this Senator from calling up a nongermane amendment. That is what it is all about.

If we call up the nongermane amendment and if they did not like it, wanted to cut off debate, I certainly would not discuss it for more than 15 minutes.

As a matter of fact, I agreed yesterday that I would be willing to call up the amendment and have a vote on it

without any debate, because everybody knows what the issue is in Illinois Brick.

What is really occurring on the floor of the Senate at the moment is that the consumers of America, the people of America, are being foreclosed. People are being told that we are going to pass a carving out of the antitrust exemption for the bottlers—a well-heeled, well-financed, well-organized lobbying group. They have done a great job. They have done such a great job that they have 80 cosponsors, and I salute them for their efforts. But the fact is that an amendment then was called up and an amendment in the second degree to that amendment was called up, which precludes this Senator from calling up a nongermane amendment.

There is no question that this is a filibuster. The first thing I said when I came to the floor yesterday was, "Let's agree on the amendment pending and the amendment in the second degree. Let us accept them." I am prepared to accept them now. I am prepared to accept them at any point. But the fact is that the authors of the amendment and the amendment in the second degree do not want to do that, because part of this preconceived, premeditated effort is to keep this Senator from calling up the so-called Illinois Brick amendment.

The Illinois Brick amendment is a proconsumer amendment, and the bottlers' bill is an anticonsumer proposal. But the consumers of this country do not have as effective a lobby as does the bottlers bill. The consumers do not have anybody to be here saying, "Look, we want Illinois Brick. We want to overturn the action of the Supreme Court because it is unfair." No, there is nobody around to say that—although I will say that a lot of Senators have indicated that.

At this point, Mr. President, I ask unanimous consent to have printed in the RECORD the names of the 22 cosponsors of the Illinois Brick bill, of which one, as was pointed out yesterday, is my very distinguished friend, my good friend, the Senator from Alabama, and he has been a strong supporter of that matter.

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

SENATE COSPONSORS OF ILLINOIS BRICK BILL

Kennedy, Metzenbaum, Danforth, Morgan, Stafford, Bayh, Domenici, Durkin, Culver, Riegle, Tsongas, Levin, Proxmire, Leahy, Exon, Nelson, Hart, Williams, Ribicoff, Matsunaga, Pell, and Moynihan.

Mr. METZENBAUM. Mr. President, they do not want me to call up that measure because somebody might filibuster against Illinois Brick. I am not going to filibuster against Illinois Brick. I have said that I am willing to have the amendment called up, with no debate. I am willing to agree to an hour's debate, a half-hour's debate. I am willing to call it up in the middle of the night, in the middle of the afternoon, or in the middle of the morning. I could not care less. The Members of the Senate are being precluded, by a filibuster, from having an opportunity to vote on that amendment.

It is a sad day; it is truly a sad day. I have gone back and looked into the records, and I have found an instance when Senator Mansfield was the majority leader when this procedure was used. I think it was used under Senator Johnson on some occasions. I am told—but I have not been able to confirm the fact—that it has been used under the present majority leadership.

But that is not what cloture is all about. Cloture, historically, was intended to cut off a filibuster. Cloture, in laying down a first-degree amendment and a second-degree amendment, was not intended to keep a Senator from calling up an amendment that was nongermane.

I say to my fellow Senators that today it is against me that this procedure is being used, but perhaps tomorrow it will be used against the Jesse Helmses, the Orrin Hatches, the Jake Garnses, the Strom Thurmonds, and many others who have seen fit to come to this floor and make their point, even though oftentimes they were not in the majority.

I am not saying this to be critical of any of those Senators, I want to make that very clear. I am saying that today we have a new procedure—not totally new, but not used very often—to preclude a Senator from calling up a nongermane amendment, by filing a cloture motion and immediately thereafter calling up an amendment in the first degree and an amendment in the second degree.

Mr. President, I should like to talk about what is in the amendment I want to call up, and I will discuss it at some length, to indicate how the people of this country are getting the short end of the stick, as we proceed here today.

Mr. President, let us talk about what the substantive question is. We know what the procedural question is.

We understand that a filibuster is being conducted against a Member of the Senate calling up a nongermane amendment, a proconsumer amendment, while this body moves forward, hellbent for election, to pass an anticonsumer piece of legislation.

I have repeatedly stated during the consideration of this bill, in committee and on the floor of the Senate, that the exemption from the antitrust laws provided by this legislation for the bottling industry sets an extremely dangerous precedent. If we in this body do not make absolutely clear our commitment to preserving and strengthening the antitrust laws, then I believe we can look forward to a procession of other industries coming to Congress to seek the same special treatment that this bill provides to the bottlers. It is for that reason, in order that we may indicate our true commitment to substantially strengthening our ability to make the antitrust laws work, that I have attempted to call up the Illinois Brick amendment.

The amendment I hope to call up—but at this point I am being precluded from doing so—is based on legislation that was reported last year by the Judiciary Committee, and it would reverse some of the very negative results of the Supreme Court's Illinois Brick decision.

Mr. President, the Illinois Brick decision bars indirect purchasers from bringing private damage actions against an antitrust violator. What has it done? It has turned the antitrust laws upside down.

It bars those truly injured by antitrust violations from obtaining judicial relief, while providing windfall profits to middlemen who suffer no injury. I will illustrate what I am talking about.

Assume, for a moment, that manufacturers of drugs, hardware products, household appliances—you name it; take just a few examples—agree among themselves, and there is no question that they sit down and work out an agreement, to fix the prices of their products at levels higher than those products could command in a competitive market. Other customers—the retailers and wholesalers—purchase these products at the inflated prices and mark them up for resale to the consumer. There is no question that there are overcharges, no question that it has come about by reason of a preconceived conspiracy to set prices. In this manner, most or all of the illegal overcharges are passed on to the ultimate consumer.

What happened? The Supreme Court ruled in the Illinois Brick case that these consumers are barred from recovering because they are not direct purchasers. The middlemen, on the other hand—the wholesale jobbers, the people who actually do the selling to the stores—can collect treble damages from the antitrust violator, even though they have suffered no injury. It may be a store; it may be a wholesale jobber; but it is not the ultimate consumer.

Who are these ultimate consumers deprived of remedy by the Illinois Brick decision?

They are average citizens. They are the little people of America. They are people who always get it in the neck. They are the small businessmen. It is that group of people about whom we always speak how we want to help the small businessman, how the bottlers bill is going to help the small businessman. The bottlers bill may help a small group of small businessmen, but the Illinois Brick amendment will help a large group of small businessmen.

The other people who will really be hurt are the individual consumers.

Let us not forget the taxpayer. The taxpayers whose tax dollars are wasted on illegal overcharges paid by the State and Federal agencies for goods they consume will also pay the bill.

Balance the budget, save local governments money, save the State governments money, oh, yes, do all those things in the rhetoric but when it comes to Illinois Brick, which really has to do with savings and economies of purchase, and rolling back the rising tide of inflation for governmental agencies, oh, no, we are not going to let the Illinois Brick amendment come up because it is nongermane. But the fact is the rules of the Senate provide that I am entitled to bring up this amendment at this moment. But by reason of the filibuster that is taking place, by reason of utilization of the rules of the Senate in order to preclude that which is actually contemplated by the rules of the Senate, the Illinois Brick amendment cannot get to the floor.

Testimony last year before the Judiciary Committee revealed, for example, that 90 percent of State government purchases were made through middlemen. Over the last 15 years, and I emphasize this point, States have recovered hundreds of millions of dollars in antitrust suits, most of which would have been barred had the ruling in Illinois Brick been applied.

Let me read a portion of a letter from the first assistant attorney general of the antitrust section, the State of Colorado, addressed to the National Association of Attorneys General. It says:

As we have discussed, the Illinois Brick rule has had a serious impact upon one very important segment of governmental purchasers, public schools. In a great number of treble damage class actions brought over the past several years, public school districts and boards of education were among the highest volume purchasers of the products at issue in the litigation. By deciding that indirect purchasers of price-fixed items could not sue for damages under the federal antitrust laws, the Supreme Court effectively cut off this large body of tax supported institutions from recovering overcharges for illegal collusive conduct, since schools almost always purchase indirectly.

For this reason,

He continues in his letter:

among many others, the Illinois Brick legislation is absolutely crucial to States and local governmental entities.

He goes on to say in his letter:

I have compiled a list of school districts, colleges, and other institutions of education which received substantial (over $2,000) recoveries in the recent Master Key Antitrust settlement. Not one cent of this recovery would have been possible had the Illinois Brick ruling applied to that case.

I emphasize this to my fellow Senators:

Not one cent of this recovery would have been possible had the Illinois Brick ruling applied to that case.

He carries on:

The Master Key litigation was a Sherman Act case for price fixing by manufacturers of finish hardware and Master Key systems which were sold, indirectly, to large numbers of governmental entities as well as private contractors. The case was settled during trial in September 1976 but the fund was not distributed until earlier this month.

He goes on then to indicate by dollar amount the school districts that will benefit and he goes on to talk about the totals: $216,000 for Alabama, $1,617,000 for California, $419,000 for Florida, $355,000 for Georgia, $832,000 for Illinois, and the list continues on, including my own State, $711,000 for my own State; for the State or Indiana, $430,617; $858,000 for Pennsylvania, a total in that one case of $15,387,546.89.

All of this would have been foreclosed under the Illinois brick decision which my amendment would overturn and which would rectify and correct.

Mr. President, I ask unanimous consent that the entire letter as well as the entire list be printed in the RECORD.

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

THE STATE OF COLORADO,
DEPARTMENT OF LAW,
May 30, 1979.

Re Illinois Brick.

MS. LYNNE ROSS,
National Association of Attorneys General, Hall of the States, Washington, D.C.

DEAR LYNNE: As we have discussed, the Illinois Brick rule has had a serious impact upon one very important segment of governmental purchasers, public schools. In a great number of treble damage class actions brought over the past several years, public school districts and boards of education were among the hghest volume purchasers of the products at issue in the litigation. By deciding that indirect purchasers of price-fixed items could not sue for damages under the federal antitrust laws, the Supreme Court effectively cut off this large body of tax supported institutions from recovering overcharges for illegal collusive conduct, since schools almost always purchase indirectly. For this reason, among many others, the Illinois Brick legislation is absolutely crucial to states and local governmental entities.

I have compiled a list of school districts, colleges, and other institutions of education which received substantial (over $2,000) recoveries in the recent Master Key Antitrust settlement. Not one cent of this recovery would have been possible had the Illinois Brick ruling applied to that case. The Master Key litigation was a Sherman Act case for price fixing by manufacturers of finish hardware and Master Key systems which were sold, indirectly, to large numbers of governmental entities as well as private contractors. The case was settled during trial in September 1976 but the fund was not distributed until earlier this month.

As you will see from the attached compilation, many of the recoveries of even small school districts were substantial and affected every part of the nation. Also, I am providing a list of "category codes" for distribution of the fund which was provided me by counsel for the states in the case. The second page points out the varying percentages for distribution to school districts across the nation. I hope this information will be of value to you in pointing out to others the importance of the Illinois Brick legislation being considered by the Congress at the present time.

Best personal regards.

B. LAWRENCE THEIS,
First Assistant Attorney General, Antitrust Section.

STATE SCHOOL DISTRICTS AND INSTITUTIONS OF HIGHER EDUCATION RECEIVING OVER $2,000 FROM THE MASTER KEY SETTLEMENT DISTRIBUTION

ALABAMA	
Auburn University	$4,693.57
University of Alabama	4,375.74
University of Alabama in Birmingham	3,516.61
Baldwin County School District	2,558.67
Jefferson County School District	8,802.57
Birmingham City School District	8,578.63
Huntsville City School District	5,470.73
Mobile County School District	11,335.65
Montgomery County School District	6,222.82
Tuscaloosa County School District	2,109.45
ALASKA	
Anchorage School District	12,017.07
North Star Borough School District	3,080.13
ARKANSAS	
Arkansas State University	$2,191.52
University of Arkansas at Fayetteville	4,061.64
University of Arkansas at Little Rock	2,637.44
Fort Smith School District	2,028.21
Little Rock School District	3,309.87
Pulaski County Special School District	4,515.24
ARIZONA	
Mesa School District No. 4	2,389.09
Scottsdale School District No. 48	3,831.96
Glendale UHS No. 205	2,724.44
Phoenix UHS No. 210	5,574.05
Scottsdale HS No. 212	3,833.81
Tucson School District No. 1	5,384.87
Tucson School District No. 101	6,493.41
Yuma UHS No. 70	3,717.89
CALIFORNIA	
Hayward Unified School District	2,082.77
Livermore Valley Joint Unified School District	2,629.91
Oakland City Unified School District	3,940.25
Berkeley City Unified School District	2,171.87
Fremont Unified School District	5,302.51
Mt. Diablo Unified School District	7,796.24
Richmond Unified School District	3,615.97
San Ramon Valley Unified School District	2,358.65
Fresno Unified School District	5,761.65
Kern County Joint Unified School District	4,478.82
Baldwin Park Unified School District	2,354.47
Charter Oak Unified School District	2,005.11
Bassett Unified School District	2,130.95
Beverly Hills Unified School District	3,173.76
Bonita Unified School District	2,052.19
Claremont Unified School District	2,023.15
Compton Unified School District	3,945.97
Covina Valley Unified School District	2,375.15
Glendale Unified School District	6,008.94
Hacienda La Puente Unified School District	4,686.06
Las Virgenes Unified School District	2,665.55
Long Beach Unified School District	3,375.06
Los Angeles Unified School District	100,254.17
Norwalk-La Miranda City Unified School District	2,420.47
Palos Verdes Peninsula Unified School District	7,132.27
Pasadena Unified School District	3,684.39
Pomona Unified School District	4,132.31
Rowland Unified School District	4,187.09
Santa Monica Unified School District	2,912.18
Torrance Unified School District	5,887.71
Whittier Union High School District	2,371.63
Wm. S. Hart Union High School District	2,648.39
Novato City Unified School District	2,040.97

Anaheim UN High School District	$10,163.03
Capistrano Unified School District	3,188.28
Cypress Elementary School District	2,746.29
Fountain Valley School District	3,699.57
Fullerton UN High School District	3,464.16
Garden Grove Unified School District	10,145.87
Huntington Beach Union School District	6,108.60
Newport-Mesa Unified School District	3,950.15
Ocean View Elementary School District	5,779.03
Orange Unified School District	7,561.94
Placentia Unified School District	4,701.90
Santa Ana Unified School District	3,595.95
Tustin Unified School District	6,298.46
Westminster Elementary School District	2,819.78
Alvard Unified School District	2,131.61
Corona-Norco Unified School District	4,140.23
Riverside Unified School District	3,871.61
Elk Grove Unified School District	2,241.83
Folsom-Cordova Unified School District	2,949.36
Sacramento City Unified School District	11,789.07
San Juan Unified School District	6,064.60
Chaffey Union High School District	2,409.03
Ontario-Montclair Elementary School District	2,430.37
Redlands Unified School District	2,818.02
Rialto Unified School District	2,041.41
San Bernardino City Unified School District	8,417.53
Chula Vista City Elementary School District	2,016.33
Grossmont Union High School District	2,429.93
San Diego City Unified School District	16,088.58
Sweetwater Union High School District	3,091.04
San Francisco City Unified School District	8,548.01
Jefferson Union High School District	4,342.42
Laguna Salada Elementary School District	2,365.91
San Mateo City Elementary School District	2,405.51
San Francisco Unified School District	4,010.87
Lompoc Unified School District	3,626.09
Santa Barbara City Elementary & High School School District	4,233.73
Alum Rock Union Elementary School District	3,720.47
Campbell Union High School District	4,549.88
Cupertino Elementary School District	5,507.55
East Side Union High School District	4,790.78
Franklin-McKinley Elementary School District	2,100.81
Fremont Union High School District	5,112.64
Milpitas Unified School District	2,572.27
Moreland Elementary School District	2,122.81
Union Elementary School District	2,680.29
Oak Grove Elementary School District	$2,553.79
Palo Alto City Unified School District	2,450.83
San Jose Unified School District	6,039.52
Santa Clara Unified School District	4,111.19
Santa Cruz City Elementary School District	2,038.55
Santa Rosa City Elementary & High School District	2,300.57
Modesto City Elementary & High School District	2,362.61
Simi Valley Unified School District	8,608.27
Oxnard Unified High School District	3,838.83
Ventura Unified School District	2,055.71
Cabrillo College	2,022.71
Cerritos College	2,635.63
El Camino College	3,792.19
Citrus College	2,068.25
Los Angeles City College	13,703.53
Foothills College	7,559.30
Grossmont College	2,425.31
Monterey Peninsula College	2,107.41
College of Marin	2,499.01
Riverside City College	3,776.35
Orange Coast College	2,126.33
Pasadena City College	3,577.91
College of San Mateo	8,140.54
Shasta College	2,873.02
Ventura College	4,302.59
Washington High School	2,070.45
South County Community College	3,964.89
Hudson Elementary School	3,337.66
Excelsior High School	2,916.14
Costa Mesa Elementary School	2,936.60
San Joaquin Elementary School	2,845.96
North Orange Community College	2,897.44
Los Rios Community College	3,580.77
Sweetwater Community College	2,097.51
Jefferson Elementary School	2,164.17
COLORADO	
Colorado State University	6,044.32
University of Colorado	5,704.04
University of Colorado Medical Center	7,525.32
University of Northern Colorado	3,156.89
Northglenn—Thornton School District	3,773.22
Westminster School District	2,910.51
Cherry Creek School District	3,497.85
Littleton School District	3,485.54
Adams—Arapahoe School District	4,129.37
St. Vrain Valley School District	2,888.80
Boulder Valley School District	4,490.34
Denver County School District	13,707.69
Colorado Springs School District	6,613.03
Jefferson County School District	15,923.57
Poudre School District	2,817.37
Mesa County Valley School District	2,742.44
Pueblo School District	4,437.99
DELAWARE	
Delaware Technical and Community College	4,682.00
University of Delaware	7,680.50
Caesar Rodney School District	2,905.21
Capitol School District	2,540.29
Indian River School District	2,630.54
New Castle County School District	27,836.06
FLORIDA	
District	$2,553.79
Broward Community College	2,147.31
Florida Junior College	4,385.16
Miami-Dade Comm.	4,692.35
St. Petersburg Jr. College	2,724.05
Valencia Comm. College	2,145.66
Florida International University	2,702.55
University of Florida	7,485.20
Florida State University	5,243.15
Florida Tech. University	2,638.37
University of South Florida	5,687.48
Duval County School District	12,025.47
Alachua County School District	2,442.59
Marion County School District	2,443.04
Seminole County School District	3,911.77
Escambia County School District	4,953.49
Leon County School District	2,436.69
Bay County School District	2,244.46
Okaloosa County School District	2,856.55
Volusia County School District	4,062.69
Brevard County School District	5,635.71
Orange County School District	9,243.02
Broward County School District	15,534.06
Sarasota County School District	2,753.97
Palm Beach County	8,025.42
Pinellas County School District	10,187.37
Hillsborough Co. School District	12,689.65
Dade County School District	33,958.37
Manatee County School District	2,283.83
Pasco County School District	2,690.31
Lee County School District	3,228.75
Polk County School District	6,662.90
Sarasota County School District	2,753.97
GEORGIA	
Georgia State University	8,883.05
Georgia Institute of Technology	4,742.12
University of Georgia	9,618.68
Columbus College	2,152.77
Georgia Southern College	2,895.05
Valdosta State College	2,240.62
West Georgia College	2,217.23
Atlanta City Schools	14,614.35
Bibb County Schools	5,114.48
Chatham County Schools	6,353.48
Clayton County Schools	6,255.13
Cobb County Schools, Marietta	9,891.81
Dekalb County Schools	15,813.19
Dougherty County Schools	4,052.71
Douglas County Schools	2,108.54
Fulton County Schools	6,682.95
Gwinnett County Schools	5,603.87
Hall County Schools	2,167.80
Houston County Schools	2,983.09
Muscogee County Schools	6,515.00
Richmond County Schools	6,234.43
HAWAII	
University of Hawaii	11,915.12
Department of Education, Honolulu District	10,804.75
Department of Education, Central District	8,764.17
Department of Education, Leeward District	8,222.91
Department of Education, Windward District	5,818.93
Department of Education, Hawaii District	4,586.14
Department of Education, Maui District	3,333.42

IDAHO

University of Idaho	$2,426.92
Boise State University	2,826.74
Boise City School District	3,545.62

ILLINOIS

Belleville Area College	2,632.24
Black Hawk College Quad-Cities	2,335.20
City College of Chicago	16,251.69
College of Du Page	4,607.06
College of Lake County	2,567.18
Eastern Illinois University	2,831,41
Illinois Central College	3,306.78
Illinois State University	5,833.16
Joliet Junior College	2,446.49
Moriane Valley Comm. College	2,981.21
Northeastern Illinois University	2,715.27
Oakton Comm. College	3,336.74
Rock Valley College	2,223.92
Southern Illinois University at Carbondale	6,310.81
Southern Illinois Edwardsville	3,569.29
Thornton Comm. College	2,362.31
Triton College	6,612.42
University of Illinois	6,064.00
University of Illinois, Urbana, Ill.	9,573.65
Western Ill. University	4,207.02
William Rainey Harper College	4,169.64
Alton Public Schools	2,663.49
Aurora (East) Public Schools	2,127.17
Aurora (West) Public Schools	2,277.09
Champaign Public Schools	2,381.52
City of Chicago Public Schools	120,180.22
Comm. Cos (Arlington Hts.)	2,388.85
Decatur Public Schools	4,142.34
Dundee Public School	2,878.46
E. Saint Louis Public Schools	5,169.49
Elgin Public Schools	5,799.23
Elmhurst 205 Public School	2,401.33
Evanston Elementary	2,028.62
Granite City Public Schools	3,044.03
Harlem Public Schools	2,045.00
Maine TWP High Public Schools	2,820.01
Moline Public Schools	2,626.32
Naperville Comm. Unit	2,467.11
Palatine Public Schools	2,751.78
Peoria 150 Public Schools	5,412.83
Quincy Public Schools	2,156.03
Rock Island Public Schools	2,456.11
Rockford Public Schools	9,077.79
Schaumburg Public Schools	3,893.38
Springfield Public Schools	4,734.17
Thornton TWP High	2,583.03
Township HS Public Schools	2,514.56
Township HS (Mt. Prospect)	4,728.55
Valley View Comm. Unit	2,272.93
Waukegan Comm. Unit Public School	3,301.55
Wheaton Comm. Unit District 200	2,741.75
M.S.D. of Lawrence Township	2,140.58
M.S.D. of Perry Township	2,853.35
M.S.D. of Warren Township	2,367.47
M.S.D. of Washington Township	2,956.40
M.S.D. of Wayne Township	2,766.34
Indianapolis Public Schools	17,670.37
Monroe County Community School Corp.	2,768.15
Portage Township Schools	2,208.82
South Bend Comm. School Corp.	6,673.25
Lafayette School Corp	2,032.33
Evansville Vanderburgh School Corp	6,205.00
Vigs County School Corp	4,783.53
Warrick County School Corp	2,087.69
Richmond Comm. School Corp.	2,246.56

IOWA

Area Education Agency II Ankeny IA	$2,050.63
Cedar Rapid Comm. School District	4,830.31
Council Bluffs Comm. School District	2,729.81
Davenport Comm. School District	4,884.22
Des Moines Independent Comm. School District	8,163.03
Dubuque Community School District	2,783.06
Sioux City Community School District	3,506.11
Waterloo Community School District	3,371.23

INDIANA

Ball State University	7,626.00
Indiana State University	5,014.90
Indiana University at Bryan Hall	14,307.60
Indiana University Northwest	2,097.83
Indiana University—Purdue University	9,125.38
Indiana University at South Bend	2,541.13
Indiana University—Purdue University	4,015.74
Purdue University Main Campus	13,122.43
Purdue University Calumet Campus	2,989.64
Fort Wayne Community Colleges	8,716.43
East Allen County Schools	2,691.99
School Corporation Bartholomew Consolidated	2,975.61
Greater Clark County Schools	2,969.96
Muncie Community School Corp.	3,223.29
Elkhart Community School Corp.	3,013.80
New Albany-Floyd Co. Cons. Schools	2,858.55
Marion Community Schools	2,288.60
Kokomo-Center TWP Con. Schools	2,554.59
Gary Community School Corporation	8,176.54
School City of Hammond	4,050.19
Michigan City Area Schools	2,519.79
Anderson Community School Corp.	3,986.23

KANSAS

Kingman USD No. 331	2,007.67
Emporia State University	11,336.57
Coffeyville Community Junior College	3,086.12
USD No. 405	4,459.95
USD No. 259	18,340.89
Johnson County Community College	12,667.55
USD No. 345	2,425.69
University of Kansas	17,899.98
Dodge City Community Junior College	2,306.66
Barton County Community College	2,629.66
USD No. 475	2,986.70

KENTUCKY

Eastern Kentucky University	4,775.00
Moorehead State University	2,676.26
Murray State University	2,951.24
Northern Kentucky University	2,238.70
University of Kentucky	7,961.28
University of Kentucky Comm. College System	6,077.79
University of Louisville	5,761.11
Western Kentucky University	4,731.18
Christian County Schools	2,100.73
Fayette County Schools	$6,917.87
Jefferson County Schools Louisville	23,910.81
K2 Kenton County Schools	2,216.61
Pike County Schools	3,227.73

LOUISIANA

Louisiana St. University	13,310.31
Louisiana Tech. University	2,551.31
Northeast Louisiana University	2,549.63
Southern Unit Agricultural Southern Branch	2,312.83
University of N.O. New Orleans	4,091.51
University of Southwestern	3,951.95
Delgado Vocational Technical College	2,897.69
Pres-Acadia Par School Board	2,082.31
Pres. Bossier Par School Board	3,404.06
Pres-Caddo Par School Board	9,072.41
Pres-Calcasieu Par School Board	6,695.29
Pres-E Baton Rouge Par School Board	13,051.02
Pres-Iberia Par School Board	2,903.05
Pres-Jefferson Par School Board	12,687.59
Pres-Lafayette Par School Board	5,188.75
Pres-Lafousche Par School Board	3,419.86
Pres-Livingston Par School Board	2,262.18
Pres-Orleans Par School Board	16,810.44
Pres-Quachita Par School Board	3,662.55
Pres-Rapids Par School Board	4,976.59
Pres-St. Bernard Par School Board	2,195.85
Pres-St. Landry Par School Board	3,736.26
Pres-St. Tammany Par School Board	3,626.05
Pres-St. Mary Par School Board	2,699.31
Pres-Trangipahoa Par School Board	2,806.19
Pres-Terrebonne Par School Board	4,069.33

MAINE

University of Maine at Orono	3,634.40
University of Maine, Portland	2,650.43

MARYLAND

Anne Arundel Community College	2,122.58
Catonsville Community College	3,113.42
Community College of Baltimore	2,930.88
Essex Community College	3,075.95
Montgomery College	4,857.48
Prince George's Community College	3,788.50
Morgan State University	2,025.23
Towson State University	4,918.97
University of Maryland	15,660.63
Allegany County Public Schools	3,656.24
Anne Arundel County Schools Superintendent Public Schools	18,254.17
Baltimore City Public Schools Superintendent	36,712.72

Superintendent, Baltimore County Public Schools	$27,338.43
Carrol County Public Schools	4,874.50
Cecil County Public Schools	3,217.10
Charles County Public Schools	4,278.52
Frederick County Public Schools	5,666.17
Harford County Public Schools	8,104.63
Howard County Public Schools	6,138.37
Montgomery County Public Schools	27,175.08
Prince George's County, Public Schools	33,654.63
St. Mary's County Public Schools	2,970.50
Washington County Public Schools	5,401.48
Wicomico County Public Schools	3,168.84
MASSACHUSETTS	
Nauset Regional School District	2,899.78
Downey Elementary School	2,302.90
Brockton High School	7,033.24
King Phillip Regional School District	2,258.40
Peabody Public Schools	2,586.75
Olny School	3,691.10
Lee School	3,850.12
Hart-Dean School	2,077.62
Marshall School	3,145.06
MICHIGAN	
Central Michigan University	4,987.62
Eastern Michigan University	5,665.94
Ferris State College	3,096.69
Grand Valley State Colleges	2,350.42
Michigan State University	13,637.72
Northern Michigan University	2,596.37
Oakland University	3,018.76
University of Michigan	14,012.11
Wayne State University	10,453.75
Western Michigan University	6,556.54
Delta College	2,851.67
Grand Rapids Community College	2,342.94
Henry Ford Community College	5,284.70
Jackson Community College	2,028.09
Kalamazoo Valley Community College	2,023.11
Lansing Community College	5,708.65
Macomb Community College	7,803.14
C. S. Mott Community College	2,819.57
Oakland Community College	6,232.97
Schoolcraft College	2,952.05
Washtenaw Community College	2,327.04
Wayne Community College	4,866.05
Albion Public Schools	2,151.75
Ann Arbor Public Schools	4,151.83
Battle Creek Public Schools	2,151.75
Bay City Public Schools	3,377.98
Benton Harbor Area Schools	2,336.80
Birmingham City School District	2,646.82
Dearborn City School District	3,706.84
Detroit City School District	54,021.95
East Detroit City School District	2,162.96
Farmington Public School District	3,159.78
Flint City School District	8,703.10
Grand Rapids City School District	8,945.15
Grosse Pointe Public Schools	2,349.68
Highland Park Community Schools	2,035.85
Huron Valley Schools	2,517.33
Jackson Public Schools	2,602.46
Kalamazoo City School District	3,544.00
Lansing Public Schools	$7,001.59
Lapeer Community Schools	2,067.33
Livonia Public Schools	6,324.33
Midland Public Schools	2,608.19
Monroe Public Schools	2,070.91
Plymouth Canton Community School	3,852.54
Pontiac City School District	5,118.60
Port Huron Area School trict	3,642.93
Portage Public School District	2,357.31
Rochester Community College	2,514.94
Roseville Community Schools	2,340.86
City of Royal Oak School District	2,737.92
Saginaw City School District	4,367.89
Southfield Public School District	2,693.80
Taylor School District	4,630.45
Traverse City School District	2,358.51
Troy Public School District	2,843.32
Utica Community Schools	6,827.74
Walled Lake Consolidated Schools	2,659.70
Warren Community Schools	6,996.58
Waterford School District	3,936.49
Wayne-Westland Community Schools	5,304.37
MINNESOTA	
Minneapolis Special School District No. 1	12,107.54
Anoka Independent School District No. 4	8,104.62
Burnsville Independent School District No. 191	2,752.57
Rosemont Independent School District No. 196	2,758.41
Bloomington Independent School District No. 271	4,757.21
Edina Independent School District No. 273	2,232.88
Hopkins Independent School District No. 274	2,088.42
Osseo Independent School District No. 279	3,722.90
Robinsdale Independent School District No. 281	5,501.33
Rochester Independent School District No. 535	3,698.02
Moundsview Independent School District No. 621	3,585.30
North St. Paul-Maplewood Independent School District No. 622	2,694.43
Roseville Independent School District No. 623	2,618.77
White Bear Lake Independent School District No. 624	2,380.89
St. Paul Independent School District No. 625	9,074.44
Duluth Independent School District No. 709	4,611.99
St. Cloud Independent School District No. 742	2,884.33
South Washington Area Independent School District No. 833	2,643.15
Stillwater Independent School District No. 834	2,169.66
University of Minnesota	24,798.88
MISSISSIPPI	
Alcorn State University	2,542.10
Gulf Coast Junior College District	2,048.73
Mississippi State University	2,559.47
University of Mississippi	2,488.34
University of Southern Mississippi	2,438.30
De Soto County School District	2,154.66
Jackson Separate School District	4,618.84
MISSOURI	
Central Missouri State University	$3,047.60
Florissant Valley Community College	2,535.02
Forest Park Community College	3,238.42
St. Louis Community College	3,308.06
Southeast Missouri State University	2,374.84
Southwest Missouri State University	3,465.81
University of Missouri at Columbia	7,491.55
University of Missouri, Kansas City	3,934.85
University of Missouri, St. Louis	3,967.59
Columbia School District 93	2,279.71
St. Joseph School District	3,030.14
North Kansas City District 74	4,052.71
R-X11 Springfield	4,930.06
C-1 Hickman Mills	2,455.18
C-2 Raytown	2,393.24
Independence School District 30	2,809.17
Kansas City School District 33	9,419.21
C-6 Fox	2,025.24
Hazelwood School District	4,517.79
R-11 Ferguson-Florissant	3,615.85
R-V1 Rockwood	2,126.98
R-IX Mehlville	2,475.69
Parkway	4,992.82
MONTANA	
University of Montana	2,886.52
Montana State University	3,422.49
Great Falls SD N. 1	2,152.44
Great Falls SD A	2,157.67
Billings Elementary SD	2,443.60
Billings Elementary SD	2,339.76
NEBRASKA	
University of Nebraska—Lincoln	5,446.64
University of Nebraska—Omaha	3,678.98
Lincoln Public School	5,331.18
NEVADA	
Clark County School District (Las Vegas)	16,698.72
Washoe County School District (Reno)	6,166.70
NEW HAMPSHIRE	
University of New Hampshire	5,048.81
School Department, City of Manchester	3,283.71
School Department, City of Nashua	2,322.82
NEW JERSEY	
Bergernfield Board of Education	3,198.05
Carlstadt-East Rutherford Regional Board of Education	3,099.04
Hackensack Board of Education	4,661.41
Lenape Regional High School Board of Education	5,236.47
Willingboro Board of Education	3,672.23
Bellmawr Board of Education	2,010.80
Caldwell-West Caldwell Board of Education	2,340.55
Cedar Grove Board of Education	2,344.51
West New York Board of Education	3,141.88
Hamilton Township Board of Education	4,193.62
Sayreville Board of Education	7,235.85
Butler Board of Education	2,199.32
Montville Township Board of Education	4,318.54
Lakewood Board of Education	4,427.20

Toms River Board of Education	$4,552.55
Wayne Township Board of Education	11,673.52
Hillsborough Township Board of Education	2,178.95
Scotch Plains-Fanwood Board of Education	3,713.13
Union Township Board of Education	5,113.58
Rutgers State University	41,752.69
Mercer County Community College	3,297.95
NEW MEXICO	
University of New Mexico—Albuquerque	6,403.00
New Mexico State University—Las Cruces	3,953.87
Albuquerque School District	15,619.48
Gallup School District	2,485.13
Las Cruces School District	2,926.23
Santa Fe School District	2,225.28
NEW YORK	
Arlington Central School District	3,028.75
Auburn Enlarged City School District	2,688.46
Baldwin Public Schools	3,036.69
Bethpage Union Free School District	3,574.41
Central Islip Public Schools	3,662.99
Central Square Central Schools	2,582.50
Cheektowaga-Maryvale Union Free School District	2,672.97
Clarkstown Central School District	5,734.73
Corning-Painted Post Area School District	3,539.48
Deer Park Union Free School District	3,012.73
Fayetteville-Manlius Central School District	2,285.81
City School District of Glen Cove	2,324.20
Greece Central School District	4,501.39
Hicksville Union Free School District	3,307.94
Hilton Central Schools	2,579.02
Horseheads Central School District	2,347.57
Huntington Union Free School District	3,687.02
Jericho Union Free School District	3,423.95
Lakeland Central School District of Scrub Oak	3,609.06
Liverpool Central Schools	4,828.45
Mahopac Central School District	3,606.23
Mamaroneck Union Free School District	2,153.57
Massapequa Union Free School District	5,632.45
Mineola Union Free School District	2,280.94
Monroe-Woodbury Central School District	3,495.25
Monticello Central School District	2,096.15
Northport-East Northport Union Free School District	5,323.48
Pittsford Central School	6,484.86
Plainedge Union Free School District	2,292.10
Rochester City School District	8,906.18
Rush-Henrietta Central School District	3,871.04
Sewanhaka Central High School District	4,552.50
South Huntington Union Free School District	3,997.85
Sweet Home Central School District	3,142.84
Three Village Central School District	6,098.14
Uniondale Union Free School District	$2,706.20
Utica City School District	3,661.61
Vestal Central School	2,621.52
Wantagh Union Free School District	2,339.81
Watertown City School District	2,630.56
West Seneca Central School District	2,160.42
State University Construction Fund	347,225.77
NORTH CAROLINA	
East Carolina University—Greenville	2,376.12
North Carolina State—Raleigh	3,520.11
University of North Carolina Chapel Hill	3,961.66
Central Piedmont Community College	5,553.56
Alamance County	2,118.44
Buncombe County	3,874.14
Burke County	2,206.14
Caldwell County	2,379.46
Catawba County	2,081.45
Cumberland County	5,750.70
Davidson County	2,642.55
Durham County	2,715.26
Forsyth County	7,050.21
Gaston County	5,603.33
Guilford County	4,134.52
Greensboro County	4,311.99
Johnston County	2,451.22
Mecklenburg County	12,586.30
New Hanover County	3,352.42
Onslow County	2,497.46
Randolph County	2,256.53
Robeson County	2,130.24
Rowan County	2,332.11
Wake County	8,849.44
Wayne County	2,282.84
Wilson County	2,121.63
NORTH DAKOTA	
University of North Dakota	3,028.14
North Dakota State University	2,438,76
Bismarck School District	3,908.60
Fargo School District	3,716.93
Grand Forks School District	3,809.63
Minot School District	3,485.86
OHIO	
Akron City School District	9,524.57
Austintown Schools	2,506.79
Bedford School District	2,547.35
Berea City School District	7,291.69
Boardman School District	2,684.31
Brecksville-Broadview	2,075.16
Canton Board of Education	3,275.19
Cincinnati Board of Education	19,205.71
Cleveland Board of Education	25,598.40
Columbus School District	24,605.08
Cuyahoga Falls Board of Education	2,895.22
Dayton Public Schools	14,197.45
Hamilton City School District	3,770.00
Lima City Board of Education	2,951.16
Lorain City School District	7,032.91
Mad River Township School District	2,474.75
Marietta Board of Education	2,231.68
Marion City Schools	2,315.77
North Olmsted City Board of Education	2,361.31
Northwest Local Board (Cincinnati)	3,229.84
Shaker Heights Board of Education	4,002.92
South Euclid-Lyndhurst	2,784.16
Sylvania Board of Education	2,081.78
Washington Local Schools	3,124.00
Wayne Board of Education	2,036.75
West Clermont School District	2,098.83
Willoughby-Eastlike City	4,258.26
Worthington City Schools	2,346.01
University of Akron	8,101.44
Bowling Green University	18,892.07
University of Cincinnati	20,979.97
Cleveland State University	$15,593.32
Kent State University	20,253.90
Miami University	19,162.78
Ohio University	22,587.96
Ohio State University	50,962.31
University of Toledo	7,253.28
Wright State University	3,209.66
Youngstown State University	4,760.29
Cuyahoga C.C.D	8,456.08
Avon Lake Board of Education	2,468.95
OKLAHOMA	
Central State University	2,602.78
Oklahoma State University	4,308.87
University of Oklahoma	4,080.67
Lawton School District	3,421.62
Moore School District	2,185.34
Midwest City School District	3,349.09
Oklahoma City School District	8,952.77
Putnam City School District	3,662.47
Tulsa City School District	11,472.76
OREGON	
Portland Community College	2,731.70
Clackamas County School District 12	2,718.20
Lane County School District	4,132.40
Marion County School District 24 J	4,392.71
Multnomah County School District 1	11,959.18
Washington County School District 48	4,070.54
PENNSYLVANIA	
Bloomsburg State College	2,934.86
California State College	2,541.54
Clarion State College	2,590.27
Edinboro State College	3,466.00
Indiana University of Pennsylvania	5,473.44
Kutztown State College	2,710.38
Millersville State College	3,080.56
Shippensburg State College	2,835.42
Slippery Rock State College	3,125.85
West Chester State College	4,575.56
Pennsylvania State University	33,583.47
Temple University	17,204.50
University of Pittsburgh	17,204.00
Bucks County Community College	3,394.63
Community College of Allegheny	7,875.18
Community College of Philadelphia	5,279.00
Community College of Delaware County	2,395.34
Harrisburgh Area Community College	2,285.07
Montgomery County Community College	3,063.34
Northampton County Area Community College	2,117.21
Allegheny County Schools	13,080.71
Pennsylvania Hills School District	2,914.67
Armstrong School District	2,459.79
Reading School District	3,256.60
Altoona Area School District	2,933.03
Bensalem Township School District	2,128.32
Centennial School District	2,757.61
Central Bucks School District	3,001.11
Council Rock School District	2,293.03
Neshaminy School District	2,645.92
Pennsburg School District	2,878.72
Butler Area School District	2,801.46
West Chester Area School District	2,741.80
West Shore School District	2,205.32
Central Dauphin School District	2,767.04
Harrisburg City School District	2,474.58
Chester-Upland School District	2,475.09
Upper Darby School District	2,493.19

Erie City School District	$3,849.43
Connellsville Area School District	2,044.17
Chambersburg Area School District	2,323.37
Scranton City School District	3,010.29
Lancaster School District	2,579.12
Allentown City School District	3,906.29
Hazelton Area School District	2,638.27
Wilkes-Barre Area School District	2,553.11
Williamport Area School District	2,238.21
Mifflin County School District	2,157.13
Abington School District	2,128.57
North Penn School District	2,598.50
Bethlehem Area School District	3,622.24
Easton Area School District	2,036.52
Philadelphia City School District	62,321.36
Warren County School District	2,331.02
Hempfield Area School District	2,576.06
Bristol Township School District	2,713.49
RHODE ISLAND	
Rhode Island College	2,852.70
Rhode Island Junior College	3,206.19
Pawtucket	2,366.79
Cranston	2,896.82
East Providence	2,090.28
University of Rhode Island	4,391.92
Providence	4,439.99
Warwick	3,900.39
SOUTH CAROLINA	
Clemson University	2,689.18
University of South Carolina	5,365.04
Aiken School District	3,373.96
Berkeley County Schools	3,236.15
Charleston County Schools	7,202.39
Florence School District	2,199.55
Greenville County Schools	4,829.78
Horry County	2,874.66
Richland School District No. 1	4,760.88
York School District No. 3	2,057.39
SOUTH DAKOTA	
Sioux Falls School District	4,445.68
Rapid City School District	3,483.02
TENNESSEE	
East Tennessee State University	2,517.19
Memphis State University	5,362.61
Middle Tennessee State University	2,613.36
University of Tennessee—Knoxville	7,685.20
Blount County School District	2,062.02
Davidson County School District	14,231.23
Hamilton County School District	4,059.40
Knox County School District	5,245.26
Montgomery County School District	2,907.65
Rutherford County School District	2,414.45
Shelby County School District	4,518.48
Sullivan County School District	3,613.78
Summer County	3,426.52
Chattanooga Schools	5,512.59
Knoxville Schools	5,780.64
Memphis Schools	22,428.48
TEXAS	
Killeen ISD	2,755.31
Harlandale ISD	2,975.87
Edgewood ISD	3,264.79
San Antonio ISD	10,784.84
North East ISD	5,595.19
Northside ISD	5,060.56
Brownsville ISD	3,925.91
Piano ISD	$2,912.34
Carrollton—Farmes Br	2,077.42
Dallas ISD	22,701.90
Garland ISD	4,880.61
Grand Prairie ISD	2,281.96
Irving ISD	4,111.63
Mesquite ISD	3,337.07
Richardson ISD	6,219.61
Ector County ISD	3,929.63
El Paso ISD	10,267.34
Ysleta ISD	7,146.55
Fort Bend ISD	2,202.61
Clear Creek ISD	2,785.30
Aldine ISD	5,383.01
Cypress-Fairbanks ISD	2,487.99
North Forest ISD	2,957.98
Goose Creek ISD	2,508.30
Houston ISD	34,226.65
Pasadena ISD	6,108.21
Spring Branch ISD	6,630.92
McAllen ISD	2,508.30
Port Arthur ISD	2,158.64
Lubbock ISD	5,537.63
Waco ISD	2,625.47
Midland ISD	2,659.93
Conroe ISD	2,542.94
Corpus Christi ISD	6,734.49
Amarillo ISD	4,439.12
Tyler ISD	2,709.85
Arlington ISD	4,886.01
Birdville ISD	2,606.65
Fort Worth ISD	12,071.12
Hurst-Euless-Bedford ISD	2,872.48
Abilene ISD	3,057.09
San Angelo ISD	2,498.05
Austin ISD	9,840.01
Victoria ISD	2,166.28
Laredo ISD	3,691.38
Wichita Falls ISD	2,638.32
UTAH	
University of Utah	7,437.09
Utah State University	3,265.99
Weber State College	3,025.44
Utah Technical College	2,236.98
Davis School District	8,004.99
Granite School District	13,294.15
Jordan School District	8,632.08
Nebo School District	2,486.54
Weber School District	4,347.98
Salt Lake City School District	5,401.71
Ogden School District	2,644.91
Provo School District	2,056.15
VERMONT	
University of Vermont	3,754.00
VIRGINIA	
George Mason University	2,192.28
Old Dominion University	3,876.98
University of Virginia	5,199.87
Virginia Commonwealth University	4,368.58
Virginia Polytechnic	4,862.93
North Virginia Community College	6,783.28
Tidewater Community College	2,973.15
Arlington Schools	3,114.08
Augusta Schools	2,067.83
Chesterfield Schools	5,850.58
Fairfax Schools	23,024.93
Hanover Schools	2,038.21
Henrico Schools	6,213.80
Henry Schools	2,290.29
Loudoun Schools	2,557.65
Pitsylvania Schools	2,646.16
Prince William Schools	2,915.17
Roanoke Schools	2,917.19
Tazewell Schools	2,022.02
Alexandria Schools	2,210.99
Chesapeake Schools	4,830.83
Hampton Schools	4,847.02
Lynchburg Schools	2,059.92
Newport News Schools	5,210.25
Norfolk Schools	7,682.15
Portsmouth Schools	3,722.39
Richmond Schools	6,174.79
Roanoke Schools	3,180.87
Virginia Beach Schools	10,221.95
WASHINGTON	
Auburn School District 408	$2,172.93
Bellevue School District 405	5,766.47
Central Valley School District 356	2,910.40
Clover Park School District 400	3,697.45
Edmonds School District 15	5,968.99
Everett School District 2	3,100.47
Evergreen School District 205	2,632.59
Federal Way School District 210	4,086.34
Highline School District 401	5,263.33
Kennewick School District 17	2,565.52
Kent School District 415	4,226.30
Lake Washington School District 414	4,583.38
Longview School District 122	2,134.49
North Thurston School District 3	2,121.24
Northshore School District 417	3,381.73
Puyallup School District 3	3,065.48
Renton School District 403	3,745.17
Richland School District 400	2,259.35
Seattle School District 1	15,620.33
Shoreline School District 412	3,127.25
South Kitsap School District 402	2,063.18
Spokane School District 81	8,161.01
Tacoma School District 10	8,347.10
Vancouver School District 37	4,468.06
Yakima School District 7	3,091.46
State of Washington RE Institutions of Higher Education	54,255.22
WEST VIRGINIA	
West Virginia University	5,414.09
Marshall University	2,824.91
Cabell County Schools	2,936.71
Kanawha County Schools	6,824.93
Mercer County Schools	2,173.03
Raleigh County Schools	2,589.32
WISCONSIN	
University of Wisconsin—Madison	24,307.87
University of Wisconsin—Eau Claire	2,677.48
University of Wisconsin—La-Crosse	2,879.96
University of Wisconsin—Oshkosh	4,998.30
University of Wisconsin—Green Bay	2,606.52
University of Wisconsin—Menomonie	3,333.39
University of Wisconsin—Milwaukee	8,329.14
University of Wisconsin—Kenosha	2,664.17
University of Wisconsin—Platteville	3,185.30
University of Wisconsin—River Falls	2,986.24
University of Wisconsin—Stevens Point	4,500.45
University of Wisconsin—Superior	2,216.96
University of Wisconsin—Whitewater	4,867.75
Appleton Joint School District	16,184.77
Ashwaubenon Public Schools	3,791.22
Cudahy Public Schools	2,653.53
Eau Claire Board of Education	6,163.91
Elmbrook Schools (Joint Common School District No. 21)	18,109.07
D.C. Everest Area Schools (Joint School District No. 1)	4,076.90
Kenosha Unified School District No. 1	10,392.74
Marshfield Public Schools	2,588.78
Board of Education (Joint School District No. 1)	2,699.75

Board of School Directors-Milwaukee	$40,253.39
Oshkosh Area Public Schools	8,592.61
Racine Unified School District No. 1	14,796.95
Joint Union High School District No. 1	2,074.82
West Allis Schools	9,248.24
Monona Grove Public Schools	2,284.88
Grafton Public Schools	2,006.47
Janesville Public Schools	14,046.05
Kiel Area Schools	2,373.27
Muskego-Norway Schools	2,862.64
Neenah Joint School District	5,135.82
Plymouth Joint School District	3,351.35
Verona Area School District	2,179.86
School District of Wausau	3,058.96
Area Vocational Technical & Adult Education District, Eau Claire	2,119.13
North Central Technical Institute	3,189.16
Waukesha County Technical Institute	3,980.63
WYOMING	
University of Wyoming	2,967.81
Laramie School District 1	2,954.35
Natrona School District 1	3,105.07

STATE TOTALS MASTER KEY ANTITRUST LITIGATION SETTLEMENT DISTRIBUTION

Alabama	$216,380.41
Alaska	42,622.80
Arkansas	102,699.73
Arizona	149,500.68
California	1,617,080.60
Colorado	188,167.06
Connecticut	248,391.79
Delaware	80,146.88
Florida	419,533.34
Georgia	355,499.60
Hawaii	66,564.92
Idaho	50,352.25
Illinois	832,977.86
Indiana	430,617.79
Iowa	194,083.94
Kansas	157,796.12
Kentucky	230,405.74
Louisiana	258,441.63
Maine	61,007.95
Maryland	336,519.34
Massachusetts	372,329.03
Michigan	792,690.03
Minnesota	371,619.80
Mississippi	138,435.45
Missouri	296,098.62
Montana	52,613.44
Nebraska	101,518.57
Nevada	47,071.36
New Hampshire	50,839.96
New Jersey	427,839.75
New Mexicc	87,580.75
New York	1,724,168.90
North Carolina	315,621.81
North Dakota	56,352.57
Ohic	711,360.88
Oklahoma	154,012.68
Oregon	153,968.36
Pennsylvania	858,235.11
Rhode Island	60,062.16
South Carolina	147,997.59
South Dakota	49,849.84
Tennessee	273,575.34
Texas	760,250.06
Utah	115,631.41
Vermont	37,154.54
Virginia	317,232.69
Washington	328,819.52
West Virginia	101,177.55
Wisconsin	431,031.52
Wyoming	33,637.17
Grand total	15,387,546.89

(Mr. HUDDLESTON assumed the chair.)

Mr. METZENBAUM. Mr. President, it is absurd that average citizens must bear the cost of antitrust violation while middlemen are permitted to reap the benefits of treble damage antitrust awards, and it is also absurd that a filibuster is being conducted against this proconsumer amendment to keep it from being called up while the anticonsumer bill is pending on the floor of the Senate.

Who owns the Senate? Whose Senate is this? Do the people not have an opportunity to have their amendments called up and only special interests have an opportunity to be heard? I hope not.

The worst part about this particular issue is that one of the Members of the Senate for whom I have the highest respect, the distinguished Senator from Indiana, finds himself in that very difficult position of being both the author of the legislation as well as a cosponsor of the Illinois Brick amendment.

And the concern he expressed yesterday was that there might be a filibuster and/or if Illinois Brick were to be attached to the bottlers bill, it might cause it to be defeated.

I do not know if that is so. It might gain more strength. I think Illinois Brick could only be attached if we had a majority on the floor of the Senate, and I do not see why it would be defeated unless there might be someone else who then thinks he would filibuster against Illinois Brick. But they are using a cloture motion to cut off this amendment from being called up and if that were the case, then why not use a cloture motion to cut off a filibuster against Illinois Brick?

What would Illinois Brick do? First, it would partially, and I emphasize "partially," overturn Illinois Brick by permitting Federal and State governments to sue for damages under the antitrust laws for themselves and on behalf of citizens who are indirect purchasers.

Second, it would modify the Supreme Court's ruling in the Hanover shoe case, allowing defendants in antitrust cases to raise the pass-on defense, thereby protecting themselves from duplicative recovery.

It would also modify the rule announced in government of India against Pfizer, Inc. to limit recoveries by foreign governments to no more than actual damages, as opposed to treble damages, under U.S. law.

It would permit the Federal courts to determine the amount of plaintiffs' attorney's fees that can be recovered in class action cases in Government suits.

It would permit the courts to award attorney's fees to prevailing defendants in cases that plaintiffs have brought in bad faith or vexatiously.

Finally, the amendment would be applicable to all pending cases, with the exception that the pass-on defense would not be permitted in direct-purchaser cases pending at the time of the enactment.

Let me emphasize. This amendment is a half-way measure. It makes some compromises. It takes care of certain other problems that business interests had concerns about. It corrects only some of the many inequities created by the Illinois Brick decision, but at least it is a major step in the right direction and it would permit the States through their State attorneys general to bring an action on behalf of the State and on behalf of the State itself and on behalf of citizens who are indirect purchasers.

Let me tell Senators some things it does not do. The amendment does not, for example, permit consumers to sue antitrust violators on their own behalf. It should, but it does not in an effort to compromise the issue. It does not permit small businessmen to sue on their own behalf. It should, but it does not in an effort to compromise the issue.

It permits only Federal and State antitrust authorities to act and authorizes them to bring only two kinds of suits: suits on behalf of citizens who are victimized by antitrust violations and suits on their own behalf when they themselves are victims of antitrust violations.

It is estimated that there are $0.5 billion in the claims currently pending in State and Federal proprietary suits, $0.5 billion in overcharges, but they cannot be brought with any real efficacy by reason of Illinois Brick. As a matter of fact, I cannot tell you how many more millions or billions of dollars in claims are at stake in State parens suits.

It is beyond me how responsible spokesmen for the business community, the Business Round Table, to be precise, can oppose a mild measure like this one.

I remember when the Business Round Table was talking about providing a link between Government and the business community. I remember when they said there needed to be more communication, that we have to work together for the general good.

I remember when the Business Round Table was moving in a direction that some of us felt would indicate that they would be concerned about the total good, about the total welfare of the Nation, that they would not be just another U.S. Chamber of Commerce or National Association of Manufacturers.

Well, it did not take very long. The Business Round Table continued to create and to add to its muscle, and as it added to its muscle it turned its back on the consumers and the public, on the States and the local governmental agencies.

They talk about balancing the budget at Business Round Table meetings. They talk about cutting down governmental spending at the Business Round Table meetings. They bring in great speakers, and they get people who are specialists about how we have to cut back on the public dollar, Federal, State, and local. They have some of the finest orators on the subject.

But Illinois Brick would make it possible to do something about it, and the Business Round Table is opposing that. They do not really care about the fairness and the equity of a doctrine that precludes suits being brought against corporations that have willingly engaged in price-fixing.

They ought to be in the forefront of this legislation supporting Illinois Brick. But, no, when it comes to helping the school districts and the counties and the State governments, and making those who have willfully engaged in overcharging conspiracies pay the piper, then they use all of their muscle to defeat the

legislation, and that is what we find present in this situation.

This is a mild amendment that I would propose. It is an amendment that has a host of supporters:

The Amalgamated Clothing and Textile Workers Union; the American Association of State Highway and Transportation Officials; American Coalition of Citizens with Disabilities; the American Federation of State, County and Municipal Employees; the Arizona Public Service Co.; the Associated Retail Bakers of America; Citizens for Class Action Lawsuits; Common Cause; the Computer and Communications Industry Association; Congress Watch; the Consumer Federation of America; the Cooperative League of the U.S.A.; the Disability Rights Center; the Disabled American Veterans; the Independent Bankers Association; the International Association of Machinists and Aerospace Workers; the International Ladies Garment Workers Union; MCI Communications Corp.; the National Association of Attorneys General; the National Association of Counties; the National Association of Homebuilders; the National Association of State Purchasing Officials; the National Conference of State Legislatures; the National Consumers League; the National Council of Senior Citizens; the National Farmers Union; the National Governors Association; the National Homeowners Association; the National Institute of Governmental Purchasing, Inc.; the National League of Cities; the National Retired Teachers Association; the American Association of Retired Persons; the National World Electric Cooperative Association; the Oil, Chemical, and Atomic Workers International Union; the Paralyzed Veterans of America; the Public Interest Economic Center; the United Auto Workers; the United Mine Workers of America; the United Steelworkers of America; the White House; and the Women's Lobby.

That is a pretty impressive list of people and groups that support the Illinois Brick amendment. But, no, we cannot bring it up. It is nongermane. The rules say, Senator, that you can bring up a nongermane amendment prior to invoking cloture. But, no, you cannot do that if there is a pending amendment in the first degree and an amendment to that in the second degree.

Yesterday I stood on the floor of the Senate and said "Let us adopt that amendment in the first and second degree. Let us adopt either one of the amendments, the first degree amendment or the second degree amendment or both of them." There is no controversy about those amendments. They are good amendments. The authors do not want to adopt those amendments, and they do not want to adopt them because they know if they do then I can call up the Illinois Brick amendment prior to cloture being invoked. That is an absolutely unbelievable situation, a filibuster being conducted under the cloak of cloture. But it is just exactly the question of man bites dog, it is the opposite. Normally you use cloture to cut off debate. They are using cloture to keep a Member of the Senate from doing that which he has a right to do under the rules of this body.

I would say this amendment should be called up, would be called up, and will be called up if the author of the first degree amendment, the author of the second degree amendment, see fit to accept and approve their amendments. Their amendments have been on the floor for better than 24 hours, and nobody is opposed to them. Why are we not accepting them? We are not accepting them because the business community does not want Illinois Brick to be brought up, and, unfortunately, there are people in the Senate who are willing to go along with that point of view. Why do they not go along with the rights of the consumers of this country and the attorneys general and the whole list of groups who feel that Illinois Brick ought to have its day in court on the floor of the Senate?

It is a recognized fact that we have been trying to bring Illinois Brick to the floor of the Senate for weeks and months. But, no, we cannot do that. There might be a filibuster.

Well, let there be a filibuster and let us vote cloture and bring it to a head. I will not filibuster against it, and I am not prepared to filibuster this measure or other measures, but the fact is that the rules are being turned around so that a Member cannot bring up an amendment that he has a right to bring up.

I am being blocked from doing so. This amendment would not expose business to spurious time-consuming litigation generated by unscrupulous lawyers and professional troublemakers. No, not on your life could that occur because under this amendment only State and Federal antitrust authorities would be able to bring suits on behalf of indirect purchasers.

No private lawyer can set out to enrich himself at the expense of business.

I want to make it clear that I do not actually think that that is right. I am not worried about the lawyers making a fee. I am worrying about the corporations who engage in conspiracies to overcharge the American public by their being brought into court.

As a matter of fact, I feel very strongly that the amendment that I want to bring up does not go far enough. But, in an effort to compromise the issue, we accepted the fact that only the attorneys general would have the right to sue.

There is not any logical reason why those who are hurt, the consumers, why the business groups that are hurt should not have a right to see themselves and that their lawyers should be compensated. I have no quarrel to find with that.

Mr. President, State and Federal antitrust authorities have no incentive to waste their time and resources on spurious suits. They will only bring suits that have merit if this amendment were to be adopted. They will bring those suits in order to redress the harm done the individual consumers and, maybe even more importantly, to deter future antitrust violations. No deterrent effect arises from filing nonmeritorious, spurious suits which are continually thrown out of court.

Mr. President, we in Congress have a responsibility, we have a responsibility that we are avoiding, to the American consumer to reverse the effects of Illinois Brick. If we do not act now on this vital issue we inevitably stand to lose face with the American people—and rightfully so.

There is no secret about the fact that this Congress has been charged by many as being the most anticonsumer Congress in many a year. This is a Congress that has not been willing to adopt a consumer protection advocacy agency. This is a Congress that has decimated the Federal Trade Commission, the only major agency that concerns itself with consumer rights. This is a Congress that would have difficulty in finding a single piece of legislation of major moment that is proconsumer.

We have treated the American consumer shabbily, and we are treating the American consumer even more shabbily today. We are involved in a filibuster against a proconsumer amendment so that we can enact a piece of legislation that is anticonsumer, that provides an exemption from the antitrust law.

This legislation cannot be viewed in isolation. Unfortunately, over the past several years, Congress—and the administration—have demonstrated the low priority they place on the protection of consumer rights. Time and again consumer interests have been sacrificed for the benefits of one or another more politically expedient cause.

I cannot think of any logical reason under the Sun why we should be passing a piece of legislation that says that the Coca-Cola Distributing Co. of Mansfield, Ohio, cannot sell its product for 10 cents or 20 cents or 50 cents a case less in Cleveland, Ohio. That is plain absurd.

We want to pass that legislation, provide an exemption from the antitrust laws while a matter is pending in the Federal courts, and yet we are not willing even to permit to come to the floor a measure which would be proconsumer, which would make it possible to bring actions under the law by the Attorney General of the United States.

Consumers suffered when Congress refused to send a paltry $15 million to establish a consumer protection agency. That agency would have saved hundreds of millions of dollars every year for the people in this country. No, in the interest of economy, we had to save that $15 million and not enact a consumer protection agency.

Consumers suffered when the President decided that the only possible way to conserve energy was to lift price controls and price individual Americans out of the energy market, deregulate natural gas prices, deregulate jet fuel, deregulate oil—deregulate anything that makes the oil companies richer and the consumers poorer. That is the name of the game.

As a matter of fact, Mr. President, we had a great victory this week, although the battle is not over, because the President seems determined to impose an added 10-cents-a-gallon tax on gasoline in this country. He talks about it conserving energy. Well, if you look at the facts, you will find that you might get a little bit of conservation for a whole lot of inflation.

Even his own best advisers say that it will add three-quarters of a point to 1 percent on the inflation rate. That does not seem to bother the President and

his advisers. It did not bother them when they told us if we deregulated the price of natural gas, we had so much more gas and it really would not cost much more than about an 8-percent increase.

Well, I can only say to my friends who voted with the President: Look at the record. You will see that there is not any more natural gas, but there is an awful lot more price.

There is more natural gas in the interstate market coming from those oil companies that were withholding intrastate gas from the interstate market. Charles Curtis, the head of the Federal Energy Regulatory Commission, recently testified that at the end of 1979 there was not any more natural gas.

Then, the President told us we had to deregulate the price of oil. I heard him on the tube tell us about the fact that we had so much inflation that has to do with the OPEC oil prices. Well, I can only suggest to the President that he go back and look at the facts and that he not just gloss over the reality of a situation, because it is the oil companies that have really joined and used the OPEC price increases to enrich their own pockets. Unbelievable price increases.

Where did it come from? It came from decisions of the Department of Energy, so many of which were to help the oil companies in increasing their prices. And that was before the impact of the President's order decontrolling the price of oil.

I read the other day that, I think it was Exxon that said—and decontrol had only been in effect a few months—that it was adding something like $30 million a month to their income by reason of the phased decontrol which has not yet taken full effect.

Mr. President, it is said, it is very sad to see this administration, day in and day out, favoring oil companies, favoring the business community that does not need any help.

I have no problem about helping the business community when they are in trouble. The auto industry is in trouble at the moment. I think we ought to provide some help for them. I think we ought to back off some of those imports that are coming in. I think we ought to give the industry a chance to rectify its errors of the past. But I am sad to say that I am not in agreement with the administration here, either, because the administration is not willing to do that. I am concerned that if they do not, the auto industry, much of it, will no longer be able to hold its head above water.

Mr. President, I varied from the subject that is before us today, and I am well aware of that.

Mr. BAYH. Mr. President, will the Senator permit me to interrupt and yield to me to make a comment, without his losing his right to the floor or without it being counted as a second speech for either one of us, on the subject that he has just covered? Since he is returning to the subject matter of his previous speech, I wanted to have the opportunity to congratulate him and comment on the merit of his position.

Mr. METZENBAUM. Mr. President, I have no objection. How much time does the Senator desire?

Mr. BAYH. Just a moment or two.

Mr. METZENBAUM. I have no objection to that.

Mr. BAYH. I will say to my friend from Ohio I could not agree more with the position he has taken on the 10 cent tax. It escapes my rudimentary knowledge of mathematics and economics how one fights inflation by adding 10 cents to the cost of something as basic as gasoline.

In reviewing this with large numbers of my constituents, and my constituents are located very much the same as the constituents of the Senator from Ohio, where many of them have to drive significant distances to get back and forth to work, this imposes a significant burden upon them. I salute him for his concern.

He and I have been shoulder to shoulder in our efforts to try to keep the OPEC pricing mechanism from running the price of our crude oil and our natural gas through the roof. In fact, as I recall the last time the Senator from Ohio was confronted with this particular kind of a parliamentary situation he was doing battle with the Senator from Indiana against those who were trying to keep us from having some influence in keeping the price regulations on the price of natural gas.

Mr. METZENBAUM. The Senator from Indiana is not 10 percent correct but 110 percent correct. Nobody was more helpful in that battle than was the Senator from Indiana. I am very grateful.

Mr. BAYH. I do not want to interrupt the Senator further, but I want to say that I concur with him wholeheartedly. This is a most unfortunate policy. Hopefully, the President might reassess the situation when confronted with this court order. I think we have to fight inflation and you do not fight that by increasing the price of gasoline 10 cents a gallon. I thank my colleague for yielding.

Mr. METZENBAUM. Mr. President, I could speak much longer on this subject. I guess I can speak for hours because I feel so deeply about it. Day in and day out I see what is happening here in the Congress. I see one House battling with the other House as to which one is going to do a better job of dismantling the Federal Trade Commission. In the name of removing the heavy hand of Federal regulators, we will turn the clock backwards. We just do not have a strong consumer agency in the Government any more. Speaking of the one that is there trying to do a job, nobody paid much attention to it until it started to be effective. As soon as that occurred, they descended upon the Congress.

I do not care whether it was the insurance industry, the television industry, Sunkist oranges, any one of a host of others, everybody had a special exemption that they wanted under the Federal Trade Commission regulations.

Most of them got what they wanted, though some did not get it entirely. They will be back. They will keep the lobbyists busy to help with their business PAC's. They will move along. They will not do badly next week or next year, whatever the case may be.

Time and again, Mr. President, this Nation's policymakers have chosen to ignore the ordinary people of this country at a time when just to get by they need all the help they can possibly get.

Mr. President, we must meet the needs of average Americans instead of continuing to cater to the wealthy and the powerful who come here seeking and too often receiving special treatment at the direct expense of the average American

Mr. President, I believe that failure by the Congress to strengthen the antitrust laws would and will send a very disturbing message to the people of this country, a message that we are not willing to require powerful business interests to play their rightful part in the fight against inflation. Let the hard-working middle-class families of this country cut back. Let the poor become a little poorer. Let the elderly do without. But under no circumstances should this Congress willingly inflict upon business the pain and discomfort that flows inevitably not from governmental regulators, but that flows inevitably from free and open competition.

Where is the spirit of the free enterprise system? The bottlers bill is antifree enterprise. The bottlers bill says, "We do not want to let competitive forces work."

We talk about the free enterprise system. We talk about being probusiness and antibusiness. But I say to my friends in the Senate that the bottlers bill may appear to be probusiness but it is very antibusiness, because when you carve out a portion of the antitrust laws and provide a special exemption, you are not doing the Nation any benefit. You are not helping the economy. You are not saying to the people of this country that you believe in free enterprise.

You believe in free enterprise only when it helps you, not when it hurts you.

The Senate recently approved the first balanced Federal budget in nearly two decades. Today we have the opportunity to strike another blow against inflation by passing an amendment that will enhance competition, by far the most effective tool we have to make our economy more efficient and more productive.

Mr. President, the Senate has a right to vote upon the Illinois Brick amendment, but as we well know it is precluded from doing so because there are amendments in the first and second degree on the floor of the Senate.

Approximately 27 hours ago I urged those who were authors of those two amendments to accept the amendments, to make them a part of the bill. They were engaged in this filibuster by amendment to keep a Member of the Senate from calling up an amendment that he has the right to call up except for the fact that there is an amendment in the first and an amendment in the second degree pending.

Therefore, Mr. President, I again suggest to my friend from Indiana that since it may have been the fact that yesterday we needed more debate on these amendments, I would like to propose and, Mr. President, ask unanimous consent that these two amendments in the first and second degree be adopted.

The PRESIDING OFFICER. Is there objection?

Mr. BAYH. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. METZENBAUM. Then I ask unanimous consent that notwithstanding the fact that there is pending an amendment in the first degree and an amendment in the second degree, that the Senator from Ohio be permitted to call up his Illinois Brick amendment.

The PRESIDING OFFICER. Is there objection?

SEVERAL SENATORS. Objection.

The PRESIDING OFFICER. Objection is heard.

Mr. METZENBAUM. Mr. President, I must say that the Senator from Ohio is not taken back by those objections. I assumed that the objections would be made. But I thought that I had to make it clear, not only to the Senate but to the world, that we are engaged in a filibuster to keep a Member of the Senate from calling up an amendment that he rightfully has the privilege of doing under the rules of the Senate, and that what really is taking place, as I previously said, is a filibuster, a filibuster by those who have called up the bill, not a filibuster by those who want to defeat the bill.

I am not filibustering this amendment. The authors, those who support the measure, are filibustering. They are keeping the floor closed from any amendment. Who amongst us have said that there is something so right and so proper about any particular measure, whether it is theirs or someone else's, that no Member of the Senate may be offered an opportunity to call up an amendment? What kind of an absurdity is this? What kind of an aberration of the rules of the Senate is this?

Filibusters and cloture. Cloture has, in the past, been used only—almost only—for the purpose of cutting off debate when somebody was trying to keep a measure from coming to a vote. I am not trying to do that. Let it come to a vote. Let the amendment come to a vote; let the amendment in the second degree come to a vote; accept it by voice vote. Let my amendment come to a vote; let the bill come to a vote. I am willing to agree to stop talking at any point.

But the fact is that this anomalous situation has developed, where cloture and the laying down and calling up of a first- and second-degree amendment are being used to preclude any amendment being offered.

It is a fact that I can call my amendments up after cloture has been invoked. But it is also a fact that if amendments are nongermane, then they will be ruled out of order.

I respect that rule. But I am trying to call the amendment up prior to cloture being invoked and, by a filibuster, I am being filibustered against doing so, and then having cloture used to keep me from calling up an amendment.

There is a right to do so. I am not saying there is no right. I am saying that is not what the rules originally contemplated. That is not what was intended. Cloture was intended for the purpose of cutting off a filibuster. Cloture was not intended to make it possible to filibuster, and that is exactly what has developed.

Mr. President, I am prepared to yield the floor, reserving to myself the right to conclude my remarks at 2:30 this afternoon.

Mr. BAYH. Mr. President, I ask unanimous consent that the speech of the Senator from Ohio not be counted as a first speech under the debate procedure.

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

Mr. METZENBAUM. I appreciate the cooperation of the Senator from Indiana.

The PRESIDING OFFICER. Who yields time?

Mr. HAYAKAWA. Mr. President, I ask unanimous consent to speak for a few minutes on a subject not pertaining to the business at hand and ask that it not be counted as the first speech of the day.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(The remarks of Mr. HAYAKAWA at this point in connection with the introduction of legislation are printed under Statements on Introduced Bills and Joint Resolutions.)

Mr. HAYAKAWA. Mr. President, may I proceed to a further discussion of S. 598, which is the topic of our discussion today? I am a cosponsor with about 89 others.

Mr. BAYH. Mr. President, will the Senator yield briefly for an inquiry of the Senator from Ohio about the future this afternoon, without losing his right to the floor or his question or that of the Senator from Indiana being considered as a speech in debate?

Mr. HAYAKAWA. I am glad to do so.

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

Mr. BAYH. Would the Senator from Ohio have any objection if, at about the hour of 2:15, we provided just a bit of leeway for the introduction from committee of the intelligence bill which has been worked on assiduously by the present Presiding Officer, the Senator from Kentucky? It has been reported forth and, apparently, some members of the Intelligence Committee might like to be present when it is reported.

I do not think it would take very much time. But I wanted to be able to alert them to come or not to come.

Mr. METZENBAUM. The Senator from Ohio has no objection.

Could we not come to some unanimous-consent agreement where at the hour of 2:15 we have half an hour to take up the intelligence matter, and that at 2:45——

Mr. BAYH. It may not take more than 5 or 10 minutes.

Mr. METZENBAUM. Well, immediately after the conclusion, not in excess of a half hour, the Senator from Ohio be recognized in the event I wish to take the floor at that time.

Mr. BAYH. Let us check with the majority leader.

I appreciate the courtesy of the Senator from Ohio and the Senator from California.

Mr. HAYAKAWA. I thank the Senator.

Mr. President, I am a cosponsor of this bill and commend the distinguished Senators from Indiana and Mississippi for their hard and persistent work. This act provides that exclusive territorial licenses to manufacture, distribute, and sell trademarked soft drink products shall not be held unlawful under any antitrust law if such products are subject to "substantial and effective competition." "Substantial and effective competition" has been described by the Judiciary Committee to include such factors as the number of brands, types and flavors of competing products available in the territory from which the consumers may choose; the number of retail price options available to the consumers; the degree of service competition among vendors; the ease of entry into the market; and the number and strength of sellers of competing products in the territory.

In 1971, the Federal Trade Commission brought up a series of cases challenging the territorial provisions contained in bottlers' trademark licenses as unfair methods of competition in violation of section 5 of the Federal Trade Commission Act. The Commission conducted a lengthy hearing on the Coca-Cola franchise system to satisfy widespread congressional concern that the soft drink industry should be permitted to present its case in a comprehensive set of hearings. At the end of the hearing, the administrative law judge who heard the testimony ruled that Coca-Cola's franchise system is lawful, and that it positively fosters competition. The judge made extensive findings to the effect that there is intense interbrand competition in this industry in terms of price, product innovation, and marketing techniques.

However, in April 1978, the Federal Trade Commission overruled the administrative law judge and held that the Coca-Cola and Pepsi territorial provisions violated the Federal Trade Commission Act. In doing so, the FTC substantially ignored the massive record of evidence of intense competition between soft drink brands. For example, the FTC never tried to rebut the extensive evidence of intense price competition in the sale of soft drinks; it simply held that without territorial restraints there would be more competition. No attention was paid to the evidence that territories stimulate local bottlers' competitive efforts. Similarly, the FTC minimized the abundant evidence of technological and product innovation in the soft drink industry and assumed that without territories there would be even more innovation. The FTC ruling has been appealed and is pending in the Court of Appeals for the District of Columbia.

Mr. President, this is just another example of bias, fed by usurping power, demonstrated by the FTC. During the hearings and extensive debates of the Federal Trade Commission authorization it became abundantly clear that the FTC needed substantial reform. Not unlike a cancer, this agency of the Federal Government has spread extremedies considered protected, and left its crippling mark. Congress has—if this body approves the conference report on the authorization—found it necessary to forbid the Federal Trade Commission to inves-

tigate or promulgate rules in several specific areas. The insurance industry, which had been effectively regulated by the States, came under attack based on a report published by the FTC which the industry has justifiably called fraudulent; the threat of suit by the FTC to make the Formica Corp. change its name because the trademark had become recognized as a generic term; and the list goes on and on.

For the past 75 years the soft drink manufacturers have given their bottlers the exclusive right to manufacture and sell their product within a defined territory. This practice was needed 75 years ago and is just as important today with the impact of inflation and high interest rates hampering the ability of small, independently owned businesses to invest in this area. By providing bottlers with an exclusive territory, the soft drink manufacturers are able to offer an incentive to those businesses wishing to enter the market but who are wary of making the large initial investment needed. This incentive has yet to have a detrimental effect on competition. In fact, the system of exclusive territories has made market entry easy for new products which are able to use the existing distribution systems of major soft drink bottlers. For example, Nestea, canned iced tea, was able to be in areas serving 90 percent of the people in the United States in 3 years, by entering exclusive territorial licensing agreements with 135 established national brand bottlers.

This system has also kept hundreds of small independent bottlers competitive in the market. If the FTC ruling stands, large bottling firms and warehouse operations would enter and overrun the profitable territories, some of which are currently held by small bottlers, and initially offer a lower price and warehouse delivery to the chain stores. This would force the small bottlers out of the market and could lead to price-fixing by the large bottlers once they have taken over. The small bottlers would lose the most profitable sections of their territory to the large bottlers and would have no choice but to cut back service, raise prices or go out of business, leaving the less populated and therefore less profitable areas, with inadequate service, higher prices or no service at all. The passage of this act would provide protection of small bottlers, who are the foundation of the soft drink industry's marketing structure. In California alone, only 14 of the 113 soft drink plants employ over 100 persons. So this has great relevance to the continued existence of small business.

I appreciate the concerns of some of my colleagues that this act would hinder the FTC and the antitrust laws, however, I believe it will insure that every soft drink market is competitive and open to new business and innovation. The FTC would be able to study territories on a case-by-case basis and if it determines there to be a lack of effective competition in a particular market, antitrust laws would be enforced.

I feel this act is needed to put an end to the controversy which has surrounded the soft drink industry for 9 years and I give it my full support.

Mr. President, I am thinking about the disappearance within the last 50 years of hundreds and hundreds of local, well-known brands of beer. In Wisconsin alone, if I recall correctly, some 100 brands of beer have disappeared. I do not know how many have disappeared in California. But these are small businesses which needed the protection which the soft drink industry needs.

Therefore, in the interests of the beer business as well as the soft drink business, it seems to me that the small businessman has to be protected.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Bob W. Delauter, of the Coca-Cola Bottling Co. of Portland, Ind., before the Subcommittee on Antitrust, Monopoly, and Business Rights of the Senate Committee on the Judiciary.

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

STATEMENT OF BOB W. DELAUTER

I am Bob W. Delauter, a Coca-Cola bottler from Portland, Indiana. I serve all of Jay and Blackford and Randolph Counties in Indiana, and most of Darke and Mercer Counties in Ohio, and Grant, Wells and Adams Counties in Indiana. My franchise area covers 128,960 people, in which the largest town is Greenville, Ohio with a population of 13,800.

The history of our plant is one of hope, progress and development.

On November 20, 1917, Orien E. Holsapple and his uncle, Jim Isenhart, launched themselves into a new enterprise. On that date they became the sole owners of Portland Bottling Works, 317 West Main Street, Portland, Indiana.

The start was important because their new soda pop business brought them into contact with Mr. Luther Carson of Paducah, Kentucky, who was owner of the Coca-Cola bottling franchise in Fort Wayne, which included Portland and surrounding towns in its contract area.

Although the soda water business flourished, Mr. Holsapple was impressed with the growth of Coca-Cola on a national basis, and for six years sought a subcontract from Mr. Carson authorizing him to bottle and sell Coca-Cola in Portland. Finally, an agreement was reached between the parties in February, 1923, and the production facilities were moved from Hartford City, Indiana to 317 West Main Street in Portland. He tried to borrow money locally, but was turned down as it was considered a bad risk. Because the previous owner owed money to the Hartford City Bank and was in poor financial shape, his bank agreed to lend Mr. Holsapple the money to buy and move the company out of Hartford City to Portland. The purchase price was a total of $2,200.00.

That first year in business, they sold a total of 240 cases of Coca-Cola, less than the amount of Lemon Pop we sold around the town square in Hartford City. At 80 cents per case, this amounted to a grand total of $192.00, or $3.70 per week. At that time, Coca-Cola retailed at 5 cents per bottle, or .96 cents per ounce. Today in the Ludwig's IGA Store in Portland, Coca-Cola can be purchased for one cent per ounce on sale.

In September 1938 we moved into a new modern building at 510 East Arch Street. I have here copies of the local paper commemorating that big day in the life of our company. On that day we had 265 customers, as listed on the back full-page ad of the paper. We employed eight people and were very proud of our contribution to them and our home town. In 1961 we found it necessary to enlarge our facilities, and added 10,000 square feet, a 40 percent increase in size.

In 1969 we purchased the adjoining franchise at Union City, Indiana, and invested hundreds of thousands of dollars in new bottles, coolers and trucks. On that day we were selling 611,391 cases. Coca-Cola was selling at .75 cents per ounce. By promotion, hard work and efforts of loyal employees and customers, we grew at a rate of 35 percent the first year. We purchased thousands of dollars in coolers over the next ten years, and now are in the process of trying to build a new building to provide Coca-Cola for our 2,200 customers. Our employment has grown to eighty-three, and we sell ten times as much Coca-Cola per day as we did in the entire first year of our company in 1923.

Now I would like to retrace my steps to about July 15, 1971, the day the Federal Trade Commission sued the soft drink franchise companies and several bottlers. I had just purchased Union City Coca-Cola Bottling Company. I owed over a half million dollars, and had just been told, in effect, by the FTC that my purchase was practically worthless, because without franchise lines I could not afford to invest in coolers, signs, trucks and bottling equipment necessary to serve my customers. Although we are in a small, country area, we border some very large bottlers with much deeper pockets than mine, and in a price battle for customers we could not survive. Remember, in 1969 Coca-Cola was selling for .75 cents per ounce, some 22 percent less than when our company started in 1923. Thus, you see, the FTC attempt to assure competition between bottlers of Coca-Cola had a very hollow sound to me. What other product in the world was selling 22 percent cheaper in 1969 than in 1923? Where else could the consumer go and find such bargains?

In Portland, Indiana, we are about 65 percent returnable bottle sales, and the balance in nonreturnable bottles and cans. I am unable to produce some of these NR bottles and cans without investing about one million dollars in new equipment. The uncertainty of the FTC ruling over the last eight years has caused us to delay this investment at an increase in cost to us of about 10 percent per year. Even if I were 100 percent returnables, I would need to enlarge to take care of the 35 percent now served by customer-demanded convenience packaging.

The results of delay, inflation and uncertain legal prospects caused by the FTC ruling has been a major factor in the increased cost of my product to the consumer in Portland, Indiana since 1972. Actually, our price has increased as much since 1972 at it did during the first fifty years we were in business. FTC is not the sole cause of this, but certainly was a major cause. S. 598 will give me a clear understanding of the future where I can plan, build new efficient production, and continue to provide soft drinks at a price still available at about one cent per ounce. In today's world, that is still the best bargain in town.

It was made possible by the wisdom of my predecessors who designed the franchise system to assure a quality product, with wide availability, at a fair price. It was this system that demanded the life's work of several families, and the system that has created the most widely available, widely recognized enjoyed product in the world.

In January we went out to a supermarket in Indianapolis and purchased one each of every type, size, flavor and brand of refreshment available. We found over 395 different competing products and packages, not including milk, tea, coffee, beer or water. We were attempting to convey the tremendous competition for our customers' refreshment dollar. Some of these soft drink products were less than .77 cents per ounce. I would

be glad to furnish the Committee a photograph of that display if you desire it.

The point of my story is this: Our system works honestly, fairly and efficiently to the benefit of the consumer, the bottler and the marketplace. This is obvious, as evidenced by the fact that 395 different entries exist in that refreshment market. I know of no other business where the consumer has such a wide choice at such bargain prices.

The average soft drink bottler cannot survive without the franchise system. We are a unique industry with a different delivery system, a reusable package system, and a multitude of package sizes to satisfy any customer's needs. Our products are available in every place we can find, big or small, where thirst might exist. In today's real world, the franchise territories determine whether hundreds of local bottlers like myself will continue to insure availability of hundreds of products to thousands of retailers; or whether the soft drink industry will become a few, national corporations shipping a few major brands to supermarkets only.

Thank you for the opportunity to tell my story. Please promptly consider the proposed bill and pass it. Eight years is long enough. We need your help NOW.

(Mr. METZENBAUM assumed the chair.)

Mr. DECONCINI. Mr. President, yesterday I had the great privilege and pleasure of inserting in the RECORD a statement by Ernest Gellhorn, a distinguished professor of law at the University of Virginia Law School. Unfortunately, I did not have an opportunity to finish that statement.

At this time, I should like to proceed with a continuation of some of the remarks and points that Professor Gellhorn brought out. As the RECORD will indicate, I was one-third through the statement yesterday. For clarity in the RECORD, I ask unanimous consent that the first eight pages of the statement be printed at this point in the RECORD. Those were the pages I did have an opportunity to read aloud yesterday.

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

REMARKS BY PROFESSOR GELLHORN

The primary question raised by H.R. 3567 is simply whether territorial distribution arrangements—specifically the allocation of exclusive territories to franchised bottlers—should be allowed where substantial and effective competition exists among trademarked soft drink products. If, as I believe, the goal of antitrust is to protect and improve consumer welfare through competition, then this proposed bill is consistent with the antitrust laws.

Where substantial and effective competition exists among soft drink products, franchised bottlers would be allowed by this legislation to retain their historic territories to bottle and sell soft drinks without fear of lawsuit by the government or private claimants.

With the consumer protected by interbrand competition, this bill would assure that soft drink producers could seek the benefits of vertical integration by contract. These contract arrangements are generally designed to increase the efficiency of each firm's distribution system; in a competitive market these efficiency gains should result in lower product prices or, at least in intensification of competition among branded competing soft drinks. On the other hand, where markets lack strong and vigorous competition, this legislation would have no effect. That is, the usual rules of antitrust which measure such vertical arrangements under a rule of reason analysis would apply.

As will be described below, this proposed legislation is supported by the rationale of, and is consistent with, the Supreme Court's recent decision in *Continental T.V., Inc.* v. *GTE Sylvania Inc.*, 433 U.S. 36 (1977). It would, in other words, codify existing legal rules. Yet, as illustrated by the Federal Trade Commission's opinions in *Coca-Cola*, Dkt. No. 8855, and *PepsiCo Inc.*, Dkt. No. 8856 (FTC April 7, 1978), (the *Cola* cases), alternative interpretations apparently are possible. Thus without this legislation it may take years of litigation and numerous hearings and appeals to resolve the question. Adoption of H.R. 3567 would establish the legal standard in a way likely to protect the consumer interest.

An understanding of the role which H.R. 3567 would play in the antitrust laws requires analysis of these laws and the practices they prohibit. In serving the consumer interest, the antitrust laws seek to prevent individual firms, either acting alone or with each other, from restricting output and thereby raising price (or its equivalents) above competitive levels. Reduced to their primary elements, two practices are attacked by the antitrust laws: (1) collusion among competing sellers to raise prices directly or indirectly; and (2) individual or group efforts to exclude other sellers from competing and thereby to gain a larger share of the market.

Under this framework, collusive practices have been banned by legal prohibitions of price fixing and market division. Each involves a horizontal agreement by competing firms where the effect on rivalry has seemed clear and little justification could be offered. Thus, per se rules have been applied to make such horizontal agreements illegal without further consideration of their purpose, justification or effect. However, where the horizontal arrangement does not fit within these categories—such as a trade associations public distribution of market statistics from its members, or a cooperative program of institutional advertising by all or some firms in an industry—the courts have applied a more lenient rule of reason test in order to determine whether some justification might support the practice and whether it outweighs any adverse effects. When this latter rule of reason measure is applied, the courts usually examine the purpose of the arrangement, the market power of the participants and the effect of the arrangements on competition.

A similar approach has been followed in examining exclusionary practices by individual firms (monopolization or attempts to monopolize) or joint actions such as vertical tie-in agreements, horizontal group boycotts and similar arrangements. In situations where the exclusionary practice raises serious antitrust questions, those in or seeking a monopoly position are trading today's monopoly returns for a larger share of the market by making it unprofitable for others to compete with them. Here the law is in a state of flux as both per se and rule of reason tests are applied.

One reason for this lack of legal clarity, especially in regard to the rules governing territorial restrictions in vertical distribution arrangements, is that the courts and agencies have often tried to borrow antitrust concepts developed for collusive horizontal practices. However, they have applied these horizontal rules without careful consideration of their analytical foundations or whether they have any relevance for vertical agreements whose only possible harm could be exclusionary. On the other hand, many, perhaps almost all, vertical restraints are designed for another purpose. That is, rather than being aimed at restricting output, their likely goal is to increase firm efficiencies. For example, vertical sales restrictions required by firms without market power are generally conceded as having no possible effect on price or interfirm competition; yet the aim and result of horizontal sales restrictions are to restrict output and thereby to affect price. It is therefore not surprising that attempts to apply horizontal, per se, rules to their vertical counterparts have proved unsatisfactory and been unstable.

As will be explained below, this borrowing of horizontal case rules to vertical arrangements without qualification was first developed in the area of vertical price fixing. Subsequently, it was extended to territorial and customer allocations. In both areas the horizontal case rules are clear. Price-fixing among competing firms has been condemned on a per se basis without regard to the reasonableness of the prices, any justification for the arrangement, or other supposed beneficial effects, since 1897. See *United States* v. *Trans-Missouri Freight Ass'n*, 166 U.S. 290 (1897); *United States* v. *Trenton Potteries Co.*, 273 U.S. 392 (1927); *United States* v. *Socony Vacuum Oil Co.*, 310 U.S. 150 (1940). Horizontal agreements to divide markets by allocating exclusive territories, assigning customer classes, or like arrangements similarly provide participants with an opportunity to restrict output and thereby to raise prices. Therefore, beginning in 1898 courts have condemned such territorial restrictions under increasingly rigid per se rules. See *United States* v. *Addyston Pipe & Steel Co.*, 85 Fed. 271 (6th Cir. 1898); *Timken Roller Bearing Co.* v. *United States*, 341 U.S. 593 (1951); *United States* v. *Sealy, Inc.*, 388 U.S. 350 (1967); *United States* v. *Topco Assoc., Inc.*, 405 U.S. 596 (1972). The application of these rules to similar vertical arrangements has long been criticized and with telling effect in recent years, at least in regard to vertical territorial restraints.

The development of the law regarding restrictions on the distribution of goods and services began with early efforts by manufacturers to set prices below which retailers could not subsequently resell their products. In the still leading case of *Dr. Miles Medical Co.* v. *John O. Park & Sons, Co.*, 220 U.S. 373 (1911), the Supreme Court ruled that a manufacturer who sells medicine to a wholesaler is not entitled to restrict resale through interference with the purchaser's pricing decisions. It relied on ancient property law rules making restraints on resale invalid. Where the purpose of the arrangement is to destroy competition by fixing prices, the Court held, the restraint is "injurious to the public interest and void." In reaching this result, the Court equated vertical price-fixing with horizontal cartel behavior. Since the latter was per se illegal, it followed that resale price maintenance was similarly prohibited.

The Court's assumption that a manufacturer's interest in eliminating price competition among its resellers is based on the same motives and consequences as those by resellers in forming a cartel, however, was badly flawed. That is, unless forced to do so by his retailers, the manufacturer would seem to have no interest in assuring retailers a monopoly profit, especially since it would be done at his expense. As one leading antitrust critic has correctly observed, a "rule of per se illegality was thus created on an erroneous economic assumption." R. Bork, The Antitrust Paradox 33 (1978).

Perhaps recognizing the infirmity of its own rule, the Supreme Court shortly cut back its prohibition of vertical price fixing by creating an exception to the per se rule in *United States* v. *Colgate & Co.*, 250 U.S. 300 (1919). There the Court allowed a manufacturer to control resale prices by the simple expedient of announcing his intention not to sell to price-cutters and then unilaterally refusing to sell to any retailer who failed to comply. However, the exception, which was based on the absence of any

agreement essential to a Sherman Act contract, combination, or conspiracy, quickly proved illusory.

Mr. DECONCINI. Mr. President, I will take up where I left off.

Subsequent cases established that the "fatal element of agreement" might be found in price discussions with retailers, in their assurance that they could comply with the condition, or in the reinstatement of errant dealers after a disciplinary waiting period.

The Dr. Miles approach to vertical price fixing—that it denied the retailer his "right" to resell his property—led to another exception where the retailer was the manufacturer's agent and, instead of taking title, received the products on consignment. Thus in *United States* v. *General Elec. Co.*, 272 U.S. 476 (1926), the Court held that where it is clear that the arrangement is legitimate and that the manufacturer both retains title and bears substantial risks of ownership, the antitrust laws do not prevent him from dictating the terms of sale, including retail prices. In this circumstance the Court held that vertical price fixing is not illegal.

Here too the exception provided unreliable. First the legitimacy of consignment arrangements was attacked, the question being whether the retailers were in fact the manufacturer's agents. And then in *Simpson Oil* v. *Union Oil Co.*, 377 U.S. 13 (1964), the Court ruled that an oil company supplier had violated the antitrust laws by fixing the retail prices of its service station-consignees because the consignment arrangement was being used as a device to "coerce" nominal agents "who are in reality small struggling competitors seeking retail gas customers." Whether any form of consignment now provides safe passage for resale price agreements is uncertain. They were approved for nonprice restraints in *United States* v. *Arnold Schwinn & Co.*, 388 U.S. 365 (1967), where the consignment provided that "title" dominion and risk" remained with the manufacturer, and this part of the *Schwinn* decision was not overturned in *Sylvania* (discussed below).

The rigidity of the rule against all price-fixing is further shown by the Court's restatement of the rule in *Abrecht* v. *Herald Co.*, 390 U.S. 145 (1968), when it held that a publisher's effort to fix maximum resale prices charged by independent newspaper carriers was illegal per se. The Court was unmoved by the fact that such price fixing seemingly protected the consumer's interest and was justified by the paper's independent interest in keeping prices down (to increase circulation and advertising revenues).

The continued strength of the per se rule against vertical price fixing was further revealed in 1977 in the Sylvania decision. Even though the Court there recognized that vertical restrictions serve different purposes from horizontal cartels, it expressly reaffirmed its earlier commitment to a per se rule against vertical price fixing. 433 U.S. at 51 n.18. On the other hand, the Court did support a different rationale for its early ruling in Dr. Miles prohibiting resale price maintenance, namely that it reduces "price competition not only among sellers of the affected product, but quite as much between that product and competing brands." About all this suggests, however, is that the Court may ultimately back away from its rule against maximum price-fixing. Accord. Pitofsky, *The Sylvania Case: Antitrust Analysis of Non-Price Vertical Restrictions*, 78 Colum. L. Rev. 1, 16 n.59 (1978).

With the opportunity for vertical price restrictions essentially proscribed, especially after the "fair trade" law exception for the states was repealed in 1976, attention has focused on other distribution restrictions and in particular on manufacturer limitations on dealer territories and customers. Until the 1940's these arrangements were not challenged by the government and their lawfulness was upheld in several private actions. Then in 1948 the Department of Justice, relying on a Supreme Court opinion holding vertical territorial restrictions illegal per se if they were an integral part of an agreement to fix prices (*United States* v. *Bausch & Lomb Optical Co.*, 321 U.S. 707, 721 (1944)), announced that it would henceforth treat simple vertical territorial and customer restraints foreclosing intrabrand competition on the same basis. For several years this position went unchallenged; consent agreements negotiated by the Department of Justice enforced this view, but no case supported its position. However, during the past fifteen years the law has swung violently, from uncertainty to per se illegality and more recently to a flexible rule of reason approach, in three very different Supreme Court opinions.

Seemingly overturning the Justice Department's contention, the Court first reversed a summary judgment holding vertical territorial and customer restrictions illegal per se. *White Motor Co.* v. *United States*, 372 U.S. 253 (1963). White Motor had sold its trucks to dealers who agreed to resell them to customers not otherwise reserved to the manufacturer and who had a place of business within the assigned territory. Because of the meager summary judgment record and the Court's admitted inexperience with franchise limitations, the Court concluded that it did not "know enough of the economic and business stuff out of which these arrangements emerge" to be certain whether they stifle or invigorate competition. It therefore remanded the case for a trial on the merits. The opinion was widely interpreted, however, as adopting a rule of reason approach to vertical limitations—especially since three dissenters called for a per se rule. In fact the Court carefully held "that the legality of the territorial and customer limitations should be determined only after a trial." Following remand the case was settled, and the Court therefore did not have an opportunity to develop a rule on a full record.

It seemed, nevertheless, that a rule of reason approach would be applied as two Courts of Appeals subsequently upheld territorial restraints, and in each instance the court overturned a stringent Federal Trade Commission decision in order to apply a more flexible test. See *Sandura Co.* v. *FTC*, 339 F.2d 847 (6th Cir. 1964) (territorial restraints used in rebuilding a dealer organization after its market position had deteriorated); *Snap-On Tools Corp.* v. *FTC*, 321 F.2d 825 (7th Cir. 1963) (manufacturer was one of 80 firms in an intensely competitively industry with high dealer turnover). As indicated, each case presented appealing facts to support the territorial restrictions. And in light of subsequent developments, it is particularly noteworthy that neither *White Motor* nor the circuit court cases paid heed to the doctrinal distinctions developed in the vertical price fixing cases, namely, whether the provisions violated property law rights to resell property or whether title was retained by the manufacturer.

When the next case before the Supreme Court four years after White Motor, the government retreated somewhat from its per se position and argued, in its brief, for a rule of presumptive illegality which would have required the defendant to justify any territorial restrictions. It thus came as a surprise to antitrust followers when, in *United States* v. *Arnold Schwinn & Co.*, 388 U.S. 365 (1967), the Supreme Court adopted a position even more restrictive than that put forward by the government. In condemning nonprice vertical restrictions, the Court ruled that "once the manufacturer has parted with title and risk . . . his effort thereafter to restrict territory or persons to whom the product may be transferred . . . is a per se violation of § 1 of the Sherman Act." Relying on the same rationale used a half-century earlier in Dr. Miles to condemn vertical price fixing, the Court said that such restrictions violate the "ancient rule against restraints on alienation." Thus the Court concluded that "under the Sherman Act it is unreasonable without more for a manufacturer to seek to restrict and confine areas or persons with whom an article may be traded after the manufacturer has parted with dominion over it."

With this sweeping language the Court "threw into doubt the legality of every sort of post-sale vertical restriction on distributions other than exclusive dealing arrangements, regardless of the type of restriction or the market power of the supplier and dealers." Pitofsky, supra at 6. Not surprisingly, this abrupt change of direction drew a spate of criticism seldom matched in a decade of bitter debate about various antitrust rulings of the Supreme Court. See, e.g., Handler, Twenty-Five years of Antitrust, 73 Colum. L. Rev. 415, 458–59 (1973) (*Schwinn* is "the most egregious error in all of antitrust."); A.B.A. Antitrust Section. Monograph No. 2, Vertical Restrictions Limiting Intra-Brand Competition 9 n.24 (1977) (citing other criticisms).

Nor was all criticism mere hyperbole. As numerous scholars, both lawyers and economists, patiently explained, vertical territorial restrictions serve many useful ends, usually to increase distributional efficiencies and lower costs. While occasional theoretical possibilities may exist for the misuse of such restrictions, primarily to facilitate horizontal cartels by manufacturers or retailers, the risk seems insubstantial where substantial and effective interbrand competition exists. That is, where firms selling different products compete vigorously, efforts by individual firms to achieve market efficiencies should be encouraged. The market will become even more competitive as a result, and in any case no individual firm's marketing strategy can have an adverse effect on competition in that circumstance. Moreover, since other avenues for vertical integration are open—especially by intenal growth—barring integration by contract would be futile, except that it might force a manufacturer to select a less efficient distribution scheme (reducing competitive pressures) and in fact foreclosing opportunities for smaller retail firms.

As this analysis makes evident, whether vertical restrictions on distribution by customer and territory should be allowed is unrelated to the manufacturer retention of title or the dealer's appointment as his agent. Thus it seemed anomalous or worse to have the Supreme Court resolve a question of economic policy by resort to ancient (and unrelated) property law rules governing resale of personal property. The policy question is whether these restraints serve to make product distribution more efficient and interbrand rivalry more vigorous. To allow legal formalisms developed three centuries earlier for another purpose to dominate and decide antitrust law seemed absurd. With such an unstable base, it was only a question of time before the Schwinn per se rule would be distinguished and restricted.

Again, however, the process was not gradual and business was not allowed time to adjust and react. Rather, the law was changed abruptly and without warning by the Supreme Court. In the next case to reach its docket, shortly after the tenth anniversary of the Court's application of a per se rule to vertical territorial restrictions in Schwinn, the Court sharply reversed its direction, directly overruled Schwinn, and applied a rule of reason for every sort of nonprice vertically imposed dealer limitation. Although the case in fact involved dealer store location clauses, the Court's opinion was not so limited and it appeared to suggest that a flexible rule of reason test—balancing the benefits (in particular, business efficiency) against demonstrated costs—was

to be applied in almost every circumstances where nonprice vertical restraints are under challenge. The critical factor in Sylvania was the Court's clear recognition that several significant efficiencies could be achieved by distribution restrictions. Among those cited by the Court are retailer investments, promotional activities, and quality controls. In reaching this result, the Court recognized the economic interests of competing suppliers and the value of allowing them almost untrammeled freedom in deciding which distribution system will serve their interests (and those of their customers). And it appeared to hold that the burden was on the government to show that the competitive "costs" overrode those possible gains.

That the Supreme Court announced a broad and flexible rule of reason test for nonprice vertical restrictions in *Sylvania* is indisputable. But as always seems to be the case with legal issues, or at least those involving antitrust, questions remained. The case, for example, involved location clauses which usually have only slight intrabrand effects—but the Court expressly chose not to limit its discussion so narrowly. In addition, the respondent accounted for less than five per cent of the market; thus the clause could not have had a serious interbrand impact. Yet the Court appeared to place no reliance on *Sylvania's* size or market share as long as interbrand rivalry was present. Indeed, the Court specifically indicated that a supplier's market power would not justify reliance on a per se rule. 433 U.S. at 46 n. 12. On the other hand, in a final passage seemingly constructed to assure a solid majority, the *Sylvania* Court carefully reserved the possibility that some vertical restrictions might justify per se prohibition in particular applications and that others might not survive a case examination of their competitive effects. Neither situation, however, was explained, although it seems difficult to image what circumstances the Court has in mind (if any).

These uncertainties were expanded and compounded by the Federal Trade Commission's recent decisions in the *Cola* cases, that the territorial restraints historically required of franchised bottlers are unreasonable and violate Section 5 of the Federal Trade Commission Act. There the Commission's law judge had approved the legality of territorial provisions in trademark licenses to bottle and sell Coca-Cola and Pepsi-Cola. After making over 200 detailed findings of fact, he determined that the effect of the restraint on intrabrand competition among bottlers of these brands was far outweighed by its beneficial effect on competition in the marketplace as a whole. He therefore concluded that on balance the challenged territorial restrictions promote competition.

Two and one-half years later, a two member majority of the FTC, over the dissent of the other Commissioner participating in the decision, ruled that the territorial provisions were illegal because they eliminated intrabrand competition. In order to reach this result the majority first decided, as a matter of law, that the burden was on Coca-Cola and PepsiCo and their bottlers to demonstrate that the business justifications and the effect of the provisions to foster competition with other soft drinks outweighed any loss of rivalry among the bottlers. And this burden, the two person majority held, had not been met by the respondents. Even so, the majority recognized that the territorial provisions were justified when first adopted and all participating Commissioners found that the clause did not involve horizontal collusion or other per se illegal conduct.

Whether the FTC's opinion in the Cola cases has improperly misconceived and misapplied the Sylvania standard for nonprice vertical restrictions such as the territorial provisions common in the soft drink industry—even under the limited judicial review standard applicable to administrative agency decisions—is now before the District of Columbia Court of Appeals and prediction of the legal outcome would be gratuitous. As a matter of antitrust policy, however, affirmance would seem a disturbing backward step and a retreat to the illogic of Schwinn's per se approach. For the essence of the Federal Trade Commission's two member position is that admittedly efficiency enhancing territorial provisions will not be saved if the intrabrand effect is not insignificant. The Commission's rule would place the burden on the respondent—a burden which few seem likely to satisfy—and in direct opposition to settled antitrust doctrine as well as the provisions of the Administrative Procedure Act. See 5 U.S.C. § 556(d).

That this approach misunderstands the Supreme Court's purpose in Sylvania—which has been so highly praised by every commentator (of whatever persuasion)—seems clear. There, it will be recalled, the Court found that the consumer welfare is best served by promoting interfirm competition. And if that competition is substantial and effective, as was undisputed in the Cola cases, then internal efforts to achieve efficiency can only be procompetitive and beneficial to consumer interests (even though intrabrand competition is eliminated). To prohibit such efforts to achieve vertical efficiencies runs the risk that competitive vigor will be diminished and consumer welfare decrease. It also places undue emphasis on the elimination of intrabrand rivalry, an automatic but unusually insignificant casualty of every move toward vertical integration.

The Commission's decision in the Cola cases is also disturbing for the instability it has reintroduced to the rules governing nonprice vertical restrictions just one year after the Supreme Court sought to resettle matters in Sylvania. Instead of focusing its attention on the use of such restrictions where interbrand competition is limited and therefore more deserving of careful scrutiny, the Commission has sought to read the rule of reason standard so as to condemn restrictions which should be of no concern—when competition is substantial and effective.

In reviewing the primary substantive provision of S. 598—Section 2's directive that territorial customer restrictions in trademark licenses for soft drink products are not unlawful under the antitrust laws if substantial and effective interbrand competition exists—three questions need to be addressed: (1) what is the meaning of S. 598? (2) what is the relationship of S. 598 to the Supreme Court's decision in Sylvania? and (3) what will be the likely effect of S. 598 if adopted?

The operative provisions of S. 598 regarding the legality of nonprice vertical restrictions are simple and forthright. The bill is limited, first, to trademarked soft drink products where similar provisions have been relied upon for decades to support a large industry. Second, the proposed legislation only applies to territorial and customer restrictions. It does not involve other vertical restrictions such as price fixing or tie-ins which are usually subject to more stringent legal constraints. Rather it would govern in an area of well accepted territorial and customer restrictions whose purposes have been carefully considered and thoroughly explored, with the result that they are generally viewed as enhancing competition. Finally, and most importantly, S. 598 would protect such contract clauses from antitrust liability only where "substantial and effective competition" exists. That is to say, there must be vigorous rivalry among competing soft drink products before relationships between the syrup manufacturer (and trademark owner) and the bottler are protected by this legislation. The result of S. 598, then, is generally to limit the required inquiry, at least initially, to a determination of whether such competition exists. If that finding can be made, the practice would be upheld. On the other hand, if this level of competitive activity cannot be found, the restrictions would be subject to the Sylvania tests.

Mr. President, I will be glad to yield to the Senator from South Carolina.

The PRESIDING OFFICER (Mr. LONG). The Senator from South Carolina.

Mr. THURMOND. Mr. President, I will now continue the address I began yesterday on the subject of the bottlers bill:

Coca-Cola Company USA does likewise in franchises covering about 14% of the population. These Pepsi-Cola Company-owned franchises include Boston, New York, Newark and almost all of New Jersey, Philadelphia, Detroit, Pittsburg, Dallas, Houston, Los Angeles, Phoenix, Las Vegas and Orlando/Daytona. The Coca-Cola Company-owned franchises include Boston, Chicago, San Francisco, Columbus, Toledo, Baltimore and Bellvue (Seattle). The FTC decision now permits, and indeed seems to require, the syrup manufacturers to compete with their independent bottler franchisees anywhere in the country.

Why will the FTC decision lead to concentration in the industry and with that concentration the demise of the returnable bottle? The reasons are manifold and, in our opinion, relatively obvious. We shall briefly examine a few of the more important ones.

Perhaps the most powerful economic force in accelerating concentration would be the incentive of the large syrup manufacturers to exploit a greatly enhanced opportunity to increase their market share, thereby increasing dual profits.

The syrup companies already realize a significant degree of dual profit, first from the syrup they sell to their independent bottlers and, secondly, from the sale of the finished products manufactured by their company-owned franchised plants. Without territorial restrictions the syrup companies will find the temptation irresistible to expand their company-owned bottling operations and thereby claim a greater share of market and overall profits generated by the sale of soft drinks to the public.[1]

Such expansion will be facilitated by the ease whereby the syrup manufacturer can reap all the profit available by raising the price of the syrup, both to its own bottling subsidiaries as well as its independent franchisees. This classic "price squeeze" has been described by Dr. Jesse W. Markham, professor of Economics at Princeton University and former chief economist of the Federal Trade Commission, in testimony before the House Small Business Committee:

"The vertically integrated firm can use the market power it has in the preceding stage to attain approximately the market share it desires in the subsequent stage by manipulating the prices at which it supplies itself and its customers with which it competes. When it wishes to expand its share of the market at the subsequent stage it simply raises the price at which it supplies both itself and its competitors, but holds the price line at the later stage. Competitors cannot pass on the price increase without driving

[1] The point was made in one of the appeal court briefs that: "Ironically, it could be argued that the Commission orders . . . would require such expansion, in that they prohibit The Coca-Cola Company and Pepsi Co. from 'continuing' or 'maintaining' any 'understanding' or 'agreement'—even with their subsidiary bottlers—to limit territories." Brief of Intervenors, Coca-Cola Bottling Company of Los Angeles, et al., p. 8.

customers to the integrated firm. The integrated firm, which by strict accounting may be incurring losses at the later stage, is making gains to offset them on its operations at the earlier stage. On its total operations it may be making a satisfactory rate of return. The unintegrated competitors, having no previous stage operations to draw on, simply operate at losses that may eventually drive them out of the business altogether. This stategy is known in the economic literature as the 'price squeeze' . . ." Hearings on the Impact Upon Small Business of Dual Distribution and Related Vertical Integration Before the Subcomm. No. 4 of the House Select Comm. on Small Business, 88th Cong., 1st Sess., vol. 1 at 50 (1963).

We have been told that "price squeeze" conduct of the kind described is unfair competition and probably unlawful, and that independent bottlers injured thereby could sue to prevent it or to recover damages if harmed thereby. However, if artfully employed it would be difficult to apprehend, at least before it was too late to prevent a devastating loss of market share by the affected independents. Moreover, resort to litigation against Coke or Pepsi by an independent bottler is about as attractive as it is for a small computer firm to sue IBM.

Another important factor leading inexorably to concentration in the industry and the disappearance of the returnable bottle is the aversion of the supermarkets to store door delivery and the stocking of returnable bottles. There are a number of reasons why supermarkets do not like returnables. They take up more shelf space, and the process of receiving and redeeming returnables in checkout lanes and storing empties until pickup by the bottler is viewed as an unrewarding nuisance. More important, perhaps, is the fact that supermarkets prefer central warehouse delivery of all inventory so that they can control the flow of merchandise into the retail outlets. One central warehouse may serve all stores in a chain within a radius of 100 to 300 miles located in many different municipalities and counties and several states, and, in the soft drink industry, many different franchise territories. If a large supermarket chain had its preference, it would almost always be to deal with one supply source for each of the soft drinks it opted to stock in its retail stores and to receive delivery at a central warehouse serving many retail outlets. This, of course, virtually impossible under the present exclusive territory system which imposes on each bottler the obligation to limit the sales of the product within the confines of his territory. This is a principal reason for store door delivery.

Exclusive territorial rights and store door delivery are concomitants which make possible the continued high level use of returnable bottles in our industry. Even the FTC recognized that exclusive territories were necessary for returnables, because of the need for a bottler to control his glass "float" within a discrete area when it limited its order invalidating vertical restrictions to non-returnable packages. However, what the Commission failed to recognize is that no independent bottler can continue profitably to use returnables after his supermarket accounts are no longer required to accept store door delivery and have ceased doing business with him in favor of a large supplier (and, most logically, the bottler's own franchisor) shipping cans and non-returnable bottles over long distances to a central warehouse.

The economic and marketing characteristics of our industry are such that a substantial level of returnable bottle sales can be achieved and maintained profitably only in conjunction with a mix of non-returnable package sales. Let's confront reality as consumers. Non-returnables, particularly cans, have various convenience features. They are easier to store, taking up less space in the refrigerator or in the kitchen closet. When used, they can be thrown away and need not be brought back to the store. They are obviously more convenient than bottles on a picnic or camping trip. The returnable bottle can overcome these advantages only through strong promotion utilizing feature price advertising. Earlier in our statement, we noted the result of the Majers study finding carbonated soft drink beverages ranking second in newspaper price promotion ads of 45 leading food store products. Almost three-fourths of these ads feature an attractive price for the returnable bottle.

The survey found that, in 1977, the consumer was paying $0.0079 per ounce of Pepsi in the 16-oz. returnable bottle in contrast with a price of $0.0156 per Pepsi in the 12-oz. can, or 97% more. But this price advantage is made possible only if the bottler can exercise the leverage his exclusive territorial rights give him with the supermarkets in his territory to cause the latter to stock and promote the returnable bottle. The use of the returnable bottle is both capital and labor intensive, considerably more so than non-returnables. The returnable bottles can be sold at a lower price than the competing packaging forms only if volume and velocity are high. When volume and velocity decline through loss of supermarket accounts, the cost to the consumer will rapidly rise. When the price advantage to the consumer disappears so too will the returnable bottle disappear.

Another cause for concern for the returnable bottle posed by concentration in the industry as the result of the FTC decision is that the movement to concentration will most surely be led by the large syrup manufacturers and their wholly-owned bottling subsidiaries, which already control many major markets. At least in the case of PepsiCo, there appears a strong disinclination to use the returnable bottle. Report data by Majers from the year 1977 on Pepsi advertising activity in the north eastern sector of the country—namely, New York-Newark, Philadelphia and Boston markets exclusively controlled by Pepsi-Cola Company-owned franchise subsidiaries—reveal no price ads in the economical 16-oz. returnable bottle.

If one needs further evidence of how availability of non-returnable packaging and lack of territorial restraint combine to result in market concentration, we can look at the beer industry.

The history of the brewing industry since World War II demonstrates the positive relationship between concentration and the decline of the returnable bottle. In 1945, there were 457 breweries, almost all local and regional firms. Eighty-five percent of beer sold was in the returnable bottle. By 1977, the number of breweries had declined to 47 (Exhibit 3), and the use of returnable bottles was down to 12 percent (Exhibit 4). In 1947, the five largest breweries controlled only 20 percent of the market, but, by 1977, the top five had a 70 percent market share (Exhibit 5). Miller and Anheuser-Busch serve the entire country mostly with cans and non-returnable bottles shipped long distances, from a few strategically located plant sites. (Exhibits 6 and 7). At present there are 1833 independent soft drink bottlers. However, PepsiCo and Coca-Cola, and now Seven-Up (recently acquired by Philip Morris, which also owns Miller Beer) are now positioned under the FTC decision to do the same thing in the soft drink industry which the large brewers have done in the beer industry.

If the FTC decision becomes effective, the ease by which our franchisor, Pepsico, can vertically integrate its soft drink operations, beyond its present substantial status, is enhanced because of Pepisco's recent acquisition of a large motor carrier, Lee Way Motor Freight. Lee Way's resources include 5,000 tractor trailer trucks, 85 terminals and service to more than 3,000 cities and towns. For example, look at the State of Ohio where every Pepsi franchise is independently owned.

PepsiCo, through its trucking subsidiary, now owns eleven terminals located throughout the State, including every major population center, and also owns the Pepsi bottling franchises in Detroit and Pittsburgh. Without territorial restraints, PepsiCo can easily serve every chain store central warehouse in Ohio in its own trucks with non-returnable cans from its Detroit or Pittsburgh plants, or, if it desires, from one or more new facilities it could build and operate within the State. How, we ask, is the independent bottler to survive under these circumstances, bearing in mind that our sole supplier of syrup will then be our major competitor?

An exhaustive study entitled "Materials and Energy from Municipal Waste," recently released by the Office of Technology Assessment, Congress of the United States, contains the following comments in support of our views (p. 236):

"If upheld by the courts and not amended by the Congress, the recent FTC decision, which outlaws territorial franchise restrictions for trademarked soft drinks in nonreturnable containers, could lead to rapid concentration of that industry. The outcome would be an industry with only a few large plants, as well as the rapid disappearance of the refillable bottle for soft drinks."

Another commentator, Stephen Breyer, Professor of Law, Harvard Law School, and now Chief Counsel, Senate Judiciary Committee, wrote following the oral argument on the appeal from the FTC Decision:

"The companies' strongest argument is that the Commission, in permitting territorial restrictions for returnable bottles, has acted inconsistently and without adequately examining the evidence. The companies claim that the very fact that the Commission allows territorial restrictions for returnable bottles shows that the Commission accepts the 'returnable bottle' justification as procompetitive and desirable. The Commission wishes to encourage their use, yet the companies claim that unless territorial restrictions for all bottles are allowed, the bottlers will be unable to use returnables. Although both the hearing examiner and the Commission considered evidence related to returnable bottles, *there apparently was no consideration of whether or not returnable bottles could survive under the 'split relief' that the Commission ordered.*" (Italic added.) *Update on the Soft Drink Cases*, Stephen Breyer, Consultant Martin Romm, The First Boston Corporation, December 1978.

In our opinion, the question is not whether the returnable bottle will disappear if the FTC decision becomes effective, but how quickly this will occur. We commissioned Mr. Emanuel Goldman of Sanford C. Bernstein & Co., Inc., New York City, a recognized expert securities analyst specializing in the brewing and soft drink industries, to analyze the question. Mr. Goldman is with me here today and available to answer any questions you may wish to direct to him. We are attaching to this statement his affidavit filed in the litigation commenced by our Florida subsidiary against the FTC (Exhibit 8).

Mr. Goldman finds "that elimination of territorial exclusivity for cans and non-refillable bottles will result in a decline of at least 5 percentage points a year and perhaps as high as 10 percentage points per year in the share of market accounted for by returnable containers. This would result in the elimination of the returnable bottle as a viable form of package in the soft drink industry within four to eight years."

He attributes the disappearance of the returnable bottle primarily to the loss of supermarket accounts by the independent bottlers

after territorial rights are no longer enforceable. He estimates the present bottle "float" at approximately four billion bottles with an annual replenishment rate of new returnable bottles at one billion. If there is a 50 percent reduction in rate of replenishment, total exhaustion of the "float" will occur in eight years; with no replenishment, the "float" will be consumed in less than four years.

Mr. Goldman concludes: "If the returnable market share declines at a rate of 5 percentage points per year, we will, by 1982, have added 32.0 billion additional nonreturnable containers to our solid waste stream. In the event of a 10 percentage point decline, the number of additional one-way bottles and cans would be 63.8 billion."

EFFECTS ON THE ECONOMY, ECOLOGY AND ENERGY CONSERVATION

Our statement from this point forward proceeds on the assumption that the returnable bottle will disappear if the FTC decision is implemented. The effect of that occurrence on the economy, our environment, and energy conservation goals is truly shocking.

THE ECONOMY

The carbonated soft drink beverage industry generates $15 billion in annual sales. It is twice the size of the beer industry. Soft drinks are the number one dollar volume sales item in food stores, constituting 4.1 cents of every sales dollar. Based on 1978 food store sales of $164 billion, $6.724 billion was spent on soft drinks of which 41.5 percent were refillable containers. If refillables are eliminated, the minimum cost to the consumer based on Majers survey data, will be an additional 52 percent or an increase of $1.45 billion every year for carbonated soft drinks.

INTERACTION OF BCDL AND THE FTC DECISION

It has been suggested that even without territorial restraints a high level usage of the returnable bottle can be maintained through the enactment of Beverage Container Deposit Legislation (BCDL). Regardless of the merits of BCDL, and whether it will ever achieve widespread enactment, it will not for long prevent the demise of the returnable bottle if territorial restrictions are eliminated.

The OTA, in its previously cited report to Congress, considered the interaction of Beverage Container Deposit Legislation and the FTC decision. Greater use of the refillable container is a stated objective of BCDL and supported by OTA. The report suggests that BCDL could help slow any trend to regional bottling stimulated by the FTC decision. *"BCDL would undercut the economic advantage of centralized bottling, which is limited to nonreturnable containers. (The heavier weight of refillables and the need to back haul empties discourages their centralized bottling.) Thus, BCDL might slow any trend toward elimination of local bottlers,"* p. 234. [Emphasis added.]

It becomes readily apparent that the OTA recognizes the potential for the two disastrous results of the FTC decision we have discussed (concentration and the demise of the returnable bottle), and attempts to project BCDL, not as a solution to the problem, but only as a temporary barrier to an ultimate negative result.

The report states: *"Since BCDL would decrease the economic advantages of centralized brewing, bottling and wholesaling, the current trend toward a small number of large firms in beer and soft drink production might be slowed. By making the refillable bottle more attractive economically, BCDL could help preserve smaller, local bottlers. Legislation now under consideration to preserve the territorial franchise system could help maintain the refillable bottle's current market share,"* p. 17. [Emphasis added.]

We are pleased, parenthetically, that an arm of Congress recognizes the extremely negative implications of removing territorial restrictions in the soft drink industry.

Granted, as the OTA predicts, BCDL might slow the trend to regional bottling stimulated by the FTC decision. However, without exclusive franchise boundaries in the soft drink industry, concentration will still occur and the refillable bottle will disappear. This is what the experience in Oregon indicates.

THE OREGON STORY

We decided to find out what has occurred in Oregon—the only mature BCDL state. After the enactment of BCDL in Oregon, the brewing industry sales market share was still well in the hands of the two "local" breweries—Blitz-Weinhard and Olympia—and, at the end of 1974, 96% of all sales in Oregon were in refillable containers. At the end of 1978, or 4 years later, concentration by national companies had occurred (Miller Brewing was No. 1 in sales) and refillable container sales had declined by 48.1% down to 49.8% (Exhibit 9). Miller, the No. 1 selling beer, sold no refillables. By June 1979, further concentration occurred after Blitz-Weinhard had sold out to Pabst, and 4 of the top 5 in sales shares were national companies, with a combined 63% market share. By June 1979, the refillable sales share had fallen to 36% of sales in the brewing industry. (Exhibit 10.)

On the other hand, in the soft drink industry, with exclusive franchise territories and the absence of concentration, refillable bottle sales were still at 80% of food store sales at the end of 1978. This proves that exclusive franchise territories inhibit concentration and keeps viable the refillable container, and that without territorial restrictions, BCDL will not save the returnable bottle.

IMPACT ON ENVIRONMENTAL AND ENERGY CONSERVATION GOALS

Franklin Associates, Ltd., consultants in resource and environmental policy and planning, were commissioned by our company to study the energy and environmental impacts associated with the demise of the returnable bottle. A copy of their final report, dated February 14, 1979, accompanies this statement as a part hereof.

In conducting the study, Franklin relied on the scenarios regarding the disappearance of the returnable bottle developed by Emanuel Goldman. Franklin examined the impacts associated with soft drink delivery in the various container types, including all manufacturing operations beginning with raw material extraction, proceeding through processing, manufacturing, use, and final disposal of the container and secondary packaging, and including filling and transportation. This systems analysis is structured to determine all inputs and outputs at each stage of the container's "life cycle." Then, these data condense into several basic impact categories. These categories serve as the basis for determining the overall effect on environmental quality. They are listed below:

Total Energy Consumption.
Energy Source Summary.
Raw Materials Consumption.
Air Pollutant Emissions.
Water Pollutant Discharges.
Industrial Solid Waste.
Postconsumer Solid Waste.
Process Water Requirements.

The Franklin report describes in detail the methodology employed and quantifies in appropriate units of measure the adverse impact on the environment (including depletion of natural resources) and energy sources associated with replacement of the returnable bottle with the other commonly used nonreturnable package forms. The popular equivalency expressions of these impacts or losses are described as follows:

Total energy: Equivalent to the electrical energy consumed by a city of 100,000 in 34 to 69 years; plus

Natural gas: Equivalent to the natural gas requirements for heating 100,000 midwestern homes for 2.4 to 4.9 years; plus

Petroleum: Equivalent to imports of 65 to 129 millions gallons of gasoline; plus

Coal: If placed in a coal train, the train would stretch 331 to 686 miles, or a maximum distance extending from Washington, D.C. to Chicago; plus

Air pollution: Equivalent to 1.2 to 2.4 years of emissions from 1,000 Mw coal-fired power plant; plus

Water pollution: Equivalent to 3.2 to 8.9 years of emissions from a 1,000 Mw coal-fired power plant; plus

Solid waste: Trash Can Volume: Equivalent to 30 to 87 fillings of the Orange Bowl in Miami, Florida; or Landfill Volume: Equivalent to 12 to 30 completely filled medium-sized city landfills; plus

Water consumption: Equivalent to 2.8 to 5.3 years of domestic water use in the City of Washington, D.C.; plus

Raw materials: Bauxite: Equivalent to 7 to 15 percent of bauxite imports in 1976; Iron Ore: Equivalent to 2 to 5 percent of iron ore imports in 1976; Glass Sand: Equivalent to the sand in a beach 100 feet wide and 2 feet deep stretching 6.1 to 12.5 miles long.

S. 598 AND SIMILAR LEGISLATION

We stated earlier our gratitude to the many members of the Senate who have co-sponsored S. 598. We are equally appreciative of the many members who have co-sponsored the identical bill in the House, H.R. 3567. We wish to call attention also to H.R. 3573, introduced by Rep. Luken and Rep. Mica, which has the same purpose as S. 598 and H.R. 3567—to overturn the FTC decision and permit the continued use of exclusive territories in the soft drink industry. Both versions of the legislation seek a common objective—the preservation of competition and the avoidance of concentration in the soft drink industry and the maintenance of a manufacturing and distribution system in the industry that permits a continued high level use of the returnable bottle. The Luken-Mica bill differs only to the extent that it emphasizes the need for the legislation to protect the environmnt, to avoid unnecessary energy consumption, and to make the product available in the lowest cost package form.

It also represents an unambiguous legislative declaration that nothing in the Federal Trade Commission Act or other antitrust laws shall render invalid exclusive territorial agreements in the soft drink industry, unless it is found that within a territory there is an absence of generally available competing products, and further found that the elimination of the territorial rights will not adversely affect the quality of the environment, increase energy consumption, inflate the cost of soft drink products, or lead to concentration of economic power in the industry.

Some opponents of the legislation have described it as an "antitrust exemption" for the soft drink industry. This is both untrue and unfair since all the bills do is permit the continued use of the present franchise contracts, which, in essentially the same form, have been in effect for more than 75 years. The legislation would not, for example, permit such pernicious forms of anticompetitive behavior as collusion among interbrand competitors to fix prices or to eliminate the returnable bottle.

CONCLUSION

We submit the evidence in this matter is overwhelming to the effect that vertical territorial restraints in soft drink franchise agreements are pro-competitive and in the public interest. In fact, there is not an iota of reliable and credible evidence that they operate to the detriment of consumers, or that their elimination would lower the price of the product a penny. All evidence is to

the contrary—that without these restraints the returnable bottle will disappear with resulting overall higher prices to the consumer and very serious adverse impacts on our environment and energy conservation goals.

We urge the Congress promptly to enact legislation that will avoid the many evils most certain to follow the implementation of the FTC decision in the soft drink cases.

(The exhibits referred to in the statement are not included in the RECORD.)

Mr. THURMOND. Mr. President, that completes the statement by J. F. Koons, Jr., president of Central Investment Corp., on S. 598, which was given before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary, on September 26, 1979.

Mr. President, I now ask unanimous consent that I may yield to the able and distinguished Senator from Mississippi, with the understanding that upon my resuming at a later time, the Chair not consider this a second speech on this legislative day, and that I will not lose my right to the floor when I am ready to resume my address.

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

The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President, before I continue my remarks on this subject which began earlier, I compliment the distinguished Senator from South Carolina on the contribution he is making to a full understanding of the issues presented to the Senate by this bill and these amendments.

Mr. President, this legislation will overturn an erroneous decision by the Federal Trade Commission. That decision, rendered on April 7, 1978, by a vote of 2 to 1, ignored the 195 detailed findings of fact made by the FTC's administrative law judge which served as a basis for upholding the legality of the territorial provisions governing the sale of trademarked soft drinks sold by local bottlers.

The administrative law judge ruled that the net effect of the soft drink territories was to promote competition among bottlers of different soft drink products.

The ALJ found that elimination of the territorial provisions "would adversely affect competition because it would lead to the business failure of many small and some large bottlers as well as to the accelerated growth of large bottlers."

The ALJ found "intense competition in the sale of flavored carbonated soft drinks which stems from the fact that there is a large number of brands available to the consumer in local markets." He found a large number of brands available "in large urban areas, small towns, and rural areas alike" and that private label soft drinks "since the early 1960's have become a substantial competitive force in the soft drink industry."

The ALJ also found "keen interbrand price competition" which compels Coca-Cola bottlers to price equal to or below their major competitors because even a few cents differential on a six-pack would adversely affect sales. In fact, the judge found that in July 1971, when the FTC cases were started, "the average retail price of Coca-Cola in the United States in 16-ounce returnable bottles * * * was lower than the average price per ounce at which Coca-Cola in the 6½-ounce returnable bottle was sold at retail in 1900."

The ALJ found that elimination of the territorial provisions was likely to change the industry profoundly. "Without exclusive territories the use of the returnable bottle by bottlers * * * would be substantially reduced, if not eliminated."

He also found that those bottlers which, as a result of elimination of territories, lost chainstore customers "would be obliged to cut back service to small accounts or to raise prices, either of which would reduce volume." In addition, "a substantial number of soft drink brands and flavors would be eliminated in local markets" and "even better known brands such as Seven-Up and Dr Pepper might not survive in many local markets."

Finally, he determined that "hundreds of bottlers would go out of business if exclusive territories were determined to be unlawful. The number of bottlers would be reduced to a fraction of the number that would otherwise exist under the present system."

Mr. President, this legislation is also necessary because the Federal Trade Commission misapplied the "rule of reason" test which the Supreme Court said should apply to all non-price vertical restraints in the case of *Continental TV Inc.* v. *GTB Sylvania*, 433 U.S. 36 (1977). In that case, the Supreme Court overturned an earlier ruling in *United States* v. *Arnold Schwinn & Co.*, 388 U.S. 365 (1967) in part and said that all non-price vertical restraints would have to be judged on a rule of reason; they would not be per se illegal. The rule of reason analysis requires weighing the effects of vertical restrictions in reducing intrabrand competition against possible benefits these restrictions may have on promoting interbrand competition. (Interbrand competition would be promoted if there are efficiencies in distribution, assistance to entry by new manufacturers, and encouragement for promotion and/or service and repair of the product.)

I am convinced that the FTC misapplied the "rule of reason" test in the consideration of the soft drink bottlers case, in part, because of evidence which I discovered during the hearings on this legislation, S. 598.

This evidence came from what has to be an unusual source given their position on this legislation—the U.S. Department of Justice. The Justice Department witness at the hearing in the Antitrust Subcommittee on September 26, 1978 was Richard J. Favretto, deputy assistant attorney general of the antitrust division of the Department. For the record I should say that Mr. Favretto, testifying for the Department of Justice, opposed S. 598. However I suggest here that Mr. Favretto has previously made public statements about the application of the rule of reason test which, if used in connection with the soft drink case, would lead Mr. Favretto to support the legislation pending in this body, the Soft Drink Interbrand Competition Act.

Specifically, in preparing for that subcommittee hearing, we found a speech by Mr. Favretto before the Southwest Legal Foundation Symposium on Antitrust Law given at the Dallas Hilton Hotel on May 12, 1978. The speech was entitled "Vertical Restraints and Other Current Distribution Issues In the Wake of Sylvania."

The speech discusses the impact of the Supreme Court rulings, which I mentioned earlier, United States versus Arnold Schwinn and Continental TV versus GTE Sylvania. I quote from part of Mr. Favretto's speech:

Whether the Court's acceptance in Sylvania of the arguments in favor of vertical restraints is dispositive for future cases is questionable in light of its own express reservations. Stressing the limits of its decision, the Court deliberately left open the possibility that subsequent analysis might identify non-price vertical restrictions which would appropriately be governed by the per se rule. But such a "departure from the rule-of-reason standard must be based upon demonstrable economic effect rather than—as in Schwinn—upon formalistic line drawing." All that is apparent at this point is that the Court does not want antitrust liability to turn upon the form of the restraint but rather upon its substantive impact.

The true meaning of the Sylvania opinion is going to have to await further clarification by the lower courts and ultimately by the Supreme Court itself. But we cannot wait for such clarification in making our enforcement decisions, so I would like to briefly outline for you how I see the Antitrust Division proceeding under the Sylvania opinion, and what I think some of the relevant considerations will be. From your perspective, I think you can assume that we will continue to view vertical restraints with suspicion.

Sylvania's rule of reason analysis dictates that we weigh the effect of vertical restrictions in reducing intrabrand competition against possible benefits these restrictions may have on promoting interbrand competition. If the benefits outweight the adverse effects, then the restraints are reasonable. In making this analysis, the Antitrust Division is likely to look primarily at three factors: (1) the market power of the company imposing the restraints; (2) the extent to which the restraints impede intrabrand competition; and (3) the justifications asserted for the restraints in terms of promoting interbrand competition.

Market power will be an important factor in our analysis because interbrand competition is the only remaining check on the price of a product subject to intrabrand restraints. If a manufacturer has substantial market power, the anti-competitive impact of the distribution restraints is aggravated. Factors we will consider in arriving at the state of competition in any industry—and the market power of the firm in question—will include the market share of the firm imposing the restraints, the degree of concentration in the industry, and the extent of product differentiation.

Market power primarily turns on the market share commanded by the product in the interbrand market. The larger the market share of the manufacturer, the more likely there will be anticompetitive effects in the overall market as a result of intrabrand restraints. If the overall market is imperfect, there is normally more reason to guard against intrabrand restraints. This is reflected in the Division's concern with the level of concentration in the market where vertical restraints are imposed. The danger of aggravating oligopoly pricing behavior by increased utilization of intrabrand restraints in a concentrated industry would be a criti-

cal factor in our assessment of the competitive effect of these restrictions. Conversely, we would have less concern for their impact in an overall market which was not concentrated.

Finally, the existence of significant product differentiation in a market would be relevant to the analysis. Where there is strong brand identification, the power of the manufacturer and its dealers to exact an unwarranted premium price may not be materially restrained by the competition of other products in the market.

After analyzing market power, the next step is to determine the extent to which the vertical restraints impede intrabrand competition. While the majority in Sylvania was unable to distinguish the defendant's location clause from the customer restrictions imposed upon retailers in Schwinn, there do appear to be important potential differences in market impact between the various possible vertical restraints. For example, the effect of a customer restriction on intrabrand competition is normally more threatening than a location clause restriction. Customer restrictions are frequently directed at keeping products out of the hands of discounters and may totally foreclose sales to that type of purchaser. Under a location clause, on the other hand, the dealer retains his right to sell to any customer, albeit only from its franchised location. Similarly, direct territorial restrictions tend to have a greater anticompetitive impact on intrabrand competition than, for example, areas of primary responsibility.

The Department has traditionally treated less restrictive vertical arrangements, such as areas of primary responsibility, profit passover payments, and location clauses, as being subject to the rule of reason. The effect of Sylvania is to equate these restrictions for purposes of analysis to the same standard that applies to direct vertical territorial and customer restrictions. This will lead to no significant change in how the Division has previously viewed these somewhat more ambiguous practices.

In the post-Schwinn era, the courts sought to ameliorate the harshness of the per se rule articulated there by distinguishing areas of primary responsibility, location clauses, and the like from direct customer and territorial restraints. Frequently, these hybrid restrictions were permitted where there did not appear to be any real competitive danger. Now that the per se rule has been eliminated, assessment of the validity of restraints in this entire area will not proceed on the basis of the form that the restriction takes. Thus, a direct territorial limitation or an indirect limitation achieved through use of a location clause will be assessed based on the effect of the limitation in the market involved.

Situations may also arise where a combination of restraints may render a vertical arrangement suspect where the imposition of only one or the other of those restraints would be legitimate. Thus, an exclusive dealing requirement coupled with an exclusive territorial restriction may have an impact in the overall market which may not be warranted to achieve the individual manufacturer's interest. The combination of these two types of restraints has been cited by some commentators as increasing the barriers to entry in an industry and therefore having an anticompetitive impact in the overall market.

After assessing market power and the restrictive impact of the restraints on intrabrand competition, we must proceed with an evaluation of the justifications proposed for the restraints in terms of promoting interbrand competition. One of the first steps in this analysis is a step familiar to rule-of-reason cases, i.e., we must look to the purpose of the restraint in question and whether it is ancillary to a legitimate business objective or imposed for the purpose of restricting competition. As part of this evaluation, we will examine the dimensions of the restraint to determine whether its scope is reasonably necessary to achieve the legitimate business purpose asserted and whether it merely regulates and promotes competition or is excessive in its restrictive effect. A possible inquiry here would be whether or not there are not less restrictive alternatives to achieve the same objectives. For example, would a primary area of responsibility achieve the objective as well as the more restrictive territorial exclusivity provision?

The Supreme Court in Sylvania identified a number of possible justifications for intrabrand restrictions. The Court pointed out that vertical restrictions may promote interbrand competition by allowing the manufacturer to achieve certain efficiencies in the distribution of its product. As an example of how this could operate in practice, the Court commented that new manufacturers and manufacturers entering new markets can use vertical restrictions as a means of inducing competent and aggressive retailers to make the heavy investment that is often required in initiating distribution of new products. The Court also noted that vertical restrictions can be used by established manufacturers to induce retailers to engage in promotional activities or to provide services and repair facilities necessary to the efficient marketing of the product. The Court was concerned apparently with the fact that the availability of such services may affect the manufacturer's good will and the competitiveness of its product. The Court feared that the so-called "free rider" effect might cause retailers in a purely competitive situation to eliminate services.

Debate has already started regarding the correctness of the Court's assumptions on these points. For example, some commentators have questioned the scope of the theory that by preventing a free rider, vertical restraints encourage dealers to undertake intense sales efforts, thereby furthering interbrand competition. This reasoning may not have application in some industries and solutions to the "free rider" problem may be available without imposing vertical restrictions.

Mr. METZENBAUM. Mr. President, will the Senator from Mississippi be good enough to yield to the Senator from Ohio for about 3 minutes just to make a statement on this subject without interfering with his speech?

Mr. COCHRAN. I would be happy to yield to the Senator without losing my right to the floor nor should my resumption be considered a second speech.

Mr. METZENBAUM. No problem.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. The Senator from Ohio asked the Senator from Mississippi to yield only for one purpose. Inquiry has been made of me and suggested that if I wanted to clear the floor in order to call up the Illinois Brick amendment, I might move to table the Bayh amendment or the Cochran amendment or the Bayh and Cochran amendment.

I am not rising to offer any motion to table. In effect, I am rising for the purpose of saving that I do not intend to offer a motion to table, it being my view that the Bayh and Cochran amendments are good amendments. I do not think they ought to preclude my calling up the Illinois Brick amendment. I addressed myself to that subject previously, but I wanted to make it clear that that to me would not serve any useful purpose to offer a motion to table amendments that have merit.

I think so well of them I wish they would be adopted immediately. But I also addressed myself to that subject previously, and I thank the Senator from Mississippi.

Mr. BAYH. Mr. President, if the Senator from Mississippi will yield to the Senator from Indiana on the same terms——

Mr. COCHRAN. I would be happy to yield to the Senator from Indiana on the same terms.

Mr. BAYH. I would just like to express my appreciation to the Senator from Ohio. As usual, he is extremely cooperative. Unfortunately, we cannot resolve this minor difference of how we can proceed here. Perhaps we will have a chance to discuss it further.

As I said earlier, the Senator from Indiana is in a very difficult position since he is a cosponsor of the very amendment the Senator from Ohio wants to bring up at this time. I hope after the Senator from Mississippi has concluded to, perhaps, put the reservation that the Senator from Indiana has to bring it up at this time in a little different perspective than that presented by his friend from Ohio earlier this morning in a very cogent argument presenting his side on this matter. But I want to thank him for helping us to proceed here.

I thank my friend from Mississippi.

Mr. COCHRAN. Mr. President, to continue:

Also, the dangers of disguising fundamentally horizontal restriction as vertical and potentially lawful restraints have been noted, as has the tendence of vertical restraints to permit retailers of highly differentiated products to capture a "retail monopoly profit." Only time will tell the extent to which the possible justifications discussed in broadbrush fashion by the Sylvania Court are truly accepted as defenses to vertical restraints.

In our future enforcement activity involving vertical restraints, I believe we will explore the appropriateness of seeking either per se treatment or the application of a rule of presumptive illegality in particular factual settings. Under a rule of presumptive illegality, once the Government proves certain facts—the existence of a vertical restraint plus something more about its competitive impact—then the burden of proof would shift to the defendant to justify the restraint on competitive grounds. For example, it has been suggested that a rule of presumptive illegality would be appropriate for vertical exclusive territorial arrangements where either the manufacturer or the dealer was shown to have market power or where the arrangement was shown to be directed against price cutting.

To summarize, I think the Division is not likely to challenge non-price vertical restraints being used by new entrants or by marginal competitors like Sylvania who may be akin to the failing company found in merger law. It seems to be generally accepted among economists and businessmen that vertical restraints can facilitate the entry and continued market presence of small manufacturers by permitting them to secure the services of capable dealers and to build a favorable image. This promotes interbrand competition while imposing limitations on intraband competition that are not particularly significant.

Mr. President, if we take the legal analysis which Mr. Favretto makes in

that speech and apply it to the specific facts found by the administrative law judge on those points, I believe we would inevitably come to the conclusion that the exclusive territories which are governed by contract in the soft drink bottling industry are procompetitive.

Let us take those three points in the speech in order. First, do the vertical restrictions promote interbrand competition by helping the manufacturer achieve certain efficiencies in the distribution of its product?

On October 3, 1975, the administrative law judge for the Federal Trade Commission found as follows:

Around the turn of the 20th century syrup companies were largely small operations typically owned by pharmacists or their families. In order to provide the necessary inducement for local entrepreneurs to supply the capital required and to make the necessary effort to promote consumer acceptance of a new bottled soft drink product, soft drink licensors included exclusive territorial provisions in trademark licenses.

Territorial restrictions encouraged greater development of marketing and distribution efforts since exclusive licensees knew that their licensors and other licensees could not obtain a "free ride" on their efforts; they made possible the licensor's maintenance of quality control, thereby insuring uniform application of his common law trademark; they facilitated the licensor's production planning by enabling greater accuracy in calculating the forthcoming demand for syrup in a territory; they reduced the selling cost of the product by avoiding duplication of sales effort in a territory; and they encouraged the bottler to develop the potential of his territory to the fullest, thereby maximizing sales of the trademarked product.

The system of exclusive territorial licenses consistently has been widely employed in the manufacture and distribution of bottled soft drinks. There are over 50 syrup companies who have licensed local bottlers, 36 of them nationwide. These companies market more than 150 different soft drink brands through 7,500 agreements with local bottlers. These agreements for the local production and sale of trademarked products are unique when compared with the traditional organizational structure of American manufacturing and marketing.

One unique feature of the soft drink trademark licensing system is that a nationally advertised product is manufactured locally by independent businessmen who are required to make substantial and continuing investments in plant, equipment, packaging and warehouse space. No other industry could be identified where a single national brand owner sells an ingredient to hundreds of independent licensees who manufacture a finished product from that ingredient and others under a trademark license.

The soft drink industry is also unique in that it sells a refreshment product which is an "impulse item," whose most important characteristic is a distinct taste. Constant sampling is necessary to maintain demand for a brand and total availability of a brand at a multiplicity of outlets is essential to provide constant sampling necessary to successful marketing of that brand. The soft drink industry is also different from other industries in the broad range of flavors and package sizes and types required to be made available to satisfy consumer demand, in the need for frequent local store-door service, the importance of in-store merchandising, and the requirement of a store-door delivery system to sustain the use of a returnable container. Soft drinks are the only major product still available in food stores in returnable containers.

Those findings of fact show conclusively that the territorial restrictions encourage greater development of marketing and distribution, thereby achieving maximum market penetration—and, I might add, greater consumer choice.

Turning to the second point in Mr. Fauretto's speech: Do the vertical restrictions promote interbrand competition by inducing retailers (or distributors) to make new investment or new entry? The administrative law judge for the Federal Trade Commission made these findings:

Over the last two decades, there has been vigorous and increasing competition from the entry of new types and brands of soft drink products. After losing market position, the Coca-Cola Company was forced to abandon its single product philosophy around 1960 and to introduce a line of flavors and various allied products.

Entry of new firms and brands into the soft drink industry is easy. There are numerous flavor houses from which a company entering the soft drink business can purchase syrups or concentrates. There are also a large number of facilities available for the manufacture of soft drinks in bottles and cans which can be purchased, leased, or which will produce flavored carbonated soft drinks on a contract basis. Competition among contract bottlers or canners is very tough. There is no problem in obtaining an adequate supply of cans or bottles in which to package a new brand of soft drinks. Personnel with experience are available in the industry. Many new companies have entered the packaged soft drink business in the last 10 years, such as A&W Root Beer.

Many brands of soft drinks have been able to enter new markets and obtain immediate distribution in such markets at virtually no expense by entering into exclusive territorial license agreements with established bottlers already manufacturing and distributing other national brand soft drinks. By this "piggybacking" on the products of an established national brand bottler, a brand attempting to enter a market capitalizes on the bottler's existing production facilities, vehicles, vending machines, sales force, and good will in a market and can obtain substantial distribution in a market in a very short time.

By entering into exclusive territorial license agreements with established national brand bottlers and expanding the number of its bottlers from 395 in 1961 to 512 in 1971, Dr Pepper Co. has been able to enter a substantial number of new markets and expand the geographic areas in which Dr Pepper is available from those containing 114 million people to areas with 198 million people or almost 98 percent of the population. During this period, Dr Pepper's national share of the flavored carbonated soft drink market grew from 2 to 2½ percent to nearly 4 percent, and is about 5 percent today. In 1971, about 70 percent of the bottlers of Dr Pepper were licensed to sell other brands. During the 1961 to 1971 period, 70 percent of Dr Pepper's growth came from the multibrand plants, and Dr Pepper grew at a rate 2 to 3 times the rate of the industry.

Thus, these findings of fact, supported by the evidence, show that entry into the market is easy and that territorial license agreements helped Dr. Pepper enter the market.

Turning to Mr. Fauretto's third point: Do the vertical restrictions promote interbrand competition by inducing retailers (or distributors) to engage in promotional activity?

The administrative law judge for the FTC made findings on that point as follows:

The evidence here shows that focusing the bottlers' attention on their own territorial markets stimulates their competitive effort.

There is keen interbrand pricing and also packaging competition (Findings 103–109, 149–153) and there are many brands of soft drinks available (Findings 92–102). In the last few years in particular, many new brands of soft drinks have successfully been introduced into the territorial markets of bottlers (Findings 154–162). The bottlers also compete intensely in having their brands available at a multitude of outlets and in obtaining both desirable shelf space and display locations in food stores (Findings 137–140, 141–144). And it is worth repeating that the prices of Coca Cola and allied products are determined by the bottlers individually and that those prices are sensitive to the prices of other brands and types of soft drinks (Findings 66, 103–109, 127–131).

Thus, under all three tests, the territorial provisions have been found procompetitive.

Mr. President, I think this analysis proves my point, that the FTC misapplied the rule of reason and that S. 598 is needed to correct that error so that the soft drink industry can continue to serve its customers and do business in an atmosphere of stability and certainty.

Mr. President, I ask unanimous consent that the remarks I have just made not be considered as a second speech on the same legislative day on this issue under the rule.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

● Mr. SIMPSON. Mr. President, I am pleased to be one of the principal cosponsors of the Soft Drink Interbrand Competition Act. I firmly believe that this legislation will reintroduce some degree of realism into the Federal Trade Commission's interpretation of the antitrust laws.

Far from being an anticonsumer bill—as is depicted by its opponents—this legislation is clearly pro-competitive. It allows for the existence of franchise operations in the soft drink industry. Without this legislation, and in light of the FTC's recent misguided efforts to eliminate competition in this industry by its hasty and ill conceived attacks on franchise arrangements, it becomes obvious that there would, if the FTC were successful, actually be a reduction in competition, and a concurrent increase in the prices charged for soft drinks throughout the United States.

There is nothing in this legislation that runs contrary to the letter, or the spirit, of the antitrust laws. In 1967 the Supreme Court handed down one of its most ill-conceived and construed decisions rendered in the complex field of antitrust law. The net result of the Schwinn decision was to throw into doubt the legality of all territorial franchise contracts, on the assumption that they constituted an impermissible vertical restraint of trade.

With that one decision, the legality of some of the most successful, procompetitive, and pro-consumer business operations, including MacDonald's, Carvels, Pizza Hut, and Dunkin Donuts

were placed in doubt. And for what reason? Merely, in my judgment, as an academic exercise of placing form over fact. It would no longer matter that by guaranteeing to a franchisee a protected territory, the franchisor would be bringing to consumers a host of new products and services at lower cost. It would no longer matter that franchise arrangements were providing perhaps the most readily available means for Americans with limited capital resources to become their "own bosses," and own their own business, thereby increasing overall competition in the marketplace. All of these pro-competitive advantages would disappear from the marketplace, because of an arcane attempt by the FTC to engraft this vague view of antitrust analysis to these types of contracts.

Eventually the Supreme Court recognized the inherently anticompetitive nature of the Schwinn decision. In 1977, it, in effect, reversed Schwinn. In GTE-Sylvania, Inc. against Continental Television, Inc., the Supreme Court held that, in a wide variety of circumstances, the allocation of protected territories among competing retailers—for distributors—by a manufacturer might well be a pro-competitive, pro-consumer policy, that would be sanctioned by the antitrust laws.

This proposed legislation is within the confines of the Court's decision in the GTE Sylvania case. The record before the Federal Trade Commission failed to disclose any injury to competition by this practice. In fact, expert testimony, before congressional committees, from reputable industrial organization economists disclosed that there was little likelihood that this territorial allocation system within the soft drink bottling industry was causing any increase in the retail cost of soft drinks. These same witnesses also testified that in any event, it would be virtually impossible to calculate such costs, even if they did exist; and the accusation that this system was raising the price of soft drinks by 5 cents a bottle was without foundation.

Finally, I would remind this committee that the history of this matter before the FTC was, to say the least, a checkered one. At no time did an absolute majority of the FTC ever rule that territorial francises were anticompetitive. Only three members of the Commission even heard the case. Moreover, only two of them thought that the administrative law judge's decision, which favored the bottlers, ought to be overturned. The third Commissioner ruled in favor of the bottlers. The U.S. Court of Appeals has yet to rule on the matter.

In short, S. 598 is, in fact, as well as in theory, a pro-competition, pro-consumer bill, and it should be approved.●

Mr. COCHRAN. Mr. President. I suggest the absence of a quorum without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT MODIFICATION—S. 1309

Mr. ROBERT C. BYRD. Mr. President, referring to the agreement that has previously been entered on the food stamp conference report, S. 1309, I ask unanimous consent to amend that agreement by adding thereto as follows: That there be 30 minutes on any amendment in the first degree to a motion, equally divided, and that there be 20 minutes on any amendment in the second degree to a motion, equally divided in accordance with the usual form.

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

ORDER TO CONVENE THE SENATE AT 11:30 A.M. ON MONDAY, MAY 19, 1980

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate convenes on Monday next, it convene at the hour of 11:30 a.m.

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

FOOD STAMP ACT AMENDMENTS OF 1980—CONFERENCE REPORT

Mr. TALMADGE. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture, Nutrition, and Forestry be granted the privilege of the floor during consideration of the conference report on S. 1309, including all votes:

Henry Casso, Carl Rose, Barbara Washburn, Steve Storch, and Nabers Cabaniss.

Also, Mr. President, I ask unanimous consent that Joe Richardson of the Congressional Research Service be granted the privilege of the floor during consideration of the conference report on S. 1309, including all votes.

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

Mr. TALMADGE. Mr. President, I submit a report of the committee on conference on S. 1309 and ask for its immediate consideration.

Mr. ROBERT C. BYRD. Mr. President, before the Chair responds, may I say, in accordance with the promise made to Mr. METZENBAUM this morning that action on the conference report would not begin before 4 p.m. today without his approval, that approval has been given and there is no objection at this time.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1309) to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the proceedings of the House of Representatives.)

Mr. TALMADGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TALMADGE. Am I correct that the time on the conference report and consideration thereof will be limited to 90 minutes, to be equally divided between the ranking member on the committee, the Senator from North Carolina (Mr. HELMS) and myself?

The PRESIDING OFFICER. The Senator is correct.

Mr. TALMADGE. I yield myself such time as I may take, Mr. President.

Mr. President, the food stamp program is in a crisis. If this conference report, which increases the authorization for appropriations for this year's food stamp program, and the necessary supplemental appropriations are not quickly forthcoming, over 20 million needy Americans will be forced to go without food stamp benefits for at least a portion of the month of June. As my colleagues know, I am not one to close my eyes to fraud and abuse in the food stamp program. It has been my stated desire, over the year, to rid the program of fraud and abuse. We have been successful, but not successful enough. Even with this in mind, it would be poor public policy to hold the benefits of the truly needy elderly, infirm, and disabled hostage for the actions of those who are abusing the program or fraudulently receiving stamps. S. 1309, as reported by the committee of conference, contains a number of significant tightening provisions in the program that I will describe in a few minutes. We must insure that the truly needy are not jeopardized. It is the belief of the conferees that the new cap for fiscal year 1980 contained in S. 1309 will be sufficient to provide full funding for the program for the remainder of this fiscal year.

The Senate voted last year to remove the cap on the authorization for appropriations for the 1980 and 1981 programs. However, the House conferees did not see fit to remove the cap for 1981. The conferees recognize that the new cap of $9.7 billion for 1981 will likely be insufficient. However, because of the uncertainty of the estimating process, the conferees chose to put off until a later date, when more accurate data is available, its decision on what the proper cap for 1981 should be. I remain convinced that Congress, in recognition of the plight of needy Americans, will continue to provide full program funding.

The food stamp program is the most visible Federal aid program. Every American has been exposed to the program in the supermarket and has an opinion of the program. No program has occupied more of Congress time. We have studied, amended, restudied, and reamended the food stamp program. This laborious process will continue because it is a necessary process. There are problems in the food stamp program that must be addressed, and S. 1309 addresses many of these issues.

S. 1309 would—

First, permit States the option to determine program eligibility and benefits by using income received in a previous

month, following standards prescribed by the Secretary of Agriculture;

Second, if a State elects to use a retrospective accounting system, require that certain categories of households file periodic reports of household circumstances following standards prescribed by the Secretary;

Third, attribute the income (less a pro rata share) and the resources of an ineligible alien to the remaining household members in determining that household's eligibility and benefits;

Fourth, expand the State agencies' authority for verification;

Fifth, require photo identification cards to be presented with authorization cards as a condition of receiving food stamps in certain areas where the Secretary finds that it would be useful to protect the program's integrity;

Sixth, require food stamp certification personnel to report illegal aliens to the Immigration and Naturalization Service;

Seventh, permit the Secretary to require forfeiture of and dispose of any form of valuable property illegally furnished or attempted to be furnished in exchange for food stamps or authorization cards;

Eighth, establish an error rate sanction system under which a State that fails to meet established error rate standards would have its Federal share of State administrative costs reduced or, if no matching funds were due the State, be subject to a Federal claim for recovery;

Ninth, require the disclosure of certain income tax information in the files of the Social Security Administration and certain wage and unemployment insurance information in the records of State unemployment insurance agencies to the Department of Agriculture and State food stamp agencies only for the purpose of, and to the extent necessary for, determining a person's eligibility for food stamps;

Tenth, extend workfare pilot projects for a full year to September 30, 1981;

Eleventh, make the adjustments in the thrifty food plan, the standard deduction, and excess shelter expense deductions on an annual, instead of semiannual, basis;

Twelfth, change the manner in which the income poverty guidelines for the program are adjusted, thereby lowering those guidelines;

Thirteenth, reduce the ceiling on assets for an eligible household other than a household consisting of two or more persons, one of whom is age 60 or over, from $1,750 to $1,500; and

Fourteenth, substantially restrict the eligibility of students for participation in the program.

These provisions will tighten the administration of the food stamp program and will result in savings of considerably more than one-half billion dollars.

I share the concerns of some of my colleagues over the provisions in S. 1309 that would increase the dependent care deduction and the excess medical expense deduction. These provisions will not become effective until fiscal year 1982. The Committee on Agriculture, Nutrition, and Forestry will have to reauthorize the food stamp program next year. It is my desire that at that time we fully reconsider and evaluate these provisions. If we conclude that they are unnecessary or unwise we can preclude their implementation.

The committee of conference rejected a recoupment proposal that was offered on the House floor, but requested the Finance Committee and the Ways and Means Committee to hold hearings on this proposal. Recoupment is an interesting proposal, and after those committees conclude their hearings it may be possible to formulate a recoupment proposal for the food stamp program, and other social programs, that will be equitable and workable.

S. 1309 is a bill that addresses major issues in the food stamp program and provides the necessary authorization for additional funding to insure that a cutoff in the program will not be necessary. It accomplishes that purpose while saving more than one-half billion dollars. That is quite an accomplishment, an accomplishment that could not have been achieved without the leadership of Chairman FOLEY of the House Committee on Agriculture and the cooperation of the House and Senate conferees. Senators MCGOVERN, HUDDLESTON, LEAHY, MELCHER, HELMS, DOLE, and HAYAKAWA are to be commended for their fine efforts.

I urge my colleagues to join me in supporting the conference report on S. 1309.

Mr. President, I yield the floor and reserve the remainder of my time.

Mr. HELMS. Mr. President, in order that we may facilitate this a little bit and not consume too much of the Senate's time, I ask unanimous consent, not withstanding the rule of the Senate that all time must be yielded back before a motion to recommit can be made, that we just consolidate this time with the understanding that both Senator TALMADGE and I want to expedite the proceedings as much as possible.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

Now, Mr. President, I move that S. 1309 be recommitted to the committee on conference with instructions that the Senate conferees insist on the Senate position, that any amendment which is to become effective on October 1, 1981, or later, with the exception of section 127, the disclosure of information, be stricken from the bill.

The PRESIDING OFFICER. Will the Senator send his motion to the desk?

Mr. HELMS. Yes.

Mr. President, there is no one in the Senate for whom I have greater respect than the distinguished chairman of the committee, and it is very seldom we have even the slightest difference of opinion. But in this matter, perhaps there is one.

But I certainly will testify as to the accuracy of his earlier statement that he is concerned about the expansion of the food stamp program, and he has done a workmanlike job in trying to correct some of the abuses. I pay tribute to him in that respect.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HELMS. I yield.

Mr. TALMADGE. I am grateful for the generosity of my distinguished colleague, and I commend him for his efforts in that regard.

Mr. HELMS. I thank the Senator.

Mr. President, at issue in the conference on S. 1309 were a number of House provisions that would expand—I emphasize that word—expand the food stamp program. The conferees accepted that modification of these provisions despite the fact that the food stamp program is already spiraling out of control.

Specifically, these provisions establish a special dependent care deduction and expand the medical expense deduction, at a cost of at least $68 million.

Also at issue in the conference on S. 1309 were proposals insisted on by the House Budget Committee. The conferees changed these provisions so that their positive budgetary effect of $290 million will be neutralized beginning in fiscal year 1982. In fact, in fiscal year 1982, these provisions will cost the American taxpayers $64 million more than the current law.

These two provisions address the way in which the annual adjustment of the so-called thrifty food plan and the annual adjustment of deductions are tied to the Consumer Price Index.

Mr. President, the point is this—and I hope all Senators will understand it, including those who are not present on the floor of the Senate but who may be listening in their offices on the public address system: In all, these changes will cost the taxpayers more than $420 million in fiscal year 1982 and will push the cost of the food stamp program to $11.6 billion in that year.

Even though one out of every seven Americans already, today, is eligible for food stamps, this bill will go further. It will loosen eligibility criteria, and this Senator submits that that is a mistake.

For example, the Congressional Budget Office reports that after these liberalizing changes are implemented, a family of four with an income of $14,878, nonetheless, can receive food stamps.

I do not know what the constituents of the Presiding Officer would say about this, but it staggers the imagination of the people of North Carolina that a family of four with an income of nearly $15,000 will receive food stamps.

Indeed, Congress has become so bound up in creating special interest deductions to be used in computing income to determine food stamp allotments that Congress has begun to duplicate deductions, all at the expense of the American taxpayer.

For example, the food stamp program's standard deduction was developed to allow for medical expenses of $35. Last year, Congress wisely acted to allow elderly citizens to deduct their medical expenses exceeding a $35-a-month assumption. In this bill, Congress would permit all medical expenses above $25 to be deducted.

Mr. President, I hope the Senator from North Carolina does not have to emphasize that he is a strong supporter of care for the elderly. Nevertheless, this Senator, in good faith, cannot endorse a proposal that would compensate food stamp

recipients twice for the same expense. That is what this does.

Last week, the House Rules Committee granted a rule that paved the way for immediate passage of a supplemental appropriation for the food stamp program. That rule could have been granted months ago, when it became obvious that the runaway food stamp program would exhaust its appropriated funds this June. However, the leadership of the House chose to forestall any such action.

Instead, they opted to allow the development of a food stamp crisis.

In that connection, you had better believe that the bureaucrats administering this program have been on their Government telephones, whipping up all sorts of support for a ballooning, expanding food stamps program. They have sent out material to friendly newspapers which resulted in editorials which, in many instances, completely misrepresented the fiscal circumstances that prevailed.

So I submit, Mr. President, that most Americans do not even understand the consequences of this legislation, let alone how much it is going to cost them.

Obviously, this is a contrived crisis which need not have occurred. It is a crisis in the food stamps program that has unnecessarily caused the elderly and the truly needy untold worry and distress.

Another result—and this is not inconsiderable—is the unnecessary turmoil among the State and local officials who work hard to try to help the truly needy.

Obviously, Mr. President, this strategy was adopted as a means of sidetracking badly needed food stamp reform, and it was accomplished by creating a crisis situation so that the irresponsible expansions of the program would be swept under the rug, so that they would not receive proper legislative scrutiny.

In the conference committee, it was repeatedly said, "Oh, well, we can come back and look at this in legislation next year." But the fact remains that the built-in excesses of this program now carry the imprimatur of the Congress of the United States. To my knowledge, there has not been 1 minute of hearings or debate in the Senate dedicated to the proposals which have been incorporated into this legislation. That is not the way to operate.

I know that the distinguished Senator from Georgia shares my feeling that we hope we can move ahead and get all these things under control, so that we can go back home and honestly assure the people that we are working on the abuses of the food stamp program.

The food stamp program will have to be reauthorized next year; and there is absolutely no reason why these inordinately expensive program changes cannot be added at that time, if it can be demonstrated that they are desirable, not slip them in, in this crisis legislation.

Enacting these changes now, even with the assurances of thorough review next year, will needlessly build them into the Presidential budget for fiscal year 1982.

Also the burden will be placed upon those Members of Congress who argue for caution in expanding this program rather than upon those who supposedly have a proposal for which there is a legitimate need.

Mr. President, the Senate should not accept a conference report that expands the already bloated food stamp program rolls and the budget to pay for it.

I say again that the Senate had no opportunity to consider these changes and there is no good reason to annex them to this so-called emergency legislation, and that is why I have made the motion to recommit this conference report.

I insist to Senators that recommitting this report will in no way jeopardize the continued delivery of food stamp benefits this year because there is ample time for the conferees to meet again and consider the true will of the Senate. It may inconvenience one or more members of the committee, but when in terms of millions upon millions of dollars in savings to the taxpayer I see no other alternative.

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

The PRESIDING OFFICER. Who yields time?

Mr. TALMADGE. Mr. President, I yield 10 minutes to the distinguished chairman of the Subcommittee on Nutrition of the Committee on Agriculture and Forestry, the Senator from South Dakota (Mr. McGOVERN).

Mr. McGOVERN. Mr. President, I first of all commend the distinguished chairman of our committee, Senator TALMADGE, for the way in which he handled the conference on this food stamp matter. We could have been faced with a very serious crisis in the funding of the food stamp program affecting millions of Americans if Congress had not moved expeditiously, and particularly in the conference yesterday, to work out the differences between the House of Representatives and the Senate on the food stamp authorization. I think that conference moved as well as it did because the chairman of our committee, Senator TALMADGE, was as experienced and skillful as he was in bringing together the two bodies for what I think is a workable and practical solution of this question.

Mr. President, I rise in support of the conference substitute on S. 1309.

Action on this conference will help to bring to an end the impending crisis for a good many Americans who would otherwise be faced with a cutoff of their food stamp benefits, their very bread and butter, on June 1.

The conference substitute also contains significant budget savings over what otherwise would have been the funding level in the food stamp programs both for the fiscal years 1980 and for 1981.

This measure as worked out by the House of Representatives and Senate also contains administrative improvements to reduce fraud, error, and abuse in the administration of the program. It includes program changes to aid the elderly, battered women, and families with dependent care costs.

Mr. President, let us look first to our most immediate concern, sufficient funding to avoid what otherwise would be a June 1 benefit cutoff.

The conference substitute contains a spending ceiling of $9.4 billion for fiscal year 1980, which by all estimates should be adequate to insure full benefits for all recipients through the end of the fiscal year.

Mr. President, I realize that a $9 billion program represents a lot of money. But let us keep in mind that this is money being spent for American food to feed American citizens. This is the produce of our farms and ranches across this country at a time when it is of special benefit to every food producer in the United States. With the impact of the Soviet embargo closing off outlets that had been available to American agriculture, it is especially important this year that we miss no reasonable, constructive opportunity to provide outlets for the produce of our farms. There is no question at all that putting several billions of dollars of additional purchases into the hands of American farmers and food producers is of great benefit to the economy of this country, the farmers, the food processors, food manufacturers, the grocers, and the entire food chain across the country. And beyond that is the even more fundamental objective of reducing hunger and malnutrition in this country.

I think the greatest single success story in Government in recent years is the success in the war against hunger here in the United States. What a tragedy it would be if this country with its great capacity to produce food were presenting the spectacle to the world that millions of its citizens are going hungry. We avoid that spectacle through the food stamp program, the child nutrition programs, and the WIC programs. At a time when there are very few success stories that we can point to in which the Federal and State governments are involved, the battle against hunger is one of those success stories, and it should be a matter of pride and satisfaction for every Member of Congress who has participated in the shaping of this program.

So I am glad that this conference report, however late in the day, does provide adequate funding to prevent a disruption of this essential food program that sustains nutrition and health for so many millions of our citizens.

I have never had any doubt in watching this program for many years that in the absence of such a program we would not only have serious hunger and malnutrition in the United States, but our entire country would be paying unnecessary medical bills for decades to come. One of the reasons the American people enjoy the health that they do today in comparison to other countries is that we do a pretty good job of providing food for our people. We do not have the diseases associated with chronic hunger and malnutrition, or at least those diseases are on the decrease as we strengthen this program.

The funding limit set for fiscal year 1981 of $9.7 billion is probably not going to be sufficient in view of what we see ahead in the way of rising unemployment and perhaps even more seriously the increased cost of food which means for the same amount of money you can feed fewer people and supply fewer beneficiaries.

But the conferees, recognizing the uncertainty of that ceiling for fiscal year 1981, directed the Department of Agriculture that they under no conditions

were to reduce benefits until after Congress has acted on the fiscal year 1982 authorization.

That will at least prevent recipients from having their already limited food stamp allotments reduced even further.

I might just say in passing, Mr. President, that the difficulties that the conference committee faced in arriving at an acceptable ceiling for 1981 simply attest to the common sense of the Senate position last year in removing this ceiling and simply saying that Congress wants to go on record to make sure that we do not have hungry people in the United States because they do not have the income to buy even a minimal diet.

Removal of this ceiling certainly would not mean that costs would rage out of control. The kind of substantive amendments, the reform amendments that are in this legislation now before us, provide programmatic changes to achieve savings. It is simply not true that the food stamp program is raging out of control. It is a very carefully disciplined and administered program in which extensive hearings have been held by Congress, with very careful oversight, and I think we have made a number of changes in recent years that have provided for better administration of a program. Obviously in a program this size, involving some 22 million Americans, there is going to be some error, there is going to be some abuse and some fraud, but I have no doubt that those instances are a very small percentage of the overall impact of this program.

The program changes made by the conference substitute will bring savings to the taxpayers in both fiscal years 1980 and 1981.

The Congressional Budget Office estimates, for example, that the savings in the fiscal year 1980 will be approximately $150 million. CBO estimates that savings in fiscal year 1981 will be in the range of $550 million. These are substantial savings.

A portion of those savings will come in replacing the twice-a-year update for inflation with a once-a-year update in computing eligibility and benefits. The once-a-year update will simplify administration, which I support, but I was troubled by the fact that benefits could be as much as 15 months out of date from the cost of living, whereas under present law the maximum lag is 9 months.

The conferees saw fit to adopt my proposal to make the update only 3 months less timely than present law, beginning in fiscal year 1982, by adopting a method to make the maximum lag 12 months.

I believe this is an important protection for recipients who are among the Americans most ravaged by inflation.

Two statistics highlight the need for such protection. During the period between September 1975 and April 1979, income of food stamp households rose by only 7 percent, while that of the population generally rose by 40 percent. While food stamp households had only a 7-percent increase in income, the cost of necessities rose by 34 percent.

That is an enormous gap for families who do not have any "fat" in their budgets to begin with.

My concern for the plight of the working poor remains. It is for this reason that I am pleased that S. 1309 will provide a separate deduction for dependent care, beginning in 1982, severing dependent care from the combined excess shelter and dependent care deduction of present law.

This separate deduction is not indexed for inflation, as was the combined deduction.

I am committed to remedying this problem when we reauthorize food stamps next year.

In providing a separate dependent care deduction, we are removing a disincentive to keep ailing family members in the home. The dependent care deduction covers not only young children, but cost of caring for the elderly. This will mean that families will be able to choose to have the grandparents live with them, even though they are ailing, rather than putting them in nursing homes simply because it was a choice of that or sufficient food for the family. I am pleased that we are removing this obstacle to uniting families.

The conference substitute incorporates a number of measures to add to the steps taken by the Congress in the last few years to reduce error, fraud, and abuse. I believe most of the new provisions, such as those for matching of income information and for photo identification, strike an appropriate balance between the need for improved verification and the rights of the recipients. The House report spells out in more detail the protections afforded to recipients, and I was pleased to see the sensitivity of the House Agriculture Committee members to this issue.

Before I close, I would like to comment briefly on one House provision that is not included in the final bill—recoupment of benefits from individuals who earn more than 175 percent of the poverty level. Inclusion of such a provision would undermine the basic principle of the food stamp program that needy individuals, even though their need is only temporary, would be eligible for food stamps so that they and their children would not have to go hungry. The proposal before the conference was administratively complex and prone to error. But even if we were to develop a proposal that was administratively workable, we would be undermining one of the most important precepts making up the foundation of the food stamp program. I am pleased that the House receded on this issue.

The conference substitute is a balanced bill with adequate funding for fiscal year 1980; over one-half billion dollars of savings for fiscal year 1981, and additional measures for reducing error, fraud, and abuse. I urge my colleagues to support the measure.

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. McGOVERN. Mr. President, I again thank the Senator from Georgia for his leadership and his time.

Mr. TALMADGE. I thank my colleague for his contribution and his comments.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, with respect to the distinguished Senator from South Dakota he says the error is very small. It is acknowledged that it is almost 15 percent. On a $10 billion program that amounts to $1.5 billion a year, and I submit that is not a very small error.

Mr. President, I yield to the distinguished Senator from Oklahoma such time as he may require.

Mr. BELLMON. Five minutes.

Mr. HELMS. Yes.

Mr. BELLMON. Mr. President, I thank my friend from North Carolina for yielding. I will try to be very brief.

I have come to the floor to support the Helms motion to recommit the conference report. I want to begin by commending the committee for the savings they have accomplished in this conference report, and I wish they had made the savings and stopped. But the problem is, as I understand what has happened here, there are liberalizations which will likely more than overcome the savings that were made, so we wind up with a more expensive bill and one which will be extremely difficult to fund in light of the fact that inflation is now running at a rate somewhere between 15 and 20 percent, and whether we like to think about it or not, we are probably facing another deficit for fiscal year 1981. I wish it were not true, but when we see what is happening to the economy, it is very likely the case.

It is my understanding that this bill significantly liberalizes and expands the food stamp program beginning in fiscal year 1982. This program is growing at unprecedented rates as it is, and this bill would further magnify these increases.

The growth in the food stamp program has been dramatic in the last several years, especially since 1977 with the elimination of the purchase requirement. This change has caused substantial program growth, contrary to projections made at that time that the effects on program participation rates and program costs from elimination of the purchase requirement would be largely offset by savings from eligibility tightening and other changes included in the 1977 legislation.

I have a table which shows what happens, which I will get into in just a moment.

CBO now indicates that almost all of the recent growth in the food stamp program, precipitating the funding situation we are now in, has been due to the elimination of the purchase requirement. The program's costs, Mr. President, have skyrocketed from $5.4 billion in fiscal year 1977 to an estimated $9.2 billion in fiscal year 1980, a growth of 70 percent in 3 years.

An even more striking indication of this growth is the fact that the level of funding for fiscal year 1980 contained in this bill is 51.6 percent higher than current law—the ceiling on costs that is in the law now. This is a tremendous increase which should make us look very hard at any proposals which will liberalize the program and increase future costs.

In addition to escalating costs, Mr. President, the number of people participating in the food stamp program has increased dramatically. In early fiscal year 1979, before implementation of the fiscal year 1977 amendments began, less

than 16 million people received food stamps.

Mr. President, we were not having starvation in this country at that time. People were getting along. With the elimination of the purchase requirement program rolls are expected to swell to 21.2 million in fiscal year 1980 and 23 million by fiscal year 1981 unless the program is tightened. I understand that there is very little tightening on this bill, but considerable loosening starting in fiscal year 1982 that goes in the wrong direction.

Mr. President, I have a table which shows what has happened to food stamp costs and participation since 1965. It shows that in 1965 there was a very low number, so we can more or less disregard that. But in 1970 the number of recipients was 4,300,000. In 1975 it had grown to 17,100,000, a growth of about 32 percent over the prior year. It has gone on up now, and in fiscal year 1979 the number of participants was 20,200,000, and the fiscal year 1981 estimate is 23 million participants. This shows a program which started off growing at the rate of some 20 to 30 percent per year is still growing at the rate of 7 or 8 percent per year in the number of participants.

I ask unanimous consent that this table be printed in the RECORD.

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

FOOD STAMPS—GROWTH OF EXPENDITURES AND COSTS

Fiscal year	Total expenditures (billions)	Percent growth over prior year	Recipients	Percent growth over prior year
1965	$0.035	15.2	442,000	14.5
1970	.58	130.8	4,300,000	33.3
1975	4.7	63.3	17,100,000	32.5
1976	5.7	22.0	18,600,000	8.7
1977	5.4	−5.2	17,100,000	−8.0
1978	5.6	3.7	15,800,000	−7.6
1979	6.9	23.2	20,200,000	+27.8
1980 (ceiling)	6.2			
Supplemental	+2.5			
Amount in Second Con. Res. 86	8.6			
CBO revised estimate for 1980	9.2	33.3	21,200,000	4.9
1981 estimate	10.8	17.3	23,000,000	8.4

	Current dollars	Constant dollars
Average outlays growth per yer (percent):		
1965–70	311.4	239.4
1970–75	142.0	103.3
1975–79	11.7	2.6
1979–81	28.2	12.1

Shows costs if program were fully funded with no changes from current policy.

Mr. BELLMON. Mr. President, instead of reducing the program's growth, this bill would further exacerbate the problem which we face today. The conference has hidden the effect of these expansionary aspects of this bill by delaying the implementation of those provisions until fiscal year 1982 in order to show little cost effect in fiscal year 1981. But we ought to take a look at the effects of this bill down the road. The effects of this bill will be to add substantially to the costs of this program. Such provisions as the expanded medical deductions and the dependent care deductions will increase the income levels at which people can receive food stamps and will cause further cost increase.

These added costs far outweigh the comparatively minor savings that are included in S. 1309. The conference report on S. 1309 saves about $0.6 billion in fiscal year 1981, which drops to a net savings of $0.3 billion fiscal year 1982 when the costs of the liberalizing provisions take effect. This is not even close to the savings in the food stamp program which the Senate committed itself to when it approved Senate Concurrent Resolution 86, the first budget resolution for fiscal year 1981 just last week. That resolution called for savings of $1.4 billion in the food stamp program in fiscal year 1981, and $1.7 billion in savings in fiscal year 1982. Mr. President, S. 1309 not only liberalizes the program and adds significantly to costs in fiscal year 1982, but also provides for $0.8 billion less in savings in fiscal year 1981, and $1.4 billion less in savings in fiscal year 1982 than was agreed to by the Senate when it approved the budget resolution.

Mr. President, our country is facing devastating inflation. We are facing almost consecutive deficits on which we have run an inflation rate which hurts the poor and the elderly more than any other segment in our population. We cause greater hardship when we force up inflation, and we simply cannot afford to expand the food stamp program. This is not the time to consider expansion in the program. We need to be cutting back, and I strongly urge the approval of the motion to recommit, and I commend the Senator from North Carolina for his effort in this connection.

Mr. President, I ask unanimous consent that a table be included in the RECORD showing how fast the administrative costs of the food stamp program have gone up. They have gone up 73 percent in the last 3 years.

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

ADMINISTRATIVE COSTS

	Federal administration			
	Matching	Other	Total Federal	Total State and Federal
1978A	286	71	357	643
1979A	335	58	393	728
1980 est	370	75	445	815
1981 est	500	113	[1] 613	1,113

[1] Current CBO estimate.

Mr. HELMS. Mr. President, I thank the distinguished Senator from Oklahoma for his comments and his support of the motion to recommit. I do not need to tell this Senate that the distinguished Senator from Oklahoma is one of the most diligent students of the budgetary process and probably knows as much about spending activities of the Senate as any man who has ever sat in the Senate.

I greatly appreciate the remarks he has made and the support he has given.

Mr. President, while we have some Senators on the floor, I ask for the yeas and nays on the motion.

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

The yeas and nays were ordered.

Mr. HELMS. Mr. President, I now yield to my distinguished friend from California.

Before I do, let me say, Mr. President, that Senator HAYAKAWA, from the very beginning, has devoted so much of his time and effort to a scholarly study of this problem, not only as it affects his State of California but the entire budgetary process. I have been so proud of Senator HAYAKAWA for the work he has done and the stance he has taken.

Now, I yield to him such time as he may require.

Mr. HAYAKAWA. I thank the distinguished Senator from North Carolina for those kind remarks.

Mr. President, I rise in support of the motion of the Senator from North Carolina, Mr. HELMS. I did not sign the food stamp conference report. I believe it should be sent back to conference. This conference report does not reflect the changes necessary for compliance with the budget resolution, which the Senate passed 2 days ago.

Earlier in the year, Mr. President, I cosigned a letter with several of my colleagues to the chairman of the Senate Agriculture Committee requesting that at the earliest possible date the committee hold hearings and markup legislation to amend the Food Stamp Act. We wanted to review the entire program with the intent of cutting back food stamp benefits in appropriate ways. Such changes are necessary in order to bring the program back to a reasonable level, and to make the program come within reasonable limits. We need to act in a responsible manner in order to make the program do what it was intended to do, which was to help the very poor of this Nation. We are helping them, but we are also helping hundreds of thousands of others who are not quite so poor.

At this time, Mr. President, 1 out of every 10 Americans is eligible for food stamps. One out of every ten. Now I find it difficult to imagine that 10 percent of the American population is impoverished to the extent that their food budgets absolutely need supplementing with food stamps.

I was told earlier this year that the Senate Agriculture Committee would not have time to consider changes to the food stamp program. We were then forced to go to conference with the House on a bill that the Senate passed on July 23, 1979, almost a full year ago. This measure did nothing to substantively cut back the food stamp program.

During the conference the Senate accepted most of the House provisions that tightened up the program here and there. Most of those changes were relatively minor, but in principle we did take some action to tighten up the food stamp program. We also, however, added some costs to the program, which is unbelievable. And in the same conference meeting we increased the authorization level for food stamps to over $6 billion total for fiscal year 1980, and then to a level of $9.49 billion for fiscal year 1981. Let me repeat, $9.49 billion for food stamps in 1981.

Mr. President, the Senate just passed the budget resolution on Monday, May 12, and here we are 2 days later authorizing funding levels that reflect a runaway food stamp program. We in Congress are simply not doing an adequate job of keeping this program within reasonable boundaries.

Although this program was originally intended only for the very poor—and, along with the Senator from South Dakota, Senator MCGOVERN, I do not want to see people starve; I do not want to see people undernourished. Although this program was originally intended only for the very poor, we now have, as I say, 10 percent of Americans eligible for food stamps. This should tell us something. Our costs for the program are almost up to $10 billion for a single year. Every year some of us get up and protest the injustices of this program, and every year others in this body protect the program and make long speeches about the poor people of the country and their lack of nutrition.

According to the Congressional Budget Office's estimate, costs will have increased 58 percent next year over those of last year. And the CBO's estimate for next year is 73 percent above the amount currently authorized for fiscal year 1981.

Therefore, the $9.5 billion budget proposal made by USDA for the program next year represents a full 40 percent of the whole Department of Agriculture budget proposal.

Let us talk about lack of nutrition. At the danger of shocking some people or offending some people, let me point out that witnesses from Johns Hopkins University, who were recently testifying before the Senate Agriculture Subcommittee on Nutrition, said that many so-called poor and rural Americans are overweight. Overweight from malnutrition? I do not know what they mean. Are they overweight from not having enough to eat?

These medical doctors, who are nutrition experts, said that the worst problem in American among the rural poor is dealing with this problem of obesity and not undernourishment.

I am not quoting random people. These are medical doctors from Johns Hopkins University who, presumably, know an awful lot about what they are talking about.

I make this point because I am sick and tired about hearing why we need more and more food stamp benefits. Those who advocate liberalizing the availability of food stamps are never willing to make appropriate cuts—and cuts are necessary.

Some will recall my speaking on this floor about the counterculture people in Sebastopol, Calif. They have a considerable amount of cash income which they spend on pot and on other luxuries. But they used their food stamps to buy Perrier water. And the food stamps are being used by I do not know how many of the affluent young to supplement their luxurious lives.

For the past several months we have been working hard in the Senate to get a balanced budget approved. What a shame it is that only 2 days after the budget passed the Senate, with the budget conferees meeting right this minute to get a final agreement, we pass a food stamp bill that totally ignores those budget limits. This is an abuse, and I will not be a part of it.

Your entitlement to food stamps depends upon the level of your income. The level of your income is calculated with certain deductions that you are entitled to make. Dependent care deductions, $38 million; medical care deductions, $30 million; annualization of thrifty—these are increases in the conference report over last year's deductions for these purposes. This means that, along with the annualization of the thrifty food plan and the annualization of deductions, that savings that will not be realized. The total fiscal year 1982 impact will be another $422 million.

The food stamp program, Mr. President, is widely recognized by the voters as being a runaway inflationary program. Not one of them, not one of those who object to the food stamp program, object because of any lack of sympathy for those who are really undernourished, for those who are really hungry.

We are no longer dealing with the really hungry and the really undernourished. We are dealing with a level of population that has gotten itself accustomed to a form of parasitism which we have officially encouraged through not being critical enough in our allocations.

It is our most costly welfare program of all the costly welfare programs we have. I urge my colleagues earnestly to join me in referring this entire program back to conference. I thank the Chair.

Mr. DOLE. Will the Senator yield?

Mr. HELMS. I will be delighted to yield.

Mr. DOLE. I would first like to address a couple of questions to the distinguished chairman of our committee, the Senator from Georgia.

As I understand it, and I do not quarrel with the statements made by my colleague from North Carolina (Mr. HELMS), when this measure as reported by the House Committee on Agriculture the dependent care deduction and other deductions would have been effective in fiscal 1981. But when the bill passed the House and when we finished the conference, through the efforts of the conferees, all of us, the chairman, Chairman FOLEY, and others, they would have no fiscal impact in 1981 and, in fact, it would be 1982. Is that correct?

Mr. TALMADGE. That is correct. The whole thing is a phantom issue. The bill expires next year. Unless the Congress reauthorizes the bill, it would be dead. It would be a nullity. None of these liberalizing provisions take effect until fiscal year 1982. So we are talking about something at the end of a rainbow that does not exist.

Mr. DOLE. That is the point I want to make. I certainly support the objective of the Senator from North Carolina. It is my understanding that we have to do something next year or it is not going to be effective; is that correct?

Mr. TALMADGE. The Senator is entirely correct. Let me make this statement also: The conference report will save, according to the Congressional Budget Office, for fiscal year 1980, $146 million. For the fiscal year 1981, it will save $560 million. And even if the liberalizing provisions go into effect in fiscal year 1982, and they will not go into effect at all unless the Committees on Agriculture of both the House and Senate act affirmatively, and the House acts affirmatively and the Senate acts affirmatively and include these liberalizing provisions, even under those conditions in fiscal year 1982, the conference report will save $326 million.

So what the conferees have brought to the Senate and are asking them to approve saves money in fiscal year 1980, it saves money in fiscal year 1981, and theoretically, it would save money in fiscal year 1982. When we add them all together, it amounts to about $1 billion.

Mr. DOLE. I thank the Senator for yielding. I think the Senator from North Carolina has raised a good point. I hope the record is clear that nothing is going to happen in 1982 unless we do something next year. If that is the case, then I am not going to support the motion to recommit.

It seems to me we are now responding to some of the objections the Senator from North Carolina has been raising for some time by moving in the direction he would like us to go in the food stamp program. I do not have any quarrel with that, but I do believe that we are faced with an emergency. Maybe it is the doing of the U.S. Department of Agriculture. Certainly, they did not do anything to prevent it.

On the other hand, going back to conference at this late date on something that would not have any impact in any event does not seem to this Senator to be necessary. Plus, as I understand, action on this bill will be followed by action on the appropriations bill. It is a special appropriations bill. I guess we could add some legislative language to that bill. Maybe we could put something in the appropriations bill that says notwithstanding anything in this act or any other act it is not effective in fiscal 1982, some way to protect the rights of the Senator from North Carolina and probably 30 or 40 others who share his views. I am willing to pursue that.

Mr. President, the Senator from Kansas supports the Food Stamp Act Amendments of 1980 conference report.

Immediate action on this conference report will end the crisis that millions of Americans are now facing with a threatened cut-off of their food stamps on June 1. The authorization limitations contained in this bill will insure adequate funding for the food stamp program for 1980 and insure benefits to some 21 million recipients in June.

No other social program has altered the American way of life, as well as the diet, more than the food stamp program. Until the early 1960's when the food stamp program was introduced, many poor and elderly went hungry. Today as a result of this program, we have seen evidence of decreases in infant mortality rates due to the food stamp program, decreases in crippling diseases in the low-income, and with the new provision in this bill in providing a separate dependent care deduction, we are now removing a disincentive to keep the ailing and elderly family member in the home. This dependent care deduction will cover not only young children, but the cost of caring for the elderly. This will allow families to choose to keep the grandparents in the home, even though they are ailing, rather than putting them in nursing homes because it was a choice of that or sufficient food for the family. This provision will help protect the nuclear family and its importance to our society.

Mr. President, this conference report contains significant budget savings for both 1980 and 1981. The Congressional Budget Office has estimated that the savings in fiscal year 1980 will be approximately $150 million, with savings for fiscal year 1981 at $550 million. These savings will be achieved through the reduction in fraud, abuse and error through computerization, photo identification, and increased accounting. The major portion of savings will come from replacing the twice a year update for inflation to once a year in computing eligibility and benefits.

RAISING THE CAP

The conference report contains a spending cap of $9.491 billion for fiscal year 1980, which according to all estimates will be sufficient to full benefits for all recipients through the end of the fiscal year. The funding limit set for fiscal year 1981 is $9.7 billion, which may be insufficient.

CHANGES IN AID

In addition to the aid to families with ailing and elderly family members in the home, the conference report contains aid to battered women. Presently, women with children residing in public or private nonprofit shelters cannot receive food stamp aid. Under the provisions of S. 1309, these women will now be able to use their food stamps to purchase meals prepared and served by those shelters. It also permits these persons to be considered for eligibility as individual units (parent/child) rather than considered as part of a single household consisting of all shelter residents. S. 1309 will also exclude from household income any payments or allowances made under any Federal, State, or local law for the purpose of providing energy assistance. This measure will also exempt from valuation as a household resource, for the purpose of assets requirements, any vehicle used to transport a physically disabled household member.

ELIMINATION OF RECOUPMENT

The recoupment provision under the House measure was eliminated from the final report. I believe, Mr. President, that such a provision would have placed the intent of the food stamp program, to assist the needy, in jeopardy even though individuals claimed temporary need. Recoupment of benefits from individuals who earn more than 175 percent of the poverty level is a complex proposal and one in which I believe, and recommended during the conference that the Senate Finance and House Ways and Means Committees take a look at before May 1 of next year.

Mr. President, I would like to commend my distinguished colleague, the chairman of the Agriculture Committee, for his skill in chairing the conference and moving the consideration on the conference quickly so as to meet the May 15 deadline.

Mr. President, the Senator from Kansas believes we have arrived at a good bill for adequate funding of this vital program for 1980; with over a half a billion dollars of savings for 1981. We have reduced error, fraud, abuse, and increased assistance to those households with elderly, disabled, and ailing, as well as those women living in shelters due to domestic violence.

Mr. President, I urge my colleagues to join me in support of this measure.

Mr. President, we did make progress. There were 39 points in dispute, as I understand it. The Senator from North Carolina was there, as were the Senator from Kansas, the Senator from California, the Senator from Georgia, and others. It is the view of this Senator that with one or two minor exceptions we adopted provision after provision saving money. No one quarreled about that. In fact, that was the thrust of the conference under the leadership of the chairman of this committee.

As I view the food stamp program, which may be different from some on this side or the other side of the aisle, it has been a good program. There are abuses and there are faults in the program, as there would be in any program where this many people participated. But on balance it seems to me we are now doing the very things some have suggested. We will make alterations next year. We should tighten up the program. I am committed to do that. I will give my word to the Senator from North Carolina that I will cooperate, if I am here next year.

On that basis, I yield back the remainder of my time.

(Mr. STEWART assumed the chair.)

Mr. HELMS. Mr. President, I would say to the Senator from Kansas, and I may have misheard what he said, that the bill that was passed by the House would take effect in fiscal 1982 instead of 1981. It is a small point but we should be clear.

Mr. DOLE. I think the House-passed bill would have been effective, as I understand it, in fiscal 1981.

Mr. HELMS. I believe it is 1982. It is a small point. Stripping away all of the arguments and assuming that it is correct to say we have another bite at the apple next year, the point of all this is the fact still remains that the Senate and House are putting their imprimatur on these increased costs, which I understand are going to be $422 million. We cannot escape that.

The question is, Are we going to put our imprimatur on that sort of thing? This Senator says "no." It will not take 10 minutes to go back to conference—it would not be an inconvenience to this Senator—to go back to conference and for $422 million I think it would be worth it. You pay your money and you take your choice. I happen to think this program is way out of line, and I think that the majority of the American people who observe the operation of it think it is way out of line.

I think it would be a demonstration of good faith for this Senate to take every precaution not even to puts its imprimatur on additional costs which will balloon the ultimate cost of the program.

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

Mr. TALMADGE. Mr. President, I commend my distinguished friend from North Carolina for his efforts to correct the abuses in the food stamp program, and also my distinguished friend from California. We have stood shoulder to shoulder in trying to correct the abuses.

Congress can pass laws but Congress cannot administer laws. The abuses take place in the field and in the administration. The conference committee report we have brought to the floor today, which we are asking the Senate to approve, will save $146 million in fiscal year 1980.

It will save $560 million in the fiscal year 1981. It would save, theoretically, if the law continued that long, $326 million in the fiscal year 1982. The only complaint about this conference report that has been offered by any Senator on the floor today is that it did not go far enough in tightening up the law for the fiscal year 1982.

Let me point out, Mr. President, that this law expires on September 30, 1981. So what we are talking about in 1982 is something that will, under the law, not exist. It is a nullity. It is a fight that does not exist.

Next year, one of the first orders of our committee will be to hold hearings, very exhaustive hearings, on the food stamp program. I can assure my friend from California and my friend from North Carolina that we will be standing shoulder to shoulder, trying to tighten up the abuses, the fraud, the waste, and the extravagance in the food stamp program.

As I have pointed out before in my remarks, Congress makes laws but the executive branch of the Government executes laws. The Senator from North Carolina, the Senator from Alabama, the Senator from South Dakota, the Senator from California, and I cannot go out and arrest people who violate the law. We cannot put them in jail. We cannot take them into court. We cannot try them. We cannot sentence them. The execution of the laws has to be handled on the local level, and part of the fraud and abuse that exist at the present time under the food stamp program exists

because local people are not properly executing the law that Congress passed.

I think we have been too liberal in some instances. I do not think that the gross income eligibility standards for a family of four ought to be as high as they are under existing law. In my book, they are too high. But I was in the minority. The Senator from North Carolina is in the minority.

We are talking about a law that Congress passed. We are talking about a law that the President approved. As long as it is the law, it is our responsibility as Congressmen and Senators to uphold that law, and it is the responsibility of the people who execute the law to enforce it, clean up the fraud, clean up the abuses, and rid the program of cheaters.

I am ready to yield back my time if the Senator from North Carolina is ready.

Mr. HELMS. Mr. President, I shall yield back my time in one second. I just want to commend the Senator from Georgia for his remarks and I assure him that we will stand shoulder to shoulder in trying to work on the bureaucrats downtown.

As the Senator says, we pass the laws and the bureaucracy executes them, I think the Senator said.

Mr. TALMADGE. That is correct.

Mr. HELMS. In this case, the bureaucracy is executing the taxpayers, that is the problem.

Mr. President, I shall not go into it, but the conduct of the bureaucrats administering this program after the 1977 Act borders on being criminal. I say that with no reservation whatsoever. This is the kind of thing that I want to stop and that I know the Senator from Georgia wants to stop. I assure him that he and I will stand shoulder to shoulder to let those administering the program know that we do not like what they are doing.

I would yield back the remainder of my time, Mr. President, but I have a little problem of a Senator who is coming to the floor. I suggest the absence of a quorum.

Mr. TALMADGE. Will the Senator withhold that until I introduce a table furnished us by the Congressional Budget Office?

Mr. HELMS. Certainly.

Mr. TALMADGE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point Table 1, CBO Informal Current Services Cost Estimate of S. 1309 as ordered reported by the committee of conference on May 13, 1980.

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

TABLE 1.—CBO INFORMAL CURRENT SERVICES COST ESTIMATE OF S. 1309 AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON MAY 13, 1980

[In millions of dollars]

	Fiscal year—		
	1980	1981	1982
I. Current services (Budget authority)	9,191	10,766	11,963
II. Provisions costed:			
(a) Meals for battered women and children	+2	+2	+2
(b) Expanded dependent care deduction	0	0	+38
(c) Expanded medical care deduction	0	0	+30
(d) Medical deductions, outlying territories	0	+1	+1
(e) Retrospective accounting monthly reporting [1]	0	−63	−150
(f) Annualization of thrifty food plan	−90	−204	+64
(g) Annualization of standard deductions, shelter deductions	−43	−86	0
(h) Poverty guideline updates	−15	−50	−56
(i) Asset restrictions	0	−20	−20
(j) Student participation	0	−50	−55
(k) Fiscal sanctions for error rates	0	−90	−180
Total estimated changes from current services base	−146	−560	[2] −326
Estimated needed budget authority for a current services program	9,045	10,206	11,637
S. 1309 provides authorization for budget authority of	9,490	9,739	0

[1] This estimate assumes that all States participate, S. 1309 makes the provisions optional. Further the estimate assumes start-up within 10 mo. following enactment.

[2] The authorizations for appropriations for the food stamp program will expire at the end of fiscal year 1981. Therefore, the estimate shown for fiscal year 1982 will only be applicable if the program is reauthorized.

Mr. TALMADGE. Mr. President, I reserve the remainder of my time and yield to the Senator from North Carolina.

Mr. DOLE. Mr. President, will the Senator from North Carolina yield to me so I may clarify a point I think he made?

Mr. HELMS. Certainly.

Mr. DOLE. As I understand it now, the bill reported by the House committee was effective in fiscal year 1981. I understand that, by amendment on the House floor by Chairman FOLEY, it was made effective in 1982.

Mr. HELMS. I am advised that that is correct. I thank the Senator.

Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TALMADGE. 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. TALMADGE. I yield 2 minutes to our distinguished colleague, the Senator from Iowa (Mr. JEPSEN).

Mr. JEPSEN. Mr. President, I respectfully request 4 minutes from the Senator.

Mr. TALMADGE. I yield 4 minutes to the Senator.

Mr. JEPSEN. Mr. President, in 1964, when the Food Stamp Act was passed in order to help poor people in depressed areas across the Nation who suffered from malnutrition, the program served 370,000 persons per month at an annual Federal cost of $30.5 million.

Mr. President, the Congressional Budget Office estimates that the program, unless adjusted, will cost the taxpayers $10.8 billion in fiscal year 1981. By my figures, that is an increase of 3,600 percent since 1964. CBO figures show that there are 21.7 million persons receiving food stamp benefits; that is 1 in every 10 Americans. The Food and Nutrition Service's targeted outreach levels are for a total participation of 27.2 million; that is 1 in every 7 persons in this country.

I do not believe that anyone in Congress wants to see what some in my home State of Iowa are calling a foodless June. We are near completing the complicated set of budgetary maneuvers which are necessary, according to the law, to raise the spending limit on the food stamp program this year so that truly needy individuals will not go without food stamp benefits—even for a day. According to the Iowa Department of Social Services, over 30 percent of those receiving food stamp benefits in Iowa are elderly or disabled. Fifty-one percent of food stamp recipients have an annual gross income of less than $3,600, well under the poverty guidelines. These people need food assistance. Last year, when it appeared that food stamp benefits would run out if additional money were not appropriated, I voted for supplemental funding so that no one would go hungry.

I am concerned, however, with the way the Federal Government has managed the food stamp program. Congress gave the Department of Agriculture definite guidelines to follow to insure that those who are truly dependent on food stamp benefits get them. But the bureaucracy has consistently refused to believe that Congress meant what it said, that there is to be a limit on the food stamp program and that the program was to be efficiently managed within those limits. It can be done.

Mr. President, despite what the Department of Agriculture tells us, the food stamp program is still subject to administrative error, and to fraud and abuse of benefits. A House Government Operations Subcommittee has learned that there are 20,000 cases per month of persons negotiating double food stamp benefits in New York City alone. I recently learned that 55 percent of the population of Puerto Rico receives food stamps. Fifty-five percent of the population of this entire Commonwealth receives food stamps.

Puerto Rico represents nearly 10 percent of the entire food stamp program. Food stamp benefits there are higher than any State in the Union and double the amount received by every State but California and New York. They have the second highest administrative costs and yet still operate the program with the highest rate of recipient fraud of all the States and trusts.

Something is wrong when 55 percent of the population of any State or trust is receiving food stamps, has the second highest administrative costs and the recipient fraud rate is worse than in any other State or trust. Something is wrong when one out of every seven Americans are eligible for food stamps. Something is wrong when a program costs 3,600 per-

cent more than it did just over 15 years ago.

With these facts in mind, I am more than a little concerned when the administration refuses to act according to the intent of the law. The law says that when it is clear that money for full benefit entitlements will not be available for the entire year, a plan must be put in motion to adjust benefits but not to eliminate them and to reduce benefits to those at the higher end of the scale so that those very needy individuals who are dependent upon the program to eat will not go without.

That is where we have some of this bureaucratic blackmail we get right now with the announcement of no food stamps.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. TALMADGE. I yield the Senator an additional 2 minutes.

Mr. JEPSEN. I thank the Senator.

We find there is an announcement made, people picketing some of my offices in Iowa, by direction. We have these canned letters, by direction.

I say that on this bureaucratic blackmail, one of these days we will have to find out whether the tail wags the dog, or who is elected to appropriate funds to provide, as we should, for the nutritional diets and the food stamp program. There should not be anyone in our country go hungry, ever. But that does not give people a license to build bureaucracies and to administer programs without any concern for following any of the prudent directions and instructions presented them by Congress.

The administration has done a disservice to the poor of this country by forcing a situation where benefits could be discontinued totally for a few days to a couple of weeks when the law clearly states that in such a situation, there should only be a benefit reduction to those at the least needy end of the scale.

I am sorry that they have chosen to administer the program in this manner, and I would hope that, if the situation ever rises again, they will work within the clear framework of the law instead of emotionally inciting recipients by telling them they will go hungry.

It is obvious that the food stamp program needs some tightening up and I will support proposals to do this so that we can avoid this type of situation in the future. The need for a balanced and nutritional diet for some verv poor Americans does not give the Department of Agriculture license to use promotional outreach campaigns to bring so many people into the program that 1 in 7 people in the United States become dependent upon it. I remain hopeful that Congress will be able to act on the extra money for the program before it might have to be temporarily discontinued. No one wants a foodless June.

I thank the Chair.

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum and I ask unanimous consent it be equally divided.

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

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HELMS. Mr. President, I yield back the remainder of my time.

Mr. TALMADGE. Mr. President, I ask that the motion to recommit be rejected by the Senate, and I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the motion to recommit. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from New Hampshire (Mr. DURKIN), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from North Carolina (Mr. MORGAN), and the Senator from Nevada (Mr. CANNON) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from Connecticut (Mr. RIBICOFF) and the Senator from Rhode Island (Mr. PELL) would each vote "nay."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY) is necessarily absent.

The PRESIDING OFFICER. Is there any other Senator in the Chamber who wishes to vote?

The result was announced—yeas 29, nays 61, as follows:

[Rollcall Vote No. 135 Leg.]

YEAS—29

Armstrong	Hatch	Pryor
Bellmon	Hayakawa	Schmitt
Boren	Heflin	Schweiker
Boschwitz	Helms	Simpson
Byrd,	Hollings	Stewart
Harry F., Jr.	Johnston	Thurmond
Cochran	Laxalt	Tower
Domenici	Lugar	Wallop
Garn	McClure	Warner
Goldwater	Proxmire	Zorinsky

NAYS—61

Baker	Glenn	Nunn
Baucus	Gravel	Packwood
Bayh	Hart	Percy
Bentsen	Hatfield	Pressler
Biden	Heinz	Randolph
Bradley	Huddleston	Riegle
Bumpers	Jackson	Roth
Burdick	Javits	Sarbanes
Byrd, Robert C.	Jepsen	Sasser
Chafee	Kassebaum	Stafford
Chiles	Leahy	Stennis
Church	Levin	Stevens
Cohen	Long	Stevenson
Culver	Magnuson	Stone
Danforth	Mathias	Talmadge
DeConcini	Matsunaga	Tsongas
Dole	McGovern	Weicker
Durenberger	Melcher	Williams
Eagleton	Metzenbaum	Young
Exon	Moynihan	
Ford	Nelson	

NOT VOTING—9

Cannon	Humphrey	Morgan
Cranston	Inouye	Pell
Durkin	Kennedy	Ribicoff

So the motion to recommit the conference report was rejected.

Mr. JEPSEN. Mr. President, I do not want my vote in opposition to recommitting S. 1309 to conference committee to be misunderstood. I agree with the intent behind Senator HELM'S motion, that is, language pertaining to the program in 1982 should not be used as a reason to expand the food stamp program. Instead, it should be tightened up when Congress reauthorizes it next year. However, I disagree with the timing. The proposal now would only serve to delay the Congress actions on the supplemental appropriations for the food stamp program when there is a possibility that funds could be cut off tomorrow if we delay. As I stated before, no one wants a foodless June.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the next rollcall vote which is going to occur immediately be limited to 10 minutes.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, we are not agreeable to a 10-minute rollcall vote on the next vote, but I advise the majority leader that I have no objection to limiting rollcall votes to 10 minutes on votes following then after that.

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

The question is on agreeing to the conference report.

Mr. HELMS. 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 question is on agreeing to the conference report.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from New Hampshire (Mr. DURKIN), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from North Carolina (Mr. MORGAN), and the Senator from Connecticut (Mr. RIEICOFF) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY) is necessarily absent.

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted who desires to do so?

The result was announced—yeas 65, nays 25, as follows:

[Rollcall Vote No. 136 Leg.]

YEAS—65

Baker	Biden	Bumpers
Baucus	Boren	Burdick
Bayh	Boschwitz	Byrd, Robert C.
Bentsen	Bradley	Chafee

Chiles	Huddleston	Pressler
Church	Jackson	Pryor
Cochran	Javits	Randolph
Cohen	Jepsen	Riegle
Culver	Leahy	Roth
Danforth	Levin	Sarbanes
DeConcini	Long	Sasser
Dole	Magnuson	Schweiker
Durenberger	Mathias	Stafford
Eagleton	Matsunaga	Stevenson
Ford	McGovern	Stewart
Glenn	Melcher	Stone
Goldwater	Metzenbaum	Talmadge
Gravel	Moynihan	Tsongas
Hart	Nelson	Weicker
Hatfield	Nunn	Williams
Heflin	Packwood	Zorinsky
Heinz	Percy	

NAYS—25

Armstrong	Helms	Simpson
Bellmon	Hollings	Stennis
Byrd, Harry F., Jr.	Johnston	Stevens
Domenici	Kassebaum	Thurmond
Exon	Laxalt	Tower
Garn	Lugar	Wallop
Hatch	McClure	Warner
Hayakawa	Proxmire	Young
	Schmitt	

NOT VOTING—9

Cannon	Humphrey	Morgan
Cranston	Inouye	Pell
Durkin	Kennedy	Ribicoff

So the conference report was agreed to.

Mr. TALMADGE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. 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. MATHIAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

DECLARATION OF A NATIONAL EMERGENCY ON NOVEMBER 14, 1979

Mr. MATHIAS. Mr. President, 6 months have passed since President Carter's declaration of a national emergency on November 14, 1979. His declaration was made under the authority of the National Emergencies Act, which evolved out of the investigation of past national emergencies by the Senate Select Committee on National Emergencies and Delegated Emergency Powers.

The National Emergencies Act which became effective September 14, 1978, suspended various extraordinary powers and authorities exercised by the President by virtue of several existing states of national emergencies whose justification had long since passed into history. In addition, that far-reaching act established authority for the declaration of future emergencies in a way that defines their use and insures regular and orderly congressional review. One such review mandated by the act is congressional consideration, 6 months after a proclamation, whether a state of national emergency should be terminated.

As we are all too painfully aware, the current state of emergency was brought on by the illegal seizure of the U.S. Embassy in Tehran and the taking of U.S. personnel as hostages. These despicable actions instigated or countenanced by the Iranian authorities violate international law and legal norms of conduct governing relations between nations of the world community. They have been widely condemned both by the international community and its judicial arm, the International Court of Justice.

The President's November 14, 1979 and more recent April 17, 1980 actions in this connection had a two-fold purpose. They were intended to signal to the Iranian authorities in a meaningful but nonbelligerant way the seriousness with which we regarded their lawless behavior. They were also intended to block withdrawal of official Iranian funds from U.S. banks and their foreign branches and subsidiaries in order to protect claims on Iran by the United States and its citizens.

All indications are that these Presidential initiatives enjoy widespread backing in Congress and the country at large. In these circumstances it would have been easy for Congress to close its eyes to its responsibilities under that National Emergencies Act and to have marked the 6-month review period by following the path of least resistance.

I am happy to report that the rule of law has prevailed and that the Congress has not fallen into old habits of calculated or quiet indifference. The Senate Foreign Relations Committee has carefully examined the question and has concluded that no cause exists for consideration of a resolution to terminate the current state of emergency. The committee has formally conveyed its decision to the President and the leadership of the Senate.

An important precedent is being established and it is useful to note it carefully and publish it widely. It has my honor to serve with the Senator from Idaho (Mr. CHURCH) as cochairman of the select committee and I feel a continuing responsibility to insure that the law is strictly observed.

Mr. President, I make the point of order that a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

BUDGET ACT WAIVER

Mr. HOLLINGS. Mr. President, I am prepared to make the motion for the waiver with respect to food stamps. At the conclusion of these remarks, I will make that motion on behalf of the Budget Committee to waive the application of section 311 of the Budget Act to House Joint Resolution 545, the emergency food stamp supplemental bill. I will do so very reluctantly, and only because circumstances compel this action.

The Budget Act has been waived only twice in its 5-year history. I would not move to waive any provision of the Budget Act now if it involved a violation of the integrity of the budget process or would result in a breach of the budget Congress will adopt for 1980.

Unless the application of section 311 is waived, this emergency supplemental bill for food stamp benefits is subject to a Budget Act point of order. That is because the spending ceilings Congress agreed to last fall for 1980 have been exceeded by events beyond congressional control.

We are all familiar with the events since last fall which have increased budget costs. These factors required both Houses of the Congress within the last week to vote to increase the budget totals agreed to last fall, in order to compensate for these unforeseen, uncontrollable, and changed conditions. I want to remind you of a few of them now.

First, interest rates have shot up to unprecedented levels, as a result of the policies adopted by the Federal Reserve after each House had already adopted its budget last fall. Interest in the Federal budget is now estimated to be over $65 billion—$7 billion more than was budgeted for in the fall.

These high interest rates caused a delay in $2 billion worth of sales of federally held mortgages from 1980 to 1981, to avoid unnecessary losses from those sales. The $2 billion in proceeds from those sales would have reduced budget auhority and outlays equally in 1980. Because of the delay, the 1980 budget has increased by $2 billion instead.

Second, American diplomats and marines have been taken hostage in Iran and remain in captivity, and the Soviet Union has invaded Afghanistan.

In light of these international events, the President's defense requests for fiscal 1980 have increased by $4.1 billion in outlays. In addition, an accounting change affecting foreign arms sales will increase budget totals by $1.2 billion in outlays, even though that change involves no new Federal spending at all.

Third, in response to the invasion of Afghanistan, the President imposed an embargo on U.S. grain sales to the Soviet Union. To shield American farmers from the effects, the President followed up with unilaterial action to support domestic grain prices.

These agricultural initiatives and other re-estimates of the cost of existing agriculture programs will add $3.4 billion to the amounts assumed in the fiscal 1980 budget.

Fourth, a nearly 4 percentage point addition to the inflation rate since last July when we marked up the 1980 budget resolution has added an additional $1.5 billion to the budget estimates for programs like social security which are indexed to the rate of inflation.

These four developments, unforeseen and uncontrollable by Congress, have added a total of more than $19 billion in outlays to Federal spending for fiscal 1980. All this happened without the enactment of a single spending bill by the Congress.

In light of these factors, both Houses have voted to increase the spending to-

tals for 1980 in order that the Government can continue to function. Without an increase in the spending totals, many essential needs will not be met.

The title XX conference report upon which State governments and millions of Americans depend for social services cannot be enacted.

Trade adjustment assistance benefits will be denied to millions of workers now thrown into unemployment.

Black lung benefits will be cut off.

Urgently needed defense supplemental spending cannot be enacted.

The space shuttle program will be delayed, unacceptably endangering the success of missions important to our national security.

And of course the food stamp program would run out of money in early June, leaving 21 million Americans without nutrition benefits for the rest of the year.

Revisions in the 1980 budget have been passed by both the House and Senate. Both the House and Senate budget resolutions include provisions for continuing the food stamp program in 1980.

The overall spending totals for all Federal programs in the House resolution, however, are more than $5 billion higher than in the Senate resolution. That major difference is now the subject of the House-Senate budget conference.

That budget conference met all day yesterday until late last evening and is meeting again today and into tonight to negotiate the differences between the two resolutions.

As the press reported this morning, the Senate is fighting in that budget conference to reduce the spending totals in the House resolution.

The exact allocation the conference will agree on for food stamps is not yet clear, just as the final version of this appropriation for the food stamp program has not yet been determined. Everyone should understand one thing, though. If the budget conference decides—and the House has a lower figure than the $3 billion amount here, than the Senate figure—on a lower spending allocation for the food stamp program than the Appropriations Committees finally agreed to in the food stamp conference, some other supplemental appropriation will simply have to be reduced.

We do not intend to give a blank check in the budget for every supplemental spending bill.

The budget revisions of both Houses assume a supplemental food stamp bill on the order of $2.4 to $3 billion will be enacted so this nutrition program can stay in operation. The exact size of the spending will not be known until after the appropriations conference. The exact amount of room the budget will contain for that appropriation will depend on what we do in the conference on the budget. Any excess in the food stamp spending bill compared to the budget resolution will mean a reduction in other programs.

As most Members know, I have my own reservations about the growth in the food stamp program. The reforms contained in the new Agriculture Committee food stamp bill which the Senate has just adopted will reduce some of the unwarranted costs in the program, such as food stamps for well-to-do college students. But I think continuing oversight and additional reforms are necessary to assure that the food stamp benefits are targeted to those who really need the help.

Under all these circumstances, the Budget Committee will not oppose a waiver of the now-obsolete spending limitations in the second budget resolution for this emergency food stamp bill. To do so would frustrate the food stamp program and would ignore the budget revisions for 1980 which have already passed both Houses. Those revisions assume an increase in the food stamp program budget.

As I said, I regret such a waiver is necessary. I wish we had had time to finish the conference with the House on the 1980 budget revisions before the food stamp bill had to be considered.

A number of factors have delayed completion of the 1980 budget revisions. For one thing, the full extent of some increased costs, like social security and defense outlays, did not become known until after the President revised his own January budget in March of this year. Then the longest debate we have ever had in the Senate on the budget resolution delayed us several days further in getting to conference.

So now we confront the fact that unless we act today, millions of Americans may face a delay in their food stamp benefits for June, with great hardship to their families.

Both Houses have already approved an increase in the food stamp program in their budget resolution revisions for 1980. The conference on that resolution will surely agree to a significant revision in the food stamp program. So it does not serve any Budget Act purpose to delay the June food stamp benefits while the budget conference completes action on all the remaining disputed budget items, including the entire 1981 budget. Both Houses, in their budget resolutions, clearly intended that the food stamp program should be continued.

It is for these reasons that I move waiver of the application of the Budget Act to this appropriation. This waiver is not a precedent for any future action. It is based on the unique facts of this case. Both Houses have already approved substantial increases in the budget for the food stamp program in their already-passed budget resolutions.

The conference is going to agree to such revisions but has not had time to finish its work. To raise the point of order would serve no Budget Act purpose but would threaten severe hardship for millions of needy Americans.

Therefore, pursuant to section 904(b) of the Congressional Budget Act of 1974, and in light of the action already taken by both Houses to revise the 1980 congressional budget including provisions to accommodate increased food stamp costs, I move that section 311(a) of the Congressional Budget Act of 1974 be waived for the purpose of considering House Joint Resolution 545, a joint resolution making an urgent appropriation for the food stamp program for the fiscal year 1980.

The PRESIDING OFFICER (Mr. TSONGAS). The motion will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) moves as follows: That section 311 (a) of the Congressional Budget Act of 1974 be waived for the purpose of considering H.J. Res. 545.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Oklahoma (Mr. BELLMON).

Mr. BELLMON. Mr. President, I join the distinguished chairman of the Budget Committee in recommending waiver of section 311 of the Budget Act so that the urgent supplemental appropriation for the food stamp program can be considered by the Senate.

I support this waiver with considerable misgivings, Mr. President. Section 904 of the Budget Act which authorizes this waiver is a step which should be taken only as a last resort to avoid stopping a spending bill for which delay will work an intolerable hardship. I would point out that section 904 has been invoked only twice before in the 6-year history of the Budget Act. I reluctantly concluded that we are facing an intolerable situation relative to the food stamp program.

I would like to remind the Senate, however, Mr. President, that the fact that the food stamp program is about to run out of money is not the fault of the budget process.

Last fall when Congress approved the second budget resolution for fiscal year 1980, it reserved $8.1 billion for the food stamp program. That is $1.9 billion more than has been appropriated for the program so far this year.

I want to make that point again, Mr. President. The budget includes $1.9 billion that has not yet been appropriated. So we are not out of money because of any failure of the budget to take into account the legitimate needs of this program.

If Members ask why was not the additional money provided, the reason was the authorization bill which the Senate approved only a few minutes ago was held up on the House side because apparently the leadership of the House was afraid of what might happen to that bill when it was taken to the floor. The bill was not taken to the floor until after the House had approved its revised budget resolution for fiscal year 1980, only a few days ago.

So, Mr. President, the situation we now face on food stamp funding was not a result of any inadequacy or failure of the budget process.

I also want to comment briefly, Mr. President, on the performance of the Department of Agriculture regarding cost estimates of the food stamp program.

Earlier today I placed in the RECORD a chart showing a history of the costs in the food stamp program. Later today I intend to offer an amendment to this bill making clear that the USDA will be required to live within the appropriation

this bill provides for the rest of fiscal year 1980. At that time I will talk some more about the recent changes in cost estimates of the food stamp program. But for now, Mr. President, let me just say that I believe the USDA has been careless and unreliable in its cost estimating work. We have had a new set of numbers, always higher numbers, month after month. At least some of the responsibility for the urgency in which we find ourselves must be placed squarely on the inability or the unwillingness of the USDA to give the Congress timely and accurate information.

In conclusion, Mr. President, I support the waiver which has been introduced by the distinguished Senator from South Carolina. I do so with the understanding that we have a highly unusual problem and that the action we are taking today is not a precedent to be followed frequently in the future. If the Senate ever gets to the point that it sets aside the Budget Act frequently, it will have mortally wounded the budget process and, in my opinion, that would be a death blow to the newly found fiscal discipline which we are experiencing this year in the Senate.

I thank my friend for yielding.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. ARMSTRONG. I would like to inquire of the distinguished chairman and the distinguished Republican on the Budget Committee about their plans for the future. It is my understanding that by granting this waiver we will permit the Senate to proceed immediately to the consideration of a $3 billion supplemental appropriation and if enacted that would give us a total of $9.2 billion for food stamps during fiscal year 1980. Am I correct in those numbers? Is $9.2 billion the correct number?

Mr. HOLLINGS. The Senator is correct.

Mr. ARMSTRONG. My question is this: Is the expectation of the chairman that $9.2 billion will be sufficient to pay the cost of the food stamp program for the balance of the year, or is it likely or possible that we may face yet another budget resolution or another budget waiver or an additional supplemental prior to the end of the year? Is $9.2 billion contemplated as the final total cost of this program for 1980?

Mr. HOLLINGS. That is the Senator's hope and mine. I know it would be $9.2 with the $100 million in the bill just passed.

This is the best estimate of the Agriculture and the Appropriations Committees. At this particular point we just have no way in the world of telling. We are arguing for a lower figure in the budget conference right now, but I do not want to be devious and I cannot guess what food stamps will amount to.

Mr. BELLMON. If the Senator will yield, I would like to call the attention of the Senator from Colorado to a letter which is on his desk and also a copy of an amendment which I intend to introduce as soon as it is in order. The text of the amendment reads:

Provided further, That is is the sense of Congress that no further appropriations will be made for the food stamp program in fiscal year 1980. The sum provided herein substantially exceeds previous estimates of program needs and fully utilizes projections of budget authority and outlays remaining within the congressional budget's ceiling for this purpose. The Secretary of Agriculture is therefore directed to utilize those procedures authorized in section 18 of the Food Stamp Act of 1977, as amended, to asure that program costs do not exceed available funds and to avoid unnecessary disruptions or substantial reductions in benefits under the program.

What we are saying is to run the program with the amount of money we provide and do not come to the last of August or September and say the program is about to run out of money.

Mr. ARMSTRONG. I appreciate that word of explanation. I associate myself with the course of action recommended by the Senator from Oklahoma. But I assume that the section of the Food Stamp Act he references is that section known as the Lugar amendment. The Lugar amendment adopted by the Congress last year provides what the Senator suggested, that is, that the Secretary of Agriculture adjust the eligibility requirements of the food stamp program at the high end so as to tailor the total cost of the program to the money which had then been authorized and appropriated by Congress.

The Secretary of Agriculture did not choose to do that. He was encouraged to ignore the Lugar amendment by various Members of the Senate, Members of the House, and by report language adopted by various committees. I am very happy to have this expression from the Senator from Oklahoma. I want to be unequivocally on the record that I for one, as one Member of this body, do in fact expect the Secretary of Agriculture to follow the mandates of the Lugar amendment and the mandate of the Bellmon amendment, if, in fact, it is adopted by the Senate. This program is out of control. It is a travesty of good planning. It is an affront, in my opinion, to the taxpayers of the United States. It literally amounts to middle-income families being asked to pay taxes to support people who are already better off than they are in many, many instances.

We have been through a litany here, on the floor and in the Budget Committee conference, on the abuses of this program. It is a classic example of a program predicated on a noble idea which has run completely out of control.

I do not think I need to say more. I think Senators are well aware of that. I just want to make the record that there is a growing sentiment in this body to draw the line and be sure that we are taking care of the needs of the truly hungry, but then to put a stop to the astronomical increases in the costs of this program which, in my view, cannot and should not be supported.

Mr. BAKER. Mr. President, will the Senator yield to me for just a moment?

Mr. HOLLINGS. I yield, Mr. President.

Mr. BAKER. Mr. President, I take this opportunity to commend the distinguished Senator from Colorado for his statement, with which I entirely agree. I commend the Senator from Oklahoma for offering this amendment. I hope that the Secretary of Agriculture and the administration will take full account of the description that has been made of this program.

It is a humane program, it is a necessary program, and it is well motivated. But this program is being administered in a shameful way. It is shameful to me that the Secretary of Agriculture would completely ignore the clear, stated, statutory intent of the Congress of the United States. I hope someone will note these words and note that, for the part of the Senator from Tennessee, I shall do everything in my power to see that that bit of statute law is compiled with if it is reiterated here, as indeed I hope it will be with the Bellmon amendment.

Mr. McCLURE. Mr. President, will the Senator yield to me?

Mr. HOLLINGS. Yes, I yield.

Mr. McCLURE. Mr. President, I ask for the yeas and nays on the motion to adopt the budget waiver.

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

The yeas and nays were ordered.

Mr. McCLURE. I thank the Chair.

Mr. President, if I recall correctly, it was on Monday of this week that we completed action on the budget resolution, including the first concurrent budget resolution for 1981 and the second concurrent budget resolution for the 1980 budget.

If I recall correctly, the figure in that budget resolution for this program included a supplemental for 1980 of $2.4 billion. Am I correct?

Mr. HOLLINGS. That is correct.

Mr. McCLURE. Mr. President, this is another one of the very difficult decisions that various Members may, from time to time, have to make. The reason I asked that question is I think it is appropriate for the American people to note that the Senate of the United States, on Monday of this week, took action in which they promised a balanced budget, generated favorable headlines in newspapers all across the country on Tuesday morning, and, on Tuesday afternoon, the Appropriations Committee started to unbalance it by violating the resolution which this body had adopted the day before. That is irrefutable fact.

I agree with the Senator from Colorado with respect to the abuses in this program. I commend the Senator from Tennessee for his remarks. I applaud the Senator from Oklahoma for his attempt to adopt again language which has, in the past, proven cosmetic only.

But I say to the Senator from Tennessee that it is not simply the Secretary of Agriculture who is at fault. The Congress of the United States is at fault. This program is not uncontrollable save we do not dare control it. The political implications of trying to tighten up on a program of this kind have proven to be greater than the capacity of this body to confront.

The result is that, on Monday, we take one action; on Tuesday we take another action; on Wednesday, we take another action; next week, we shall take another

action, and the hope for the balanced budget goes down in flames.

I am mindful of the difficulty the managers of the Committee on the Budget have in trying to come forward with this budget waiver today. I agree with them that the waiver is, perhaps, a better way than simply ignoring it. But, first of all, Mr. President, May 15 is an illusory date. It is a date which the Secretary of Agriculture has indicated that he would like to meet.

That does not mean we have to meet it. It does not mean that food stamps will not be available in programs prior to the 1st of June. There is enough money to run this program into the month of June. We do not have to legislate today against this deadline of May 15. That is purely an arbitrary deadline designed to make it more difficult for us to legislate in a more orderly manner.

I can understand that the Senator from South Carolina and the Senator from Oklahoma did not make that date. They did not make that situation. They are confronted with it.

Yesterday, Mr. President, in the Appropriations Committee, as we were debating the question of the supplemental, the Senator from North Dakota (Mr. YOUNG) offered an amendment which would have said that none of the funds expended under the supplemental could be used to provide food stamps to anyone who had a net worth of $75,000 in addition to his home.

Mr. President, there are a lot of working men and women in this country. You go tell that to a guy who is working in a factory—living in a trailer home, who has no assets, he has no home, he rents—that he has to pay taxes to pay money to people who own their own home and have $75,000 worth of assets in addition to it. And that very, very generous amendment was defeated.

The Senator from North Dakota withdrew it. The Senator from Arizona (Mr. DECONCINI) then offered it, and it was threatened to be filibustered, and it was withdrawn because of the threatened filibuster in the committee.

Mr. President, if we cannot come to grips with this program by saying hard-working men and women of this country cannot be required to pay welfare to people who are better off than they are, than they themselves are, no wonder the American people rebel. I, for one, will vote against this budget waiver and I hope that others also will vote against the budget waiver. And, perhaps, if the budget waiver is defeated, then the responsible authorizing and appropriating committees can, in the next week, come to grips with the problem in a way that will yield some relief to the taxpayers of this country, to the people who work, pay their own way, do their own bit to provide for themselves, without detracting from our ability to provide humanitarian relief, food relief and other welfare relief to those people who cannot do for themselves.

Mr. President, if there is one message that comes through to me from my constituents when I visit at home, it is that the hard-working men and women of this country are tired of paying taxes to support programs that the political institutions of this country do not have the courage to control. That is exactly what we are doing here this afternoon.

I thank the Senator for yielding.

Mr. ARMSTRONG. Would the Senator yield to me for a moment?

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I yield time to the Senator from Colorado.

Mr. ARMSTRONG. I thank the Senator for yielding.

Mr. President, I want to pursue a point made a moment ago by the distinguished Senator from Idaho. I do so with full recognition of what happens to the bearer of bad news. He recounted the sequence of events of last week by which Congress first said we were going to balance the budget and then progressively took steps to unbalance the budget. I just want to report what has happened since he tuned in last. I say to the Senator that he left off the story at what happened in this Chamber yesterday. I would like to report to him what has happened in the last 30 hours or so in the conference on the budget.

The Senator may remember that we sent to conference an increase in spending for fiscal 1980 of some $22 billion—that is, a third concurrent resolution on the budget—some $22 billion above the level which, last December, we set and which was set after a representation by the then chairman of the Budget Committee that there would be no third concurrent budget resolution and, in fact, after Members and the world were warned that we would not tolerate further increases. In fact, we were told in solemn terms that every committee and every Member had better realize that we were not going above $547 billion. A week ago, we did go above it by $22 billion.

What happened yesterday and today is that so far, in the first half dozen functions for 1980, we have added another $6 billion above the $22 billion, above the $547 billion.

That brings, by my calculation, the deficit—if, in fact, the conference reports such a measure—to a total of $43 billion for fiscal year 1980. In addition, if the court sustains the lower court action on the oil import fee, as I personally hope they will, that will knock off another $3 billion, raising the deficit for this year to $46 billion.

I mention this, not because it bears directly on this question of this budget waiver, but because I hope Senators will speak to the conferees and urge them to come to their senses, because for a conference of this body to go to conference with the House and agree to that kind of spending increases for 1980, when our economy is unraveling at every corner, suggests to me that the conferees have lost touch with the economic realities of our country.

I do not believe that if we submitted such a report to a nationwide referendum it would be defeated by less than 4 or 5 to 1.

I have put my fellow conferees on notice that if they bring it back to this body, there is every likelihood it will be defeated.

But, rather than that, it seems to me the responsible thing to do would be for some Senators, not conferees, to let those conferees know how they feel and whether or not they are prepared to support increases of that magnitude for 1980.

I am also concerned about what that kind of attitude bodes for 1981.

As I understand it, we are just on the verge of starting our conference with the House on 1981, and I will undertake to keep Senators informed on that as we make further progress.

Mr. EXON addressed the Chair.

Mr. HOLLINGS. I yield to the Senator from Nebraska.

Mr. EXON. I thank my friend from South Carolina and I thank the Chair.

Mr. President, I associate myself with the excellent remarks made on the budget waiver introduced by the Senator from South Carolina, commented on by the Senator from Oklahoma, further commented on by the Senator from Colorado, further commented on by the Senator from Tennessee, further commented on by the Senator from Idaho, all good remarks. I share the concerns that have been expressed by all.

I say that I feel that the Secretary of Agriculture certainly is the one primarily at fault as we face this situation for finishing out the food stamp expenditures for the rest of this year.

If I understand it correctly, the budget waiver we have referred to has little or nothing to do, however, with the 1981 budget that we passed.

If we accept the waiver that has been introduced by the Senator from South Carolina, backed by the Senator from Oklahoma, in essence, what we will be doing is simply providing the additional $3 billion which is necessary by estimates to maintain the food stamp program for the rest of this year.

I think it is important we do not mix it up with fiscal 1981.

It is true we will be raising the deficit for 1980, but I do not think, as I understand it, it has anything directly to do with balancing the budget in 1981.

I also say, Mr. President, that as much as I am against poor fiscal management, and I think that is what we have here with the money running out in the food stamp program, despite the fact that the Lugar amendment probably could and should have been used, I would like to hope we might begin to address ourselves as to how we will make sure things like this do not happen in the future.

Some of us on the floor have had a great deal more experience at this than I. I am wondering if it is possible, not this year, but in 1981, for example, to say that whatever amount of money we appropriate for the food stamp program, that the Secretary of Agriculture is specifically directed by the Congress that at the end of January, if the expenditures for the first month of the year, or whatever, the fiscal year basis, of course, would be October, but for the first year for which the money is appropriated, the Secretary of Agriculture would be required by the Congress to make a computation, and if more than one-twelfth of the money expended for the first

month has run over the appropriate figure, could we not direct him to reduce, direct him by law to reduce, the payout for the food stamp program for the next month, and reduce it further on down the line?

Perhaps I am asking that as a question of my colleagues to see if it might work.

I also say, as much as I am concerned, Mr. President, about the increased appropriation that is needed, I am going to support the waiver because I do not believe we can afford, as individuals, to say to the many people in this country that rely on food stamps, many of them for their only source of food, that we will not give them that money because the Secretary of Agriculture or someone else fouled up.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired. There are 25 minutes remaining to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, I will yield to the Senator from South Carolina in a moment. But I would like to make a comment before that.

Mr. President, to keep the record straight we probably ought to review what happened on the food stamp appropriation bill last fall.

The fact of it was that at that time the authorizing level was at $6.2 billion, and that is as far as we could go in providing money for the food stamp program.

Most of us, in fact I suppose everyone on that committee and in the conference, knew that was not enough. We knew the program could not realistically be operated for a full 12-month period with $6.2 billion. We knew we would have to provide more in the spring supplemental.

So this is not an unexpected situation. We have been waiting for the authorization bill to pass.

We appropriated clear up to the level that had been authorized at that time. So this situation should not happen again.

Mr. President, in connection with the comments made by the distinguished Senator from Nebraska, the language which I discussed earlier, of an amendment I propose to offer when it is appropriate, should help take care of the problems as far as the balance of fiscal year 1980 is concerned.

I am a member of the Appropriations Committee. It is my intention to offer similar language on the 1981 appropriations bill to make it stronger, if we can figure a way to do it.

I say to the Senator from Colorado, the fact that the Lugar amendment was not followed in 1980 may be because it was plainly impossible to operate the program at the low level which was provided last year.

But we will provide a realistic level this year, since it is more realistic, and by putting this language in the appropriation bill I feel we will get the compliance of the Secretary of Agriculture.

So I hope we are making some progress in trying to bring it under control.

I yield to the Senator from South Carolina.

Mr. HOLLINGS. I thank my distinguished colleague from Oklahoma, Mr. President.

One of the Senators said that time and again and every day it changes. There is no question that the Federal budget changes within the day.

Specifically, in marking up our budget now, we find that the Finance Committee has met and voted down the excise fee on imported oil.

If that is the case, we have lost $3.4 billion that was counted on in the 1980 budget that we are in conference on at this moment, and we will have to balance the budget without an import fee for 1981.

Additionally, I am told by the distinguished chairman of the Finance Committee that there is very little opportunity of passing a withholding tax on dividends and interest.

I happen to believe that we should not pass one.

That would be another $4.3 billion, and the food stamp bill itself is hit.

Talking about the changes from Monday to Wednesday here we assumed Monday night during debate on the budget resolution that we would save $1.4 billion in the food stamp program in 1981, and the reform bill comes to the floor and saves only about $525 million. So, already, we are $900 million shy.

I sympathize with what the Senator from Idaho and others are pointing out and emphasizing. I especially identify with the adulteration of the food stamp program and my misgivings about it.

I hate to see the hungry poor being exploited, for a program that should cover around 6 million to 8 million, at best, but that now will have, in the coming year, some 23 million participants.

There are several reasons for the soaring figures. One, when we did away with the cash requirement, more started coming in. Then, as they came in to qualify for low income energy assistance, they were told, "By the way, you aren't on the food stamp rolls. You better get on that and get eligible for that, too." That has been sending the program up through the ceiling.

Let us find a way to control it, and not just depend on the Lugar amendment.

The Secretary of Agriculture has promulgated regulations which state:

> In prescribing the manner in which allotments will be reduced under subsection (b) of this section, the Secretary shall ensure that such reductions reflect, to the maximum extent practicable, the ratio of household income, determined under section 5(d) and 5(e) of this Act, to the income standards of eligibility, for households of equal size, determined under section 5(c) of this Act. The Secretary may, in prescribing the manner in which allotments will be reduced, establish (1) special provisions applicable to persons sixty years of age or over * * *

It says, "may." It does not say "do that." He may also give "minimum allotments after any reductions are otherwise determined under this section."

So there is a lot of permissive language.

With regard to the amendment of the Senator from Oklahoma, I hope we can do more than say it is just the sense of Congress. If the distinguished Senator will bear with me, I want to be a cosponsor, but what I want to do is to give specific instructions to the Secretary of Agriculture so that he will know the policy of Congress. He could say, "I had every reason to believe this. I talked to the leaders over there; I talked to the Appropriations Committee; I talked to the others on the House side; I talked to the others in Agriculture; and they said, 'Of course we're going to pay.' "

I hope we will get a majority by being categorical, by being specific, and not leaving it to discretion—by giving specific instructions, either by cutting off the funds or, as the Senator from Oklahoma intends, stating that there shall be no further appropriations. Then, upon the enactment of this provision, the Secretary will start implementing those regulations.

I would rather it say that it is required of the Secretary, so that he knows his duty and so that we will not blame the Secretary and the system if it is not carried out.

We did agree on Monday night, I say to the distinguished Senator from Idaho, but that did not bind the Appropriations Committee.

The distinguished Senator from Washington acts with his priorities and with his conscience and with his feelings, and the majority within the Committee on Appropriations also act; so it is not necessarily bad faith. We give them a figure; and if we want more given, give them more, and do not say it is a breach of faith. We actually did it on Monday, and we are busting the budget on Wednesday.

I want to hold to those figures, but let us be more specific in the language and in the directions.

Mr. ARMSTRONG. Mr. President, will the Senator yield?

Mr. BELLMON. How much time does the Senator desire?

Mr. ARMSTRONG. I just want to ask a question.

Mr. BELLMON. I yield.

Mr. ARMSTRONG. I completely endorse the discussion of the chairman, and I agree with what he has said.

Of course, the crucial issue then becomes this: at what level we set the spending. The bill in its present form suggests an additional $3 billion, which is well above the mark established 72 hours ago by the Senate.

What I am wondering is this: Is the chairman suggesting that we amend the bill to conform to that mark and then to provide the language of the Bellmon amendment as a discipline on the process?

Mr. HOLLINGS. For starters, I think it should be a policy, if it is going to have support. I would make it the Bellmon language at this point, for the remainder of this fiscal year.

There is a fundamental question involved. Should we tax the family making $15,000 and $18,000—middle America—should we tax them to send three meals a day to the family of four making $10,000? We have a categorical cutoff on income.

Mr. ARMSTRONG. We are in agreement on that.

But the Senator's point, as I understood it, was that under the language of the Bellmon amendment, we would be making it clear that if the Department saw that the program was about to exceed the appropriated amounts——

Mr. HOLLINGS. And they are beginning to rumor that now.

Mr. ARMSTRONG (continuing). Restraint would be exercised.

Mr. HOLLINGS. Right.

Mr. ARMSTRONG. I am only suggesting to the Senator that that admission only becomes meaningful if we set the spending ceiling at the level which will impose some discipline.

Mr. HOLLINGS. That is what the Senator from Oklahoma is doing. He is fixing that ceiling, and I just fix it more categorically and specifically. Rather than saying that it is the sense of Congress, I think it should say that no sum shall be provided——

Mr. ARMSTRONG. This is what the Senator has not come to grips with: The bill calls for an additional appropriation of more than $3 billion, which exceeds the amount presently estimated by the Department to be necessary.

Mr. HOLLINGS. The House figure is $2.6 billion, and we compromised that down below.

Mr. ARMSTRONG. How about if we took the House figure of $2.6 billion? That would then place the House and the Senate in agreement, and it would provide the amount which the administration now estimates would be necessary to run the program for the remainder of the year.

Mr. HOLLINGS. I refer that to the chairman of the Appropriations Committee.

Mr. MAGNUSON. Mr. President, these are the figures we have: The amount enacted to date is $6.188 billion. The President's January request was $2.556 billion. That is the House figure. The President's March revised budget request was $2.791 billion.

We asked CBO to give us an estimate, and they estimated $3.002 billion. The latest figures from the Agriculture Department, in May indicate that they need from $3 billion to $3.3 billion.

So the committee figure represents an increase over the President's January request, and the House figure, of approximately $480 million.

Mr. ARMSTRONG. Will the chairman say again the number that the administration has requested?

Mr. MAGNUSON. In January, the administration requested $2.556 billion.

Mr. ARMSTRONG. And in March?

Mr. MAGNUSON. In March, they requested $2.791 billion.

Mr. ARMSTRONG. Since the purpose of the Bellmon amendment is to hold the administration accountable for their administration of the program within what they say is necessary, would we not be wise to grant the amount which the administration has requested and not some higher amount?

Mr. MAGNUSON. We are dealing with a difference of approximately $200 million. The committee recommended $3 billion, which is the latest figure we have from the Congressional Budget Office.

I agree with what the Senator from Oklahoma is trying to accomplish, to put a cap on this, because the cost has gone up and up. We figured that the $3 billion amount would be enough to take care of the program for this fiscal year so that we would not have to have another supplemental.

This is only for 1980; 1981 is another story. The food stamp program expires in 1981; and that is when the Congress can make all of the amendments we wish in order to change the eligibility standard, or whatever else you desire, from what it is now. The Senator from North Dakota had a good amendment. But such amendments to the basic operation of the program should wait until we take up the matter of changing the whole program next year. I may very well vote for many changes at that time.

The only thing the Appropriations Committee had to go on is the CBO estimate of $3 billion. The President has not sent up any further request, and the Agriculture Department has informally said in May—this is a week ago—that they wanted $3 billion.

I just want to put the figures straight.

Mr. ARMSTRONG. I think the Senator has done that.

The bottom line is this: For the Senate to adopt the bill in its present form is to literally appropriate more than the administration has requested. I do not see how we can square that with discipline. I think it would be well, if we want to adopt the spirit of the Bellmon amendment and conform to all we are saying and reform the program next year, that the highest number the Senate should adopt would be the highest number which has been requested by the administration, not some figure above that.

Mr. MAGNUSON. In March the President requested $2,791,000,000.

The Senator from Oklahoma knows how these things operate. We figured that a conference committee might end up between $2,550,000,000 and $3 billion or at what the President requested, $2,791,000,000.

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

The PRESIDING OFFICER. The Senator from Oklahoma has 7 minutes and 47 seconds remaining.

Mr. BELLMON. Mr. President, how much time does the Senator from Nebraska require?

Mr. EXON. One minute.

Mr. BELLMON. Mr. President, I yield to the Senator from Nebraska.

Mr. EXON. Mr. President, without objection, I ask unanimous consent that I be added as a cosponsor of the amendment offered by the Senator from Oklahoma.

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

Mr. EXON. Mr. President, I have one question for the Senator from Oklahoma. Before I pose the question, I wish to say that I suspect there is little we can do about the food stamp program and its allocation for the remainder of this year.

I ask a question of the Senator from Oklahoma as to whether or not he thinks we might be able to strengthen the thrust of his amendment in fiscal year 1981 by possibly appropriating food stamp moneys on a monthly basis. If my arithmetic is basically right, it is going to be somewhere around $9 billion. Could we appropriate $800 million for October and $800 million for November, and so forth, and by that action force the Secretary of Agriculture to not exceed those expenditures? Is that possible?

Mr. BELLMON. Mr. President, the question should appropriately be put to the chairman of the Appropriations Committee who is in the Chamber.

But let me say, as the former Governor of Nebraska I am sure Senator EXON will perhaps recall at the State level, and I know this was true in Oklahoma, that we made our funds available quarterly, that there was no way a department could spend all its money in the first half or three-fourths of the year. If we gave an agency a certain amount of money they had to spend it in an orderly fashion so they would not run out.

I wonder why we do not do that here at the Federal level. I believe the Senator raises a very good point. It certainly deserves looking into.

I am not sure we can appropriate so much per month. Perhaps the distinguished chairman of the Appropriations Committee could respond to the question of the Senator from Nebraska.

Is there a way of appropriating money, making it available on a monthly basis or quarterly basis?

We give the agencies the lump sum and they spend it out at any rate they see fit, apparently.

Mr. MAGNUSON. We could appropriate a certain portion of the money and then we could wait and see, which we sometimes do, whether they need it or not. But we felt it was imperative to take care of fiscal year 1980 now. In 1981 we can change the food stamp program as Congress wishes through the authorization process.

Mr. BELLMON. Mr. President, I suggest to the Senator from Nebraska that we could work together to try to get something ready for the appropriate time.

Mr. EXON. I thank my friend from Oklahoma.

Mr. HOLLINGS. Mr. President, if the Senator will yield to me a minute, we are ready to vote, I think.

Mr. BELLMON. Mr. President, I am ready to yield back my time.

Mr. HOLLINGS. Mr. President, I wonder if the Senator from Oklahoma could amend his amendment, deleting that little phrase "it is the sense of Congress," and provide "no further appropriations shall be made."

And I ask unanimous consent that I be made a cosponsor.

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

Mr. BELLMON. The amendment is not now pending.

Mr. HOLLINGS. I know that.

Mr. BELLMON. But I had made such a change.

Mr. HOLLINGS. Good.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield back his time?

Mr. BELLMON. I am ready to yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the motion of the Senator from South Carolina to waive section 311 of the Budget Act.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Nevada (Mr. CANNON), the Senator from New Jersey (Mr. BRADLEY), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from North Carolina (Mr. MORGAN) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL), is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "yea."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The PRESIDING OFFICER (Mr. NUNN). Are there any Senators who have not voted who wish to vote?

The result was announced—yeas 71, nays 17, as follows:

[Rollcall Vote No. 137 Leg.]

YEAS—71

Baker	Ford	Nelson
Baucus	Glenn	Nunn
Bayh	Gravel	Packwood
Bellmon	Hart	Percy
Bentsen	Hatfield	Pressler
Biden	Heflin	Pryor
Boren	Heinz	Randolph
Bumpers	Hollings	Riegle
Burdick	Huddleston	Roth
Byrd, Robert C.	Jackson	Sarbanes
Chafee	Javits	Sasser
Chiles	Jepsen	Schmitt
Church	Johnston	Schweiker
Cochran	Kassebaum	Stafford
Cohen	Leahy	Stevens
Culver	Levin	Stevenson
Danforth	Long	Stewart
DeConcini	Magnuson	Stone
Dole	Mathias	Talmadge
Domenici	Matsunaga	Tsongas
Durenberger	McGovern	Warner
Durkin	Melcher	Young
Eagleton	Metzenbaum	Zorinsky
Exon	Moynihan	

NAYS—17

Armstrong	Hatch	Proxmire
Boschwitz	Hayakawa	Simpson
Byrd, Harry F., Jr.	Helms	Stennis
Garn	Laxalt	Thurmond
Goldwater	Lugar	Tower
	McClure	Wallop

NOT VOTING—11

Bradley	Inouye	Ribicoff
Cannon	Kennedy	Weicker
Cranston	Morgan	Williams
Humphrey	Pell	

So Mr. HOLLINGS' motion to waive section 311 of the Budget Act was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BENTSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FOOD STAMP URGENT APPROPRIATIONS, 1980

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 750, House Joint Resolution 545.

The PRESIDING OFFICER. The clerk will state the joint resolution by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 545) making an urgent appropriation for the food stamp program for the fiscal year ending September 30, 1980, for the Department of Agriculture.

The Senate proceeded to consider the resolution which had been reported from the Committee on Appropriations with amendments as follows:

On page 2, line 4, strike "$2,556,174,000" and insert "$3,002,400,000";

On page 2, line 11, after "operations" insert a colon and the following:

Provided further, That funds appropriated herein shall not be available to pay for any increases in benefits due to the July 1, 1980, adjustment in the cost of the Thrifty Food Plan pursuant to section 3(o) of the Food Stamp Act or the standard deduction pursuant to section 5(e) of the Food Stamp Act: *Provided further*, That the Department of Agriculture is directed to study the effects of regulations which would limit benefits to participants in the food stamp program based upon value of the participants' assets, shall recommend an appropriate level of asset value which would deny or reduce benefits to a participant and analyze the impacts of such a restriction. Appropriate exemptions to this restriction should be considered. The Department is to analyze the administrative burden which this will impose upon the States. The Department is to report to Congress its findings in this matter not later than September 1, 1980

The PRESIDING OFFICER. Time is limited on this measure.

Who yields time?

Mr. EAGLETON. Mr. President, I yield myself such time as I may consume.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the joint resolution, as thus amended, be regarded for the purposes of amendment as original text, provided that no point of order shall be waived by reason of the agreement to this request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I yield to the majority leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Missouri (Mr. EAGLETON) for his courtesy in yielding.

Mr. President, I ask unanimous consent, having cleared this request with the minority leader, with the distinguished Senator from Missouri, with Mr. BELLMON, Mr. YOUNG, Mr. HELMS, Mr. MCCLURE, and others, that time on the bill be reduced to 1 hour, to be equally divided in accordance with the usual form, and the time on any amendment, with the exception of the amendments by Mr. MCCLURE, be one-half hour, equally divided in accordance with the usual form.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank all Senators and I thank the distinguished Senator from Missouri.

Mr. McCLURE. Mr. President, will the Senator yield for an explanation to the last unanimous-consent request? While I did not agree to reduce the time on my amendments, I do not expect to use all the time on the amendments. I think Members might take that into consideration.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator.

Mr. BAKER. Mr. President, will the majority leader yield to me for a brief moment?

Mr. ROBERT C. BYRD. Yes, if the Senator from Missouri will yield.

Mr. EAGLETON. Yes.

Mr. BAKER. Mr. President, now that we have a reduced time for most of the items to be considered in this connection, could I inquire if it is the majority leader's intention to try to finish this measure tonight?

Mr. ROBERT C. BYRD. Yes, it is, for these reasons: One, tomorrow morning there will be a cloture vote on the bottling bill. Assuming that that cloture vote carries—and I hope it will—then the Senate would have to complete action on that measure. The measure before the Senate now in the supplemental appropriations bill would probably have to go to conference. In order to complete action on the supplemental appropriations bill by the close of business tomorrow evening, it is necessary that action on the bill itself be completed today so that it can go to conference, so that the conference report can come back tomorrow afternoon, and the Senate can dispose of the conference report on the supplemental without having to have further action on that matter on a Friday.

Mr. BAKER. Mr. President, I thank the majority leader.

Mr. ROBERT C. BYRD. Mr. President, may I ask Mr. MCCLURE how many rollcall votes he would anticipate on his amendments?

Mr. McCLURE. Mr. President, I would say three.

Would it be in order to request those now by unanimous consent?

Mr. ROBERT C. BYRD. By unanimous consent, if the Senate wishes that it be in order.

Mr. McCLURE. Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays on three amendments which I will offer.

Mr. ROBERT C. BYRD. With one show of seconds?

Mr. McCLURE. With one show of seconds.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McCLURE. 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.

Mr. ROBERT C. BYRD. Mr. President, does Mr. HELMS expect a rollcall vote on his amendment?

Mr. HELMS. Mr. President, I do not even propose to call up an amendment.

Mr. BELLMON. Mr. President, I would.

Mr. ROBERT C. BYRD. Mr. President, Mr. BELLMON would expect a rollcall vote on his amendment.

Are there any other Senators who plan to have amendments or rollcall votes?

Mr. President, it appears there are going to be four rollcall votes on amendments plus, I assume, a rollcall vote on final passage. This means that the Senate is going to be in for a while this evening.

I thank the Senator from Missouri for yielding.

Mr. EAGLETON. Mr. President, the Congress is within 36 hours of a critical point in food stamp funding in this country. Should we fail to act in that time to provide more funds, Secretary of Agriculture Bergland is required by law to notify States that they must cut off all food stamp issuances on June 1, 1980. That is why this urgent supplemental funding measure is being considered today.

As reported by the Appropriations Committee, the bill provides $3,002,400,000, or $446 million more than the House-passed version. I believe that this is a far more realistic estimate of the funding that will be needed to carry the program through this fiscal year without cutting benefits. Naturally in a program like food stamps, where each 1 percent increase in unemployment raises costs by $300 million, it is impossible to be certain that even $3 billion is enough. As the recession gets worse and unemployment moves up from last month's 7 percent figure, there is always the possibility of a greater funding need. But, at this time, based on the Congressional Budget Office projections of participation and unemployment, and revised Department of Agriculture in-house estimates of funding requirements, it appears that the $3 billion will be enough.

Besides the funds in the bill, there are two other amendments. One would prohibit increases in the thrifty food plan and standard deductions that would otherwise occur on July 1, 1980. This is similar to a proposal made by the President that was agreed to by the conferees on S. 1309, the food stamp authorization bill. We included this proviso to insure that the estimated savings of some $130 million in fiscal year 1980 would, in fact, be made no matter what ultimately happens to S. 1309.

Finally, the bill includes a proviso requiring the Department of Agriculture to study limiting benefits to participants in the program based on the value of their assets. Under present regulations, income-producing assets, such as those used in a trade or profession are not counted, but the income produced is considered in determining eligibility. There was some concern that certain individuals, such as farmers, who had substantial assets but very little income in a given year could qualify for food stamps and that this matter should be studied. A report is required by September 1, 1980.

Mr. President, I urge my colleagues to take speedy action on this bill so that we can complete conference and get it on the President's desk before the end of the day tomorrow.

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

Mr. SCHMITT. Will the Senator yield?

Mr. EAGLETON. I yield.

Mr. SCHMITT. Mr. President, I will be very brief. I think it is important to point out that the significance of this second amendment that was mentioned by the distinguished Senator from Missouri is it is one which would require the Department of Agriculture to conduct an expedited study, which I understand from conversations with the Department of Agriculture will be part of a larger study that they are required to complete by the first of next year, a study that would look at the effects of regulations, which would limit benefits to participants in the food stamp program based upon the value of the participant's assets.

This amendment resulted from a compromise between the Senator from Arizona (Mr. DECONCINI) and myself, based on an amendment originally offered by the distinguished Senator from North Dakota (Mr. YOUNG).

It was my feeling in the committee that, although an important concept, it would require more information than we had available to us at that time to determine just how that concept should be framed, so that those who had great need for food stamps but might otherwise be hurt by precipitous action would not be so hurt.

At this time I want to thank all concerned, including the distinguished Senator from Missouri, for their cooperation in seeing that we reached this compromise yesterday and did what I think will provide a much more responsible base for legislation than we had available to us yesterday.

Mr. EAGLETON. I thank the Senator from New Mexico. He is precisely correct. There is a larger, ongoing major assets study in the Department of Agriculture which deals with the broader subject matter, but which, in essence, would include this issue as embodied in the amendment agreed to by the Appropriations Committee. Under the terms of that amendment, a report shall be made by September 1, 1980. The larger, ongoing study will be made available to the Congress in 1981.

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

Mr. BELLMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BELLMON. Mr. President, I rise in support of the supplemental appropriations for the food stamp program. I regret that this is necessary, but when one reviews the record of what happened with the food stamp appropriation when we were dealing with the 1980 appropriation bill, it was evident at that time that we were going to be called upon to pass a supplemental.

The PRESIDING OFFICER. Who yields time?

Mr. BELLMON. I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator has no time.

Mr. YOUNG. I yield all of my time to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. BELLMON. As I was saying, when we were dealing with the 1980 appropriations we realized that a supplemental would be required because at that time the authorization limit was $6.2 billion, and it was plain that we would need to provide supplemental funds.

At that time, the budget resolution included a limit of $8.1 billion, so we were somewhat more realistic. There has never been any question that there would need to be a supplemental, although the amount of supplemental is somewhat of a surprise and a disappointment.

This bill contains a supplemental of $3,002,000,000 for the food stamp program. It will allow a total program level of $9.2 billion for fiscal year 1980. The level recommended by the committee is $344 million more than that requested by the President, and $446 million more than the amount approved by the House.

So it is obvious there will be some negotiation when the conferees between the House and the Senate meet.

The basis for the committee action was a recent Congressional Budget Office reestimate of the program cost. It does not reflect the legislative savings contained in the conference approved version of S. 1309 which the Senate has just this afternoon adopted.

This means that there is room to accommodate inflation and cost increases of at least $150 million.

Mr. President, as I say, I support the supplemental. I feel it is inevitable. But I have an amendment to offer which will make certain that this is the final supplemental that is available for the food stamp program this year.

UP AMENDMENT NO. 1096

(Purpose: To express the sense of the Congress that no further supplemental appropriations will be provided the food stamp program in fiscal year 1980 and directing the Secretary of Agriculture to prepare cost-saving procedures as authorized in section 18 of the Food Stamp Act of 1977)

Mr. BELLMON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) for himself, Mr. EXON, Mr. HOLLINGS, and Mr. STEVENS, proposes an unprinted amendment numbered 1096.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, line 2, before the period, insert the following:

": *Provided further*, That no further appropriations will be made for the food stamp program in fiscal year 1980. The sum provided herein substantially exceeds previous estimates of program needs and fully utilizes projections of budget authority and outlays remaining within the Congressional budget ceiling for this purpose. The Secretary of Agriculture is therefore directed to utilize those procedures authorized in section 18 of the Food Stamp Act of 1977, as amended, to assure that program costs do not exceed available funds and to avoid unnecessary disruptions or substantial reductions in benefits under the program".

Mr. BELLMON. Mr. President, this amendment is, in effect, the Lugar amendment, strengthened and applied to the language of the supplemental appropriation bill.

Mr. President, my amendment merely declares that the $3 billion supplemental provided in House Joint Resolution 545 is all that can be provided in this fiscal year. It would make clear to the Secretary of Agriculture that he must administer the food stamp program in a manner which holds costs to levels within the sums appropriated.

This is nothing more than a reaffirmation of already enacted provisions of the Food Stamp Act which sets forth an orderly procedure of benefit reductions should available funds appear inadequate to meet program demand.

As I said earlier, there was no way the Department could have run the program with the funds available before this supplemental was passed. The reason was that the authorization was at such a low level that it was impossible to run the program. I am not being critical of the Department for what has happened in the past; I am only trying to look to the future.

Mr. President, it may be appropriate that I also state what this amendment will not do.

It does not require immediate benefit reductions. The $3 billion provided in this bill allows for a total fiscal year 1980 food stamp program of $9.2 billion. This exceeds all current estimates of what the program will cost this year. It is $344 million more than the administration is requesting. It is $446 million more than what the House has approved. It is even higher than the recent Congressional Budget Office estimate. If, and only if, program demands exceed this generous appropriation will the Secretary be called on to reduce benefits.

The amendment will not result in program interruption or drastic benefit reductions. On the contrary, the amendment is designed to avoid such disruptive actions. Presently, the Secretary of Agriculture has little choice but to operate the program at fall benefit levels until all funding is exhausted.

And then, of course, he would be out of money and the benefits would abruptly be shut off. That is the situation we are confronting now unless the supplemental appropriation is passed in a timely manner.

Unless Congress provides the funds requested, program participants will have to do without for the rest of the year. My amendment is designed to avoid another crisis like this in August or September.

Too many Americans depend on food stamps for an adequate diet to tolerate a 50-percent reduction in benefits or outright denial for any length of time.

Congress enacted section 18 of the Food Stamp Act to enable the Secretary to take less drastic action in holding monthly benefits down so as to avoid completely running out of funds before the end of the fiscal year. My amendment directs the Secretary of Agriculture to utilize these procedures before a funding shortfall reaches a crisis situation.

Mr. President, as I have stated before, the $3 billion provided in this bill is a very generous amount. It exceeds our current estimates of program needs, and it also exceeds all available room under both the House and Senate versions of the budget resolution for this fiscal year.

The simple fact is that there is no more room for still further increases for the food stamp program, nor any other program not assumed in the resolution. In fact, the budget committees are meeting now on the reconciliation instructions to find further savings in the fiscal year 1980 budget. Unless we take this very modest step of holding down runaway spending, there can be no hope of ever balancing the Federal budget.

Congress has already taken the initiative in providing procedures to making the food stamp program "controllable" under the budget. This amendment simply reaffirms those provisions. I urge its adoption.

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.

Mr. EAGLETON. Mr. President, will my colleague yield for a few quick questions on my time?

Mr. BELLMON. I am very happy to yield.

Mr. EAGLETON. What is the Senator's assumption as to what the unemployment rate will be in the United States during the third quarter of calendar 1980, which is the final quarter of fiscal year 1980—specifically, the months of July, August, and September of 1980?

Mr. BELLMON. Mr. President, in the work we have been doing on the budget resolution for fiscal year 1981, we are assuming an average for the next fiscal year of 7.5 percent. The unemployment figures are irregular nationwide. They are high in the area where the automobile industry is in trouble; in the area of Oklahoma that I know about, the unemployment figure is still very modest.

But that is not quite the point here. When we are in a time of economic distress, as the country now faces, with inflation running at a very high level, it is unrealistic to expect programs like this to be held absolutely free of any interruption.

If the country is going through an economic bind, then it seems to me that the pain should more or less be felt, to some degree, by all parts of the economy and not have some people lose their jobs and have a dramatic reduction in income and others who are on Government food stamps or other welfare-type programs go on as if nothing has happened.

Mr. EAGLETON. Is the Senator aware that the $3 billion figure contained in this special supplemental appropriation is predicated on the unemployment rate during the months of July, August, and September averaging 7.3 percent?

Mr. BELLMON. I am aware that the figure we have put in the budget is more than has been estimated to be needed by the Congressional Budget Office and, also, that it does not count the $150 million of anticipated savings under S. 1309, which we just passed this afternoon. I think that would more than make up for the additional two-tenths of a percent in unemployment.

Mr. EAGLETON. Would the Senator agree with the estimate of the Department of Agriculture that if unemployment during July, August, and September were to go as high as 8.5 percent, then $3.3 billion then would be needed to finance the remainder of this fiscal year?

Mr. BELLMON. Mr. President, let me say to my friend from Missouri that there is available now $3 billion. If you add to that the $150 million of anticipated savings under S. 1309 and also take into account that we are making available more than has been requested and more than has been estimated, I would feel comfortable that we could handle program costs if it got to that level without any serious disruption. There might be some minor disruption, but it would not be unduly painful on any recipient.

Mr. EAGLETON. Would the Senator feel any differently about his amendment now pending before us if, on a subsequent amendment by some other Senator, the amount of this bill were reduced from the $3 billion figure to some lower figures such as, say, $2.556 billion?

Mr. BELLMON. Yes, I certainly would. There is a limit to how far this can go. But I feel that at this point, we have been quite generous with the food stamp program.

My problem is that the Department seems to me to feel that it can spend as much money as it cares to spend without any restraint and come to the Senate or come to the Congress and expect us to literally give them the key to the Treasury. Somehow, we have to get some discipline into this process and that is the intent of this amendment.

Mr. EAGLETON. Mr. President, the Senator knows that once this bill passes, we shall have to go to conference with the House.

Mr. BELLMON. I am aware of that, yes.

Mr. EAGLETON. The House figure is $2,556,174,000. Let us assume, for the sake of argument, that the Senate figure prevails in this body. We undoubtedly shall have to strike some compromise with the House. Seldom is it the case that the other body will take, in toto, our

figure. How much reduction in the $3 billion figure is the Senator from Oklahoma willing to accept, realizing the somewhat Draconian nature of his own amendment? That is, he said he would be concerned if the figure went down as low as $2,556,174,000. Would he be concerned if we got down to $2.9 billion or $2.8 billion? Where would his level of concern be the most acute?

Mr. BELLMON. Mr. President, in the Committee on Appropriations, as the Senator from Missouri will remember, the Senator from Oklahoma voted for the $3 billion figure. I feel that is a realistic figure. I also expect that the conferees will agree to a figure very close to that amount. Particularly they will agree to it if we have the amendment which I propose as a part of the bill, because at that point, the House conferees will realize that this is all the money that the food stamp program is going to get. Therefore, I believe that they will look at the level of appropriations in a far more realistic way than they will if they feel that they can set a low number and then, later on, provide a supplemental.

It seems to me that is the game we are playing around here, that we set a figure that is unrealistically low and then force the Department to come back later for supplementals. In the meantime, they run the program without exercising the kind of restraint that I believe Congress is entitled to expect.

Mr. EAGLETON. An additional question: The Senator does realize that if the unemployment figures, which were at 7 percent in April, up from 6.2 in March, were to increase in May to as high as 7.4 percent, the Secretary would be required, under section 18 of the Food Stamp Act, as well as the Bellmon amendment today, to direct reductions in the month of June in food stamp benefits. Does the Senator recognize that as a natural consequence of his amendment, coupled with section 18?

Mr. BELLMON. Mr. President, if the Secretary of Agriculture accomplishes the savings anticipated when the Senate passed S. 1309, he would have $150 million, or at least a proportionate share of that, available with which he could adjust the income expectations from this appropriations bill, because that bill did anticipate saving $150 million. So there is a little flexibility here.

The Senator from Oklahoma would not be distressed if there were a requirement for the Secretary to begin to adjust the benefits to the higher income individuals who are now eligible for food stamps, as is required by the so-called Lugar amendment. To me, that is not a Draconian move, to begin to reduce modestly the food stamps available to people in the higher income brackets who are now getting food stamps.

So I agree that this could happen. That is the reason for the amendment.

Mr. EAGLETON. One final question. If unemployment in July or August reached 8 percent or better, could the Senator not conceive of a set of circumstances which would compel us to process yet another urgent supplemental? Would not that urgent supplemental as a matter of law take precedence over the Senator's amendment if a majority of both the House and Senate saw fit to proceed in that manner?

Mr. BELLMON. The Senator is correct. The action the Congress takes today can certainly be overturned by the Congress any time it chooses.

On the other hand, having this amendment in the language of the supplemental will, I believe, cause the Secretary to operate the program in a far more responsible way than might be the case if he felt he could spend it all by the first of August and expect us to get him another billion or half a billion.

So I think this would have a very salutary effect on the way the program is run.

Mr. McGOVERN. Will the Senator yield?

Mr. BELLMON. How much time remains?

Mr. EAGLETON. I will yield 5 minutes to the distinguished Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. McGOVERN. Mr. President, the trouble with the amendment proposed by the distinguished Senator from Oklahoma is that it forces the Secretary of Agriculture, in the event the economy continues to worsen through the balance of this year, to take what amounts to punitive actions against the most vulnerable people in our society.

I know the Senator from Oklahoma talks in terms of tightening up the program and making it operate more efficiently. Those are fine sounding words until we translate them into human terms.

What it means, in effect, is that we can do one of two things. We can cut the benefits of everyone participating in the food stamp program who, for the most part, are poor working people, or elderly people who have reached the time in life when they are no longer capable of earning the income they might have had at an earlier age. We are cutting out many of the people who have recently come into the program from small rural communities across the country.

We have had some 3 million new people come into the food stamp program recently, partly because of the elimination of the purchase requirement that had kept a lot of poor people out of the program in the past.

Twenty-five percent of those new participants in the food stamp program came from small rural communities, all across the country, where participation increased 42 percent.

Participation by the elderly increased by 32 percent of the older people who heretofore were unable to scrape together the amount of money required for the purchase price.

Now, all of these people are subject to cutbacks in what is already a very meager food stamp allowance.

As the Senator from Oklahoma knows, the so-called thrifty food plan, under which the Department of Agriculture operates this program, does not provide the kind of diets that Senators have. It does not provide the kind of diets that comfortable middle class and upper middle income families have.

It is what it says. It is a thrifty diet, and that is a polite word for a very lean, meager fare that the poor people of this country receive, a diet that generally does not meet minimum nutritional standards. It is as little as this country can do and hold up its head in the world as a responsible society.

I think it would be unconscionable for this country, heading into what many of our economists tell us is a rising unemployment level, and what others have predicted as a rising cost of living, to tell the Secretary of Agriculture that, no matter what happens in the balance of this year, and none of us knows what will happen either now or after Congress adjourns, that no matter what happens, he has to operate the food stamp program with the money we authorize this week, for the balance of this fiscal year.

Mr. President, it may very well be that the money we are providing here this afternoon and also the balance of this week will be enough to see us through the end of the fiscal year. That is the projection of the CBO. But, as the Senator from Missouri (Mr. EAGLETON) pointed out, that is based on unemployment projections that many people think are too low in terms of where we will be this summer and throughout the fall.

Mr. President, why are we singling out the food stamp program for this kind of instruction? We do not say to any other agency of the Government that if they do not have enough money in this appropriation, they have to take steps to cut back the services in the department. We do not say that to the Defense Department. We do not say that on an individual contract where, repeatedly, cost overruns have made it necessary for us to come back and provide additional funding.

In a very real sense, the health and nutrition of the American people is an important part of our defense. If we have 21 million or 22 million Americans already subsisting on meager diets, if we are in a situation where some 21 million Americans have their benefits curtailed this summer or this fall, I think it presents a dismal specter to our own people and to the rest of the world.

As I said in remarks earlier today, Mr. President, this is a commonsense program. It is a humanitarian program in the sense it meets the needs of the hungry and the poor, those who are working poor, those who are too old to work, dependent children, the most vulnerable citizens in our society.

But beyond that, this is a program that benefits every farm producer in this country. There is not a farmer who is not benefiting in some way from this constructive outlet of food, and this food is not wasted. It is going into the stomachs of hungry men and women, boys and girls, across this country.

So I hope this amendment will be defeated, that we will leave ourselves the flexibility we do in all other Government programs where, if our estimates are wrong and a supplemental appropriation is necessary, we have the authority to do that, without putting the Secretary of

Agriculture through the confusion that would result in being forced to put through cuts in this program.

We have made a commitment here in the Senate repeatedly in recent years that we will not permit any American to go hungry. This would be a departure from that rule, from that precedent, if we were to agree to this amendment today.

I hope the amendment will be defeated.

Mr. BELLMON. Mr. President, I will respond briefly and then yield to the Senator from Idaho.

Mr. President, the figures on the growth of this program are absolutely astounding. When we look at it, going back as far as 1975, which is only 5 years ago, the cost of the program was $4.7 billion. If this supplemental passes, the cost for fiscal year 1980 will be $9.2 billion.

Then, when you look at the number of people involved, if you go back to 1970, 4.3 million Americans were involved. The CBO estimate for 1980 is 21.2 million. When you carry the estimate on to 1981, the estimate is 23,079,000.

Mr. President, I submit that this program has grown so rapidly that it is fairly obvious that some of these folks who got on the program were managing to get by before they were made eligible for food stamps. Obviously, they could stand a modest reduction, if benefits had to be reduced slightly for a brief period of time toward the end of the fiscal year.

To me, this is the only way we ever are going to get any kind of control over spending for food stamps.

As it stands now, the Secretary of Agriculture feels, and I think probably accurately, that he has a blank check; that he can spend as much money as he wants; that he can threaten Congress with running out of money and with totally cutting off food stamp benefits, knowing that we will give him whatever he asks for to keep the program going.

The purpose of this amendment is to say to him, "This is all the money available. Run the programs with this very generous appropriation. But if the program somehow exceeds this sum, make the needed adjustment and do not come back and tell us you have run out and that these people will have to go hungry for 2 or 3 months. We are saying that you can spend this much money in an orderly way for the balance of this year, and in this way, you can meet the legitimate needs of your participants."

I do not look at it as a draconian measure. It is an orderly way to look after the taxpayers' money.

Mr. McCLURE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. BELLMON. How much time does the Senator require?

Mr. McCLURE. Two minutes.

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

The PRESIDING OFFICER. The Senator has 5 minutes and 10 seconds remaining.

Mr. BELLMON. I yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

Mr. President, I will reserve the major portion of my discussion of savings that might be made for the time when I discuss the amendment I will offer.

I repond to the Senator, who has indicated that it is impossible for us to reduce the food stamps without depriving the needy, the poor, the deprived, the young, the elderly, and the disabled of food stamps, by indicating that there was a GAO report in 1975, a GAO report in 1977, and the House Agriculture Committee has issued two different reports—all of which have indicated savings that can be made without taking food stamps away from the truly needy.

I will be offering an amendment that deals with just one. If all we do is eliminate the mistakes in issuance during the remainder of 1980—in June, July, August, and September of fiscal year 1980—we will save $200 million; because those errors, by USDA's own admission, are running at the rate of $600 million a year.

So let us not be deceived into believing that no savings could be made without depriving people of what they should have and what they need to have and what the Senator from Idaho wants them to have if, as a matter of fact, they are truly needy.

I believe the Senator from Oklahoma is exactly correct. He is not going to hurt anybody by the adoption of this amendment. He might even get the Secretary of Agriculture to do what Congress told him to do last year, and which he has refused to do until this time.

Somebody has said, "How in the world do you get the Secretary of Agriculture to do what Congress tells him to do?" Maybe you start bouncing some of them out of office. Maybe you start by requiring that salaries be withheld when they fail to follow the law.

I support the amendment of the Senator from Oklahoma.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. EAGLETON. Mr. President, I move to table the Bellmon amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield back the remainder of his time?

Mr. BELLMON. I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back? All time is yielded back.

Mr. EAGLETON. 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 question is on agreeing to the motion to table the amendment of the Senator from Oklahoma. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), the Senator from New Jersey (Mr. WILLIAMS), the Senator from North Carolina (Mr. MORGAN), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The result was announced—yeas 26, nays 61, as follows:

[Rollcall Vote No. 138 Leg.]

YEAS—26

Bayh	Jackson	Metzenbaum
Burdick	Javits	Nelson
Chiles	Leahy	Randolph
Culver	Levin	Riegle
Danforth	Long	Sarbanes
Durkin	Mathias	Stevenson
Eagleton	Matsunaga	Stone
Gravel	McGovern	Talmadge
Huddleston	Melcher	

NAYS—61

Armstrong	Ford	Packwood
Baker	Garn	Percy
Baucus	Glenn	Pressler
Bellmon	Goldwater	Proxmire
Bentsen	Hart	Pryor
Biden	Hatch	Roth
Boren	Hatfield	Sasser
Boschwitz	Hayakawa	Schmitt
Bumpers	Heflin	Schweiker
Byrd,	Heinz	Simpson
Harry F., Jr.	Helms	Stafford
Byrd, Robert C.	Hollings	Stevens
Chafee	Jepsen	Stewart
Church	Johnston	Thurmond
Cochran	Kassebaum	Tower
Cohen	Laxalt	Tsongas
DeConcini	Lugar	Wallop
Dole	Magnuson	Warner
Domenici	McClure	Young
Durenberger	Moynihan	Zorinsky
Exon	Nunn	

NOT VOTING—12

Bradley	Inouye	Ribicoff
Cannon	Kennedy	Stennis
Cranston	Morgan	Weicker
Humphrey	Pell	Williams

So the motion to lay on the table Mr. BELLMON's amendment (UP No. 1096) was rejected.

Mr. BELLMON. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the yeas and nays be vitiated on this amendment.

The PRESIDING OFFICER (Mr. MELCHER). Is there objection?

Mr. EAGLETON. Mr. President, reserving the right to object, may I have 1 minute on the bill? Mr. President, obviously the Bellmon amendment will pass. I was not going to put the Senate through the torture of yet another rollcall vote on the amendment that obviously is going to pass, but I am going to ask Senator BELLMON if he would set this amendment aside.

If, in subsequent action, the Senate reduces the amount in this bill, and there is at least one cut amendment contemplated, then I would like to address some remarks on the effect the Bellmon

amendment would have in light of a cut made in this bill, and would ask under those circumstances for the yeas and nays.

Mr. ROBERT C. BYRD. Mr. President, I withdraw my request at this point.

The PRESIDING OFFICER. The request is withdrawn.

Mr. EAGLETON. Mr. President, I am really asking my colleague, Senator BELLMON, if he would be willing to temporarily set aside this amendment.

Mr. BELLMON. Mr. President, I can understand the concern of the Senator from Missouri. It is my hope that the effect of this amendment will make us be responsible in setting a figure for food stamps and then making the Secretary responsible and making him live within that figure.

I am perfectly agreeable to setting the amendment aside until we have dealt with the other so-called cutting amendment.

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

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me?

Mr. BELLMON. I yield.

Mr. ROBERT C. BYRD. I ask unanimous consent—this request has been cleared with Mr. McCLURE—that on the three amendments by Mr. McCLURE that they be debated and voted on back to back, with a 15-minute rollcall vote on the first one, and 10-minute rollcall votes on the two remaining amendments.

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

UP AMENDMENT NO. 1097

(Purpose: To reform the food stamp eligibility requirements by placing a limitation on assets which beneficiaries can hold. Removes language merely directing a study of this issue)

Mr. BELLMON. Mr. President, I have an amendment at the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. BELLMON) proposes an unprinted amendment numbered 1097.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 2, line 17, strike out all following the colon and insert the following: *"Provided further,* That none of the funds appropriated in this Act may be used to provide benefits to participants whose equity in assets, exclusive of the value of the participants' principal residence, exceed $75,000.".

Mr. BELLMON. Mr. President, this amendment by the Senator from North Dakota, Senator YOUNG, which was discussed yesterday in the Appropriations Committee, but which is not a part of the bill, sets an asset limitation for recipients of food stamps at $75,000. There is some objection to the amendment, but my reason for calling it up at this time is to make it plain to the Members of the Senate and also, hopefully, the Secretary of Agriculture that this amendment will be offered when we deal with the 1981 appropriation bill, and in that way overcome the objection. The objection to the amendment now is that there is not time to draw up the regulations in an orderly way and, therefore, it would cause considerable difficulty in administering the food stamp program, and that certainly is not the intent of the Senator from North Dakota and the Senator from Oklahoma.

So I call up the amendment to emphasize that the matter will be brought up when we deal with the 1981 appropriations bill so that Members, as well as the Secretary, will be on notice.

Having made those remarks, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Who yields time?

Mr. BELLMON. Mr. President, I suggest the absence of a quorum, with the time to be charged to neither side.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

UP AMENDMENT NO. 1098

Mr. McCLURE. Mr. President, I have an amendment at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE), for himself and Mr. JEPSEN, proposes an unprinted amendment numbered 1098:

On page 2, line 4 strike the number "$3,002,400,000", and insert the number "$2,802,400,000" in lieu thereof

Mr. McCLURE. Mr. President, I might just inform Members that I have three amendments that were part of a series of amendments which I had prepared, but I will offer only these three.

The first one, which has been stated by the clerk, deals with a reduction in the total amount under the supplemental appropriation. The second one deals with eligibility of recipients and the third one deals with the amount of food stamps that an eligible household would be eligible to receive.

This first one, as you will note from the figures reported, reduces the amount by $200 million.

Mr. President, I think it is informative for us to look not only at the reason why I have come up with that figure, but also at some of the background as to what it might do to this program.

First of all, the reason that I chose $200 million is that that is just the amount that USDA admits being paid to ineligible persons or overissues. According to the USDA figures, they admit overpayments or mis-issues, but at the amount of $600 million a year. And for the balance of 1980, for the 4 months, that would amount to $200 million.

So my amendment would simply supplement what the Senator from Oklahoma has already put in the motion, I think, by his amendment, suggesting that the Secretary of Agriculture be instructed to tighten up this program so he does not run out of money.

My amendment simply suggests that the USDA do what they already know they are misdoing and eliminate the issuance of stamps to people that are not eligible to receive it or the overpayments to people who are eligible to receive but have been given excess amounts of food stamps.

Mr. President, I am always amazed when I come in here and talk about food stamps and I find people saying there is nothing we can do to tighten up the program, because the GAO report in 1975 identified hundreds of millions of dollars of saving that could be made.

That study was followed by a FAO report in 1977 which, again, identified hundreds of millions of dollars that could be saved in the food stamp program without touching one person who is truly in need and that is not getting more than they are entitled to get under the basic premise of this program.

The amendment that I have offered will not strike at the poor. It will not strike at those truly in need. It will not strike at those who are entitled to receive food stamps. It will simply say to the Department of Agriculture: "Eliminate one phase, one phase of mistakes—not all mistakes, not all overpayments, not all fraud, just one part of it—and save $200 million."

The GAO report, if I recall correctly, identified over a billion dollars of such fraudulent or mistaken payments in 1977.

I did not ask to strike $1 billion or even one-third of $1 billion. I have asked in this amendment only that we strike or reduce the amount of money that USDA itself says is the amount of overpayment.

Mr. President, it is informative to perhaps go down the list and look at a number of things that might be done, lest some think that I am dealing with a heavy hand with a program that affects the needy in this country and there is no sensitive concern or regard for their needs.

But there have been some excellent proposals over the years for reductions in this program to reform the overlenient eligibility requirements for food stamps, such as setting a ceiling of gross income or personal assets for participation, as well as to help to eliminate the fraud or abuse. I made reference earlier, in comments on the bill and on the amendment offered by the Senator from Oklahoma, of the effort made in the Appropriations Committee yesterday to at least impose some kind of an eligibility requirement.

It was at the figure, if you can imagine, of saying that no one who has over $75,000 of assets in addition to his home should be eligible to receive food stamps.

To me that is ridiculous. Why should working men and women who rent their homes—they do not own any; they can-

not save enough money to own; young people are trying to get a start to own their own homes—be required to pay taxes to support somebody or to help support somebody who owns their own home, who can have up to $75,000 worth of assets, and still be eligible for food stamps?

Mr. President, that limitation is not in the law. They can live in a $1 million home and still have food stamps. They can have $2 million worth of assets and still have food stamps. They can have any number of liquid or nonliquid assets. So long as it is not defined as income, they are not required to use the money that they have or the assets that they have before calling upon their neighbors, the other working men and women of this country, to provide food for them in their household.

Mr. President, that is ridiculous. People are telling me every time I go home to my own State of Idaho or elsewhere in this country, that the food stamp mess must be reformed. This is not the first time it has been said. If it was the first time we had called attention to the abuses in the food stamp program, I would not be so concerned. But this abuse has been growing year after year after year. Every time the bill comes before the Senate, instead of tightening the eligibility requirements, doing anything to eliminate the fraud or abuse, we enlarge the program.

Mr. President, the taxpayers of this country are getting sick and tired of that kind of action on the part of their elected representatives.

Let me give a few more examples of what we might do.

It started out with a $33 million a year program with 1 out of 300 or 400 Americans eligible for participation. It is now approaching a program of $10 billion a year with 1 out of 7 Americans who are eligible to receive food stamps under current criteria—1 out of every 7. As a matter of fact, 1 out of every 10 Americans is now drawing food stamps. That is not theoretical, that is fact. It is 1 out of every 10. Just look around you. Look at the number of people you see around you and start picking out every 10th person you are helping to support.

That has to be a sign of something basically and fundamentally wrong in our society and with this kind of a program.

We are not asking that a tight, lean, carefully administered welfare program be cut back. We are asking that one which has obviously grown far too fast, and which has been administered far too loosely, be tightened up.

There are many ways in which the legislative savings can be achieved. Let me look for a moment.

How about restoring the food stamp purchase requirement which was eliminated in 1977, one of those reform measures that we were supposed to enact to tighten up the program that was already being abused? We eliminated the purchase requirement. Reinstatement of that purchase requirement as it was then in the law would save $800 million a year.

We can legislate the following savings: We could limit the eligibility to those with gross incomes at the poverty line plus a 15-percent allowance for work activities, 15 percent above the poverty line.

Establish the purchase requirements as a percentage of gross income expended for food by average households of the same size and income range with regional variations as established by the most recent Bureau of Labor Statistics consumer expenditure survey or 30 percent, whichever is less, and use the thrifty diet plan with family size, age, and sex of family members taken into account.

That package of three different actions, all of them modest, none of them hurting anyone, would reduce the expenditures under the program by $700 million a year.

We could perhaps legislate the savings from using a food stamp assets test initially established for the supplemental security income program with a $1,500 limit on a motor vehicle, a $15,000 limit on property used in a trade or business essential to self-support of a household, an overall limit on liquid and nonliquid resources with the above exceptions of $1,500 for the household or $2,500 for households of two or more persons with a member or members aged 65 or over.

Those are not ridiculously stringent requirements, but if we adopted them, they would save $522 million a year.

We could legislate the savings from implementing the food stamp fraud control by mandating a photo identification card, countersigned warrants, a national application cross check, and an earnings clearance system. Those have been well identified possibilities. They have been discussed and well understood by anyone. They are not at all impossible to apply. If we just did those to eliminate a portion of the fraud, we would save $138 million a year.

Of if, as a matter of fact, we wanted to consider eligibility of a household to receive food stamps, if you would include in their income the income tax rebates that they get. Federal energy assistance and any in-kind income which provides food assistance, just those—just count their income in these three items: income tax rebates, Federal energy assistance, and in-kind income which provides food assistance—that would eliminate $503 million from the program.

Of if we want to, we could go back to the kind of a program we apply in other welfare and say that we could restore to age 6 from age 12 the age of a child which exempts an individual from work registration and strengthen the work registration requirement by permitting States to establish community work experience programs as a condition of eligibility. That would save $34 million a year.

In addition to that, we have already annualized in this bill by an amendment offered in the committee the cost-of-living adjustment and could save $230 million a year. That has been adopted by the committee, but that has not been subtracted from the $3,200,000,000 that is being appropriated here.

If we have just included that amount that we have already legislated, this sum would be $230 million less than it is. It is not a lean appropriation bill.

We could perhaps get these savings in the food stamp program by retaining the $90 per month child care reduction rather than increasing it, as proposed by the Housing Committee, and retain the $35 per month medical expense deductible rather than reduce it to a $10 deductible as proposed. If we did those two things, we would have saved $122 million a year. Perhaps, in eligibility, we could reduce the standard deduction from $75 to $50. That would save $630 million a year.

And, finally, the one we have looked at many times around here. I am not going to offer it as an amendment, but if we eliminated from this kind of welfare eligibility full-time college students and strikers, that would save $29 million a year.

Mr. President, these savings that I have outlined are not figments of my imagination, they are the product of study by others—not my own—and are verified by a number of sources. They could be made available in the legislation which we are considering here today, and we would be talking not about massive increases in the food stamp program, but a modest, a very modest restructuring. We could be eliminating a great deal of this $3 billion additional raid on the Treasury.

Mr. President, there are a number of other things that I might say about the food stamp program today, but there are very few people who want to come onto the floor of the Senate or the House and say the program is not only good, but it is so good that we should not change it. Almost everyone who is familiar with the program confesses that it could be tightened up and are willing to undertake some efforts to tighten it up. They just never get around to doing it.

It is interesting, too, Mr. President, that yesterday, we voted in the Appropriations Committee for a $3 billion figure, the next-to-the-highest figure that has been asked. The administration's January request was to increase it by $2.556 billion. The House Appropriations level was at that administration request. The House budget resolution level is $2.9 billion. The Senate budget resolution level request that we voted on just Monday—just Monday, the day before yesterday—was $2.4 billion. The administration adjusted its request from January to March to adjust it upward to $2.791 billion. The current CBO estimate, with the changes that have already been legislated in the bill that has passed this body, would adjust that figure to $2.858 billion. But we are coming in with $3.2 billion. The figure that I have suggested, $2.802 billion, is above all but two of those ranges of estimates.

Mr. President, I am not asking this body to go on record as hurting people. What I am suggesting is a very, very

modest saving that could be implemented simply by eliminating the waste and error from overpayments and misissue of stamps for 4 months; that is all. All the rest of the savings I have talked about I have not even touched in this amendment.

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

Mr. YOUNG. Mr. President, I yield myself 3 minutes on the bill.

Mr. President, this measure provides needed funds to maintain the food stamp program through the balance of this fiscal year. I note that with the $3 billion provided here, this program will cost a total of $9.2 billion. Over 21 million Americans currently receive food stamp benefits—this is 1 out of every 10 citizens. I understand if every eligible person applied, one out of every seven Americans could get food stamps.

One of the things I have tried to do is see that abuse is kept at a minimum. Loopholes cost taxpayers hundreds of millions of dollars in unnecessary program benefits.

I am pleased that the recent conference committee on S. 1309, the Food Stamp Act authorization bill of 1980, chose to close one loophole that I have sought action on for over a year. That bill will disallow depreciation on income-earning property as an offset toward income for food stamp eligibility.

Mr. President, it is for these same reasons that I support the amendment of the Senate Appropriations Committee to House Joint Resolution 545, which directs the Secretary of Agriculture to review the food stamp regulations with respect to participant assets. These regulations, as they are currently drafted, allow participants to hold assets of unlimited value—so long as they are classified as "income producing property". Any self-employed person can be worth millions but if he had had a bad year and low income, he is eligible for food stamps. This exemption covers tools of a trade, rental houses, real estate, motor vehicles and many other items.

I proposed that a strict limit of $75.000 be placed on the value of such assets—exempting only the participants principal residence. The committee, in view of consideration of related issues by the authorizing committees, and studies proposed by the administration, chose to defer taking direct action on this issue at this time. Instead, the committee has recommended that a study be conducted immediately, and that its findings be reported to Congress no later than September 1, 1980.

I believe that this is a reasonable approach at this time. I would advise my colleagues that we must act to remove all abuse and waste such as I have just mentioned if we are to ask taxpayers to continue to shoulder the burden of this program.

Mr. EAGLETON. Mr. President. I rise in opposition to the McClure amendment. This is the nature of a "cutesy" amendment. The Senator from Idaho is the Shakespeare of "cutesy" amendments. He should know that fraud and abuse are not a line item in the Federal budget. If it were, it would be a simple and a very compelling thing to go through every department of the Federal Government and strike fraud, waste, and abuse, from the budget. The world would be a happy, cleaner, and better place if that were possible.

No one condones fraud, waste, and abuse; no one likes it; no one encourages it. When we find it in the Department of Defense budget, it is just as evil there as it is in the Department of Agriculture budget, or the Department of HEW, or the Department of Transportation, or any of the several departments of government.

When we have a big weapons system up for consideration, whether it is one in the future such as the MX or one in the past such as the C–5A, I do not recall any Senator getting up and saying, "Well, it is in the track record of Defense Department programs dealing with defense contractors that there is a lot of kinky business that goes on.

"A lot of money changes hands. They take important public officials to hunting lodges out on the Eastern Shore. They wine and dine officials. They even spread around a little money overseas, bribing foreign potentates and what have you. and since we know that they engage in these nefarious and evil deals, we shall cut x million dollars out of this particular weapons system to take care of fraud, waste, and abuse."

Would that it were that simple, Mr. President. This program now reaches some 21 million people, the vast bulk of whom are people in the depths of poverty; young people, elderly people, who rely on this program as the basic mechanism by which they stay alive.

Now, out of that 21 million people, are there some who abuse it, rip it off, cheat, or violate the law?

I dare say, "Yes."

I used to be a prosecuting attorney. That was my first official job. Later, I was attorney general of my State. Part of my duty was to prosecute those who stole or cheated or ripped-off programs, in a criminal sense.

I would prosecute today those who would rip off and cheat and abuse this program.

If it were so simple as to just offer a cut of $200 million and thereby believe one had reached only the cheaters and only the rip-off artists, then this amendment would pass by unanimous acclamation.

The Senator from Idaho well knows that despite what he purports to be the thrust of his amendment, that the $200 million cut will not be targeted in only on the cheaters and the abusers. It is an across-the-board cut that will be borne in terms of the entire program.

If we were not entering a recession, perhaps his amendment would not be as mischievous as I deem it to be.

But here we are in the early stages of a recession, where unemployment rose in one calendar month from 6.2 percent to 7.0 percent, where the expectation of most economists is that it will go considerably higher in the ensuing summer months. In the face of that the Senator from Idaho is going to slash $200 million from this program, under the guise of curing fraud and waste. The actual result of his amendment, however, will be that all recipients under this program will have their benefits curtailed

Come about mid-June, no later than maybe early July, at the funding level suggested by the Senator from Idaho, the Secretary is likely to be compelled to make cuts in the payments to the recipients of this program. He will be doubly compelled, I might say, if the Senate later on tonight finally votes into the bill the Bellmon amendment we debated earlier.

I asked a question on this subject matter of the Inspector General of the Department of Agriculture. Lest my credentials, on being interested in fraud, waste, and abuse, be overlooked, I was the author of the Inspector General bill in this body, the bill that set up 12 officers of Inspector General in the major departments of government.

Last year in the hearings on the fiscal 1980 bill, I asked Mr. McBride, the Inspector General, the following question, and I will give his answer thereto:

> QUESTION. Why shouldn't this committee strike $400 million from food stamps and say, "McBride, go out and find that $400 million and everybody will be better off?
>
> Mr. MCBRIDE. Unfortunately, fraud is not a line item. [Laughter.]
>
> I would not recommend the meat axe approach, because you are dealing with a very complex system of delivery. It involves not only the Federal Government; it invloves 54 State and territorial jurisdictions which issue food stamps. Management quality in those States varies widely. Some do a very effective policing job on the food stamp program. Some have error rates as low as 4 or 5 percent. Others, particularly the major metropolitan areas, do a very poor job. You will find error rates, and fraud is certainly part of that error rate, rising to as high as 30 to 40 percent.
>
> We obviously concentate our audit effort on those big volume, high error rate jurisdictions, trying to improve management as well as trying to detect and prosecute those who illegally obtain benefits.
>
> The problem is that the shotgun approach to the program budget just doesn't work.

That is the question I asked and that is really the proposal of Senator MCCLURE here tonight. The Inspector General went on to say:

> It would cut off benefits to eligibles, as well as ineligibles, and hurt the deserving as well as the undeserving. So you are really dealing with a problem where you have to, through a variety of management, audit and other monitoring devices, attempt to bring down those error rates to within tolerable limits.
>
> I think it is not responsible to suggest that you can totally eliminate fraud, abuse and error from a gigantic program like this. You must recognize that there are certain tolerances in any program involving 18 million recipients.

Now, another point, although part of what the Senator from Idaho had to say was not directly germane to this amendment. I realize it may have broad applicability, not only to the amendment, but to others he may propose, wherein he itemized for us a list of savings he thought could be intelligently made in this program by changing various eligibility criteria, and so forth.

I did not take verbatim notes, but some of the proposals he mentioned have already been included as part of S. 1309, which just passed this body a few moments ago. These new antifraud provisions will be the subject of new regulations to be issued by the Department of Agriculture in the near future.

As he said, these were not figments of his imagination. I think by inference the Senator from Idaho may have inferred this was not spontaneous, original brilliance pouring forth from him ab initio this evening, that some of these proposals have been taken up on previous occasions by the Senate Agriculture Committee, the authorizing committee, the committee that properly writes the food stamp law.

Some of those were taken up before that committee in 1977. Some of these were proposed before that committee in 1979.

I dare say, since the food stamp program expires in calendar year 1981 and will, if demonstrated needed, be reauthorized in 1981, some of these proposals that the Senator from Idaho has made will be taken up before the committee at that time.

Here we are dealing with an urgent supplemental bill. We are dealing with a program two-thirds of the way through a given fiscal year, and the time and the place to go into various methods as to how to change eligibility, or the various methods by which one qualifies for the food stamp program, those, to me, are appropriate matters to be considered in a timely fashion before the appropriate authorizing committees of both the Senate and the House.

I realize that the Senator was arguing for those, in essence, by way of background to this amendment and not to make them immediately applicable to this amendment at this time.

Nonetheless, Mr. President, I will conclude, and then I will be prepared to yield back the remainder of the my time on this amendment.

I share some of the apprehensions that the Senator from Idaho has with respect to this program. I share the same anxiety he has about people abusing a program, ripping it off, cheating, and so forth. I wish to God there were a highly surgical, targeted method by which we could strike at those who are cheaters and abusers and rip them out of the bill in a precise, delineated way. If there were such a method, I would be very keen to support it. Indeed, I would be very keen to offer that amendment myself.

But to offer an amendment to cut this program by $200 million; then to put a sticker on it and say this is the fraud, waste, and abuse amendment; to give it a sort of catchy appeal, to give it the idea that "by God, I'm against fraud, waste, and abuse," is to mislead this body as to what the pragmatic effect of a $200 million cut will have on this program—especially at a time, as I said, when we are in the early stages of a recession which could cause an additional million people to be unemployed, perhaps, in the next 2 or 3 calendar months.

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

Mr. McCLURE. Mr. President, I have been listening carefully to the comments of the distinguished Senator from Missouri. I just wish he had had the strength of his conviction when he asked the question of the Inspector General, instead of being so easily dissuaded from the purpose which led him to ask the question.

This is not simply a matter of fraud and abuse. I simply indicated that if we tighten this program, this saving is easily obtainable.

I do not intend to debate the matter further at this time. I am prepared to yield back the remainder of my time, if the Senator from Missouri is prepared to do so.

Mr. EAGLETON. I yield back the remainder of mv time.

Mr. McCLURE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the Senator from Idaho is recognized to call up his second amendment.

UP AMENDMENT NO. 1099

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 1099.

Mr. McCLURE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, line 2, strike the period and add the following:

": *Provided further*, That the value of the Food Stamp allotment which state agencies shall be authorized to issue to any households containing members who have meals provided under the National School Lunch Program available to them shall be determined by reducing that household's allotment by the product obtained by multiplying—

(A) a monthly amount equal to the per person per meal value of the Thrifty Food Plan for a household consisting of 8 persons by;

(B) the number of such meals per month available to household members by;

(C) the number of household members eligible for free or reduced price meals under the National School Lunch Program by;

(D) a national average school attendance per month factor prescribed by the Secretary of Agriculture."

Mr. McCLURE. Mr. President, I have provided copies of this amendment to the managers of the bill so that they may read it and understand what it is, and so that it would not be necessary to read the entire amendment.

This is a saving which is possible to make and which is not covered under the existing reform.

I note parenthetically that the Senator from Missouri said that some of the savings already have been voted for, to take effect in 1981. But those savings that affect 1981, under the bill we have just passed, do not go into effect until after October of this year. Hundreds of millions of dollars of savings could be made if we applied them now, rather than waiting 5 months to initiate them.

This amendment would reduce the food stamp law by eliminating duplication of benefits under the food stamp and school lunch program, which amounts to an estimated $630 million per year—that is the estimate of the Senate Budget Committee—which amounts to $2.187 million per day over the 9½ month school year.

If we applied this amendment to the remainder of this school year, it would save $98.43 million over the estimated 45 school days remaining in fiscal year 1980.

So this amendment, modest as it is, amounts to $100 million, simply by saying that in the computation of benefits to be paid to a household—the computation that sets up the thrifty food plan that says what the nutritional requirements for that family are—it simply would say, subtract from that thrifty food plan the number of meals that household is getting through the school lunch program, and reduce the food stamps issued to that household by the amount of nutrition that is furnished through the school lunch program—a saving of $98.43 million in the remainder of this fiscal year.

Mr. President, if the thrifty food plan is the adequate measure of the nutritional needs of that household, then we can subtract the food that is furnished to them under other plans, without having subtracted from the necessary nutritional needs of that family.

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

The PRESIDING OFFICER (Mr. LEAHY). Who yields time?

Mr. EAGLETON. Mr. President, this, again, is legislative matter that would be better considered by the authorizing committee. An urgent supplemental bill designed for the singular purpose of continuing a program already in place is an inappropriate place. The program has already been subjected to extraordinary economic demands by reason of the fact that first, Congress consciously underappropriated for the program at the very outset, stated so in the appropriation bill conference that set forth the amount of some $6.2 billion, and, second, has had enormous demands made upon it by reason of the escalation of food costs, higher than anticipated unemployment rates, and so forth.

Now, two-thirds of the way through the school year, to try to rewrite substantively the program in this urgent supplemental bill, would be a serious mistake. I think that whatever might be called for by this McClure amendment would be virtually impossible to implement with but 4 months remaining in this fiscal year.

For that purpose I hope that the McClure amendment is rejected. The same amendment or virtually the same amendment was considered in the House of Representatives last week and I am told was rejected on a rollcall vote of 269 to 134.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. EAGLETON. I yield to my colleague from Montana.

Mr. MELCHER. It was also rejected by the Agriculture Committee. Virtually the same thing was considered, and we rejected it because for one thing the schools were very upset. The State authorities were very upset. This is a nightmare to enforce and what you are enforcing is those families who have schoolchildren who are on this so-called "thrifty food plan," which is not a very lavish plan, would simply have deducted from their allotment the equivalent of whatever the school lunches were.

I think it is the worst place in the world to try to cut down on abuses of the food stamp program by worrying about what growing kids at school eat.

I think the Agriculture Committee did the proper thing by rejecting the amendment.

Mr. McCLURE. Mr. President, as the Senator knows, I always bleed for bureaucrats when they administer a law that saves taxpayers $63 million a year.

The Senator from Montana may think the committee did the right thing by leaving the program that way, but the Senator from Idaho does not.

As far as the difficulty of administration is concerned, it is a simple formula computation, not at all beyond the ability of most midlevel bureaucrats, and I think they could absorb the intricacies of that process to administer it without great difficulty.

Mr. MELCHER. Mr. President, will the Senator yield?

Mr. McCLURE. I am happy to yield for a question.

Mr. MELCHER. I cannot pose it in a question.

Mr. McCLURE. How much time does the Senator want?

Mr. EAGLETON. Mr. President, I am glad to yield such time as the Senator from Montana desires.

Mr. MELCHER. Mr. President, I simply state that we could not, and I am talking about the Agriculture Committee, determine any such sum of money that could conceivably be attributed to this proposal.

We discussed this at length with all sorts of State officials and all sorts of school officials, and we simply could not put that type of money to the amendment at all.

Mr. McCLURE. Mr. President, I am prepared to yield back the remainder of my time if the Senator from Missouri is, with one final statement.

The estimate I used came from the Budget Committee and that is the figure that the Budget Committee used in their estimate of possible savings.

I am prepared to yield back the remainder of my time.

Mr. EAGLETON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

UP AMENDMENT NO. 1100

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 1100.

Mr. McCLURE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 3, line 2, strike the period and insert the following:

": *Provided further*, That funds appropriated herein shall not be available to pay any benefits to any individual or household unless all educational loans on which payment is deferred; grants, fellowships, scholarships, and veteran's educational benefits used for the payment of tuition and mandatory fees at any educational institution of higher learning; and all housing subsidies including, but not limited to payments made by an outside party on behalf of an individual or household, are included as income when determining the eligibility of such individual or household to participate in the Food Stamp Program."

Mr. McCLURE. Mr. President, again this amendment is another on the list of possible savings, and I just picked three out of that whole list, and I have not recited these three excerpts as I presented the amendment as to the savings that could be made in the administration of this program.

I have furnished the managers of the bill with a copy of this amendment so that we might save the time by not reading it.

But this simply deals with the eligibility criteria for those who receive food stamps and require some items of income which they have to be included in the calculation of their income to determine whether or not they are eligible.

After all, I think the working men and women of this country who pay the taxes to support this program are entitled to have the knowledge that the recipients of the food stamps do not have sufficient income to pay for the food themselves.

So these items of income which go into their household income, which are now excluded under the regulations, under my amendment would be included in household income. It would include deferred loans, fellowships, scholarships, grants, and veterans educational benefits used for tuition and mandatory fees as a part of income and there is, if this were done, an approximate savings of at least $40 million annually or $13.3 million over 4-month period of the supplemental.

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

Mr. EAGLETON. Mr. President, this amendment offered by the Senator from Idaho deals with student loans and other benefits provided for a specific purpose.

As the Senator knows, S. 1309, which we voted on an hour ago or so, eliminates most students from the food stamp program. The only students who still would be eligible under the terms of S. 1309 are disabled students; students under 18 or over 60, those who already work, such as a student who works full-time and supports a family and goes to school at night; and welfare recipients enrolled in school under the work incentive program, so that they can get jobs and get off welfare.

The McClure amendment would count as income that portion of a student loan that goes for tuition for these disabled and other few students who remain eligible.

As for the other parts of the amendment, when educational benefits like scholarships or veterans benefits for tuition and fees are provided, they are properly excluded as income since they cannot be used by the recipient for his living expenses.

Mr. EAGLETON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. McCLURE. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

Pursuant to the previous order, the Senate will now proceed to vote on the first amendment offered by the Senator from Idaho.

The Chair will advise that this rollcall is a 15-minute rollcall and the next two rollcalls will be 10-minute rollcalls.

The question is on agreeing to the amendment (UP No. 1098) of the Senator from Idaho. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY), the Senator from Iowa (Mr. JEPSEN), the Senator from South Dakota (Mr. PRESSLER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The PRESIDING OFFICER. Is there any Senator in the Chamber who has not voted who wishes to vote?

The result was announced—yeas 35, nays 52, as follows:

[Rollcall Vote No. 139 Leg.]

YEAS—35

Armstrong	Hatch	Pryor
Baker	Havakawa	Roth
Bentsen	Helms	Schweiker
Boren	Hollings	Simpson
Boschwitz	Johnston	Stennis
Byrd,	Laxalt	Stevens
Harry F., Jr.	Long	Thurmond
Cochran	Lugar	Tower
Cohen	McClure	Wallop
Exon	Morgan	Warner
Garn	Nunn	Young
Goldwater	Proxmire	Zorinsky

NAYS—52

Baucus	Ford	Metzenbaum
Bayh	Glenn	Moynihan
Bellmon	Gravel	Nelson
Biden	Hart	Packwood
Bumpers	Hatfield	Percy
Burdick	Heflin	Randolph
Byrd, Robert C.	Heinz	Riegle
Chafee	Huddleston	Sarbanes
Chiles	Jackson	Sasser
Church	Javits	Schmitt
Culver	Kassebaum	Stafford
Danforth	Leahy	Stevenson
DeConcini	Levin	Stewart
Dole	Magnuson	Stone
Domenici	Mathias	Talmadge
Durenberger	Matsunaga	Tsongas
Durkin	McGovern	
Eagleton	Melcher	

NOT VOTING—12

Bradley	Inouye	Pressler
Cannon	Jepsen	Ribicoff
Cranston	Kennedy	Weicker
Humphrey	Pell	Williams

So Mr. McCLURE's amendment (UP No. 1093) was rejected.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the next vote will be a 10-minute rollcall vote on Senator McCLURE's second amendment, (UP No. 1099).

The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not voted who wish to vote?

The result was announced—yeas 30, nays 58, as follows:

[Rollcall Vote No. 140 Leg.]

YEAS—30

Armstrong	Goldwater	Proxmire
Baker	Hatch	Roth
Bellmon	Havakawa	Schweiker
Bentsen	Helms	Simpson
Boren	Hollings	Stennis
Boschwitz	Johnston	Thurmond
Byrd, Harry F., Jr.	Kassebaum	Tower
Church	Laxalt	Wallop
Cohen	Lugar	Young
Garn	McClure	
	Percy	

NAYS—58

Baucus	Burdick	Cochran
Bayh	Byrd, Robert C.	Culver
Biden	Chafee	Danforth
Bumpers	Chiles	DeConcini
Dole	Jepsen	Randolph
Domenici	Leahy	Riegle
Durenberger	Levin	Sarbanes
Durkin	Long	Sasser
Eagleton	Magnuson	Schmitt
Exon	Mathias	Stafford
Ford	Matsunaga	Stevens
Glenn	McGovern	Stevenson
Gravel	Melcher	Stewart
Hart	Metzenbaum	Stone
Hatfield	Morgan	Talmadge
Heflin	Moynihan	Tsongas
Heinz	Nelson	Warner
Huddleston	Nunn	Zorinsky
Jackson	Packwood	
Javits	Pryor	

NOT VOTING—11

Bradley	Inouye	Ribicoff
Cannon	Kennedy	Weicker
Cranston	Pell	Williams
Humphrey	Pressler	

So Mr. McCLURE's amendment (UP No. 1099) was rejected.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. EXON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the third amendment of the Senator from Idaho will be subject to a 10-minute vote. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) would vote "nay."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The PRESIDING OFFICER (Mr. STONE). Is there any Senator in the Chamber who has not voted who wishes to vote?

The result was announced—yeas 46, nays 42, as follows:

[Rollcall Vote No. 141 Leg.]

YEAS—46

Armstrong	Exon	Proxmire
Baker	Garn	Roth
Bellmon	Goldwater	Sasser
Bentsen	Hart	Schweiker
Biden	Hatch	Simpson
Boren	Havakawa	Stafford
Boschwitz	Helms	Stennis
Bumpers	Hollings	Stevens
Byrd, Harry F., Jr.	Johnston	Stewart
Church	Kassebaum	Thurmond
Cochran	Laxalt	Tower
Cohen	Lugar	Wallop
Danforth	McClure	Warner
DeConcini	Morgan	Young
Dole	Nunn	Zorinsky
	Packwood	

NAYS—42

Baucus	Chafee	Durenberger
Bayh	Chiles	Durkin
Burdick	Culver	Eagleton
Byrd, Robert C.	Domenici	Ford
Glenn	Levin	Percy
Gravel	Long	Pryor
Hatfield	Magnuson	Randolph
Heflin	Mathias	Riegle
Heinz	Matsunaga	Sarbanes
Huddleston	McGovern	Schmitt
Jackson	Melcher	Stevenson
Javits	Metzenbaum	Stone
Jepsen	Moynihan	Talmadge
Leahy	Nelson	Tsongas

NOT VOTING—11

Bradley	Inouye	Ribicoff
Cannon	Kennedy	Weicker
Cranston	Pell	Williams
Humphrey	Pressler	

So Mr. McCLURE's amendment (UP No. 1100) was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Oklahoma.

Mr. BELLMON. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. BELLMON. I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 1096

Mr. BELLMON. Mr. President, inasmuch as the tabling motion failed by 26 to 61, I see no point to a rollcall vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

Mr. McCLURE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I rise in support of the Senate Appropriation Committee's fiscal year 1980 supplemental appropriation bill which includes $3 billion in increase funding for the food stamp program.

This program has been a vital link in a chain that has changed the quality of life for many Americans. Our Nation through this and other programs is leading the world in its attempts to eliminate hunger at home and abroad. The importance and viability of this program has been attested to both by studies conducted by several of our Nation's leading educational institutions and individual citizens.

Last year, the Senate passed S. 1309, the food stamp authorization bill. This legislation removed the food stamp authorization cap for fiscal years 1981 and 1982. Today the Senate is being asked to reaffirm its earlier decision. The food stamp program is a very expensive program, but the fight against hunger and malnutrition is a fight that must also be measured in human terms. Americans should not be deprived of sufficient food to meet their nutritional needs unless there is no other way.

Today, our Nation is facing an eco-

nomic crisis which will result in increased levels of unemployment. Many unemployed families may be without the economic means to meet their daily nutritional needs. Given this reality it would be imprudent for the Senate not to appropriate the funds necessary to insure the continuation of this program.

For those who express concern over the increase in food stamp recipients which will occur during the remaining months of fiscal year 1980, I call their attention to the fact that many of these recipients are workers who have been temporarily laid off. Such individuals have supported this program through their tax dollars and should not be deprived of its benefits in their time of need.

Mr. President, many households will begin to experience significant nutritional difficulties if this bill is not adopted. These households will be forced to make the impossible choice between health care needs and shelter costs on the one hand and decent food on the other. This choice is no choice. This bill is not without its costs—but the costs of not adopting it are much higher in terms of human suffering and nutritional deprivation.

● Mr. WEICKER. Mr. President, I strongly support House Joint Resolution 545, the food stamp supplemental, and urge my colleagues to act swiftly on this matter.

Mr. President, this legislation will provide the additional $3 billion necessary to maintain the food stamp program at current levels through this fiscal year. Without the additional funds, the Secretary of Agriculture will order all States to cut off food stamp benefits on June 1, 1980. If Congress does not act quickly to approve this legislation, food stamp benefits to an estimated 21 million Americans will be terminated.

More than a decade ago, the United States declared war on hunger and malnutrition. Since then, the food stamp program has become a vital element in the Federal and State programs of assistance to low-income households; food stamp households have an average income level of approximately $320 per month.

Mr. President, food prices have risen 32 percent since 1977—far beyond the 13-percent rise projected in the authorizing legislation. In that year unemployment was predicted to reach a level of 5.7 percent by 1980. Today's estimates indicate that unemployment will reach 6.8 percent. The Consumer Price Index shows that during the last 4 years prices for other basic necessities such as fuel, housing, and medical care have risen approximately 34 percent. Though most Americans spend 60 percent of their income on these necessities, the poor must spend 90 percent. These factors have substantially contributed to the 25-percent increase in the levels of participation in the food stamp program since 1977.

Local food banks and States will not be able to absorb the $3 billion loss that will occur if the supplemental legislation is not approved and benefits are not provided at current levels. The economy will lose millions of dollars in each month that food stamps are not issued.

Mr. President, I understand that significant costs incurred within the food stamp program are due to fraud and wasteful administration in the program. These problems must be resolved. Legislation to reauthorize the program has been introduced with provisions that address these issues. In addition, the fiscal year 1981 budget request has incorporated several measures to respond to these problems.

Today we must act to insure the continuation of food stamp benefits through this fiscal year. I urge my colleagues once again to join with me in supporting this legislation in the hope that we will soon win both the war against inflation and the war against hunger.●

The PRESIDING OFFICER. If there be no further amendment to be offered, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

Mr. BAKER. Mr. President, I ask for the yeas and nays on passage.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from Hawaii (Mr. INOUYE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Arkansas (Mr. PRYOR), the Senator from Connecticut (Mr. RIBICOFF), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Rhode Island (Mr. PELL) is absent on official business.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PELL) and the Senator from New Jersey (Mr. BRADLEY) would each vote "yea."

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

The PRESIDING OFFICER. Is there any Senator wishing to vote who has not voted?

The result was announced—yeas 70, nays 18, as follows:

[Rollcall Vote No. 142 Leg.]

YEAS—70

Baker	Burdick	Danforth
Baucus	Byrd, Robert C.	DeConcini
Bayh	Chafee	Dole
Bellmon	Chiles	Domenici
Bentsen	Church	Durenberger
Biden	Cochran	Durkin
Boren	Cohen	Eagleton
Bumpers	Culver	Exon
Ford	Long	Roth
Glenn	Magnuson	Sarbanes
Gravel	Mathias	Sasser
Hart	Matsunaga	Schmitt
Hatfield	McGovern	Schweiker
Heflin	Melcher	Stafford
Heinz	Metzenbaum	Stevens
Hollings	Morgan	Stevenson
Huddleston	Moynihan	Stewart
Jackson	Nelson	Stone
Javits	Nunn	Talmadge
Jepsen	Packwood	Tsongas
Johnston	Percy	Warner
Kassebaum	Pressler	Young
Leahy	Randolph	
Levin	Riegle	

NAYS—18

Armstrong	Hayakawa	Stennis
Boschwitz	Helms	Thurmond
Byrd, Harry F., Jr.	Laxalt	Tower
Garn	Lugar	Wallop
Goldwater	McClure	Zorinsky
Hatch	Proxmire	
	Simpson	

NOT VOTING—11

Bradley	Inouye	Ribicoff
Cannon	Kennedy	Weicker
Cranston	Pell	Williams
Humphrey	Pryor	

So the resolution (H.J. Res. 545), as amended, was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the resolution was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments to House Joint Resolution 545.

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

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. EAGLETON, I move that the Senate insist on its amendments to House Joint Resolution 545, request a conference with the House on the disagreeing votes of the two houses, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Chair appointed Mr. EAGLETON, Mr. STENNIS, Mr. PROXMIRE, Mr. ROBERT C. BYRD, Mr. BAYH, Mr. CHILES, Mr. BURDICK, Mr. SASSER, Mr. MAGNUSON, Mr. LEAHY, Mr. BELLMON, Mr. YOUNG, Mr. MCCLURE, Mr. GARN, and Mr. SCHMITT conferees on the part of the Senate.

Mr. ROBERT C. BYRD. Mr. President, today the Senate acted to insure that food stamp benefits are not jeopardized. Earlier, with adoption of the conference report on S. 1309, the food stamp authorization bill, the Senate agreed to raise the spending ceiling on the program, which is needed because higher unemployment has resulted in a larger number of eligible recipients, and because of the rising cost of food.

I commend the distinguished chairman of the Agriculture Committee (Mr. TALMADGE) for his efforts to expedite this matter. This program is an important one which the chairman and his committee have refined and improved through their diligent work. I also commend Mr. HOLLINGS.

House Joint Resolution 545 provides urgent supplemental appropriations for the food stamp program for fiscal year

1980. Because of the urgency of the food stamp funding situation, funding for the food stamp program was split off from the larger supplemental and provided for in this resolution.

The food needs of more than 21 million beneficiaries nationwide are dependent upon this urgent supplemental. In my own State of West Virginia, 22,000 beneficiaries are counting on approval of this resolution so that they may be assured of receiving the important benefits which are provided by the food stamp program.

I thank the chairman of the Appropriations Subcommittee on Agriculture (Mr. EAGLETON) and the ranking minority member on that subcommittee (Mr. BELLMON) for the expeditious manner in which they handled this measure in the Appropriations Committee yesterday afternoon. Mr. MAGNUSON and Mr. YOUNG, chairman and ranking minority member on the full committee, are to be commended as well for the support they lent to efforts to get this urgent supplemental reported as quickly as possible.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business, for not to exceed 30 minutes, and that Senators may speak therein.

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

AAAS CRITICIZES SOVIET UNION FOR TREATMENT OF SAKHAROV

Mr. PROXMIRE. Mr. President, today I again wish to recognize the American Association for the Advancement of Science. Following the association's recent endorsement of U.S. ratification of the Genocide Convention, the group made another bold announcement for freedom. This time the AAAS criticized the Soviet Union for its treatment of vocal dissident and Nobel Prize winner Dr. Andrei Sakharov.

The association sent the following succinct telegram to the Soviet Ambassador to the United States, Anatoliy Dobrynin:

As officers of the American Association for the Advancement of Science, we are deeply concerned about the recent actions taken against Andrei Sakharov. These actions will undoubtedly undermine the spirit of cooperation which underlies scientific exchange between our two countries, and will further divide our nations at a time when every effort should be made to preserve a strategy of peaceful cooperation.

The exile of Professor Sakharov deprives the people of the Soviet Union and the world of a brilliant voice in support of mutual understanding and the defense of human freedom. We strongly urge that he be protected from further harassment.

The message was brief and reasonable. But it penetrates to the heart of the Soviets' maltreatment of a man whose crime has been to speak what he believes. He has spoken truths that do not fit the mold of official truth in the Kremlin.

The internal exile and isolation of Dr. Sakharov extends beyond the muzzling of his voicing opposition to Soviet dogma. Just as Russian leaders have squelched Sakharov from expressing his political opinion, so they have cut him off entirely from his scientific endeavors. He is permitted neither to express his conscience nor continue his physics research.

I applaud the stand the American Association for the Advancement of Science has taken in the defense of freedom. I find the announcement the perfect complement to the association's endorsement of the Genocide Convention. With the two proclamations, the association has both pointed out an abuse of freedom today and pointed to a potential safeguard of freedom for tomorrow—the Genocide Convention. I join the AAAS in urging the Senate to ratify the Genocide Convention.

THE GREAT AMERICAN CREDIT COLLAPSE

Mr. THURMOND. Mr. President, the Federal Reserve System action of May 8, 1980, was yet another blow to the bond market—a market that virtually collapsed a few weeks earlier when interest rates were sharply escalating. The Fed's move to stem, at least temporarily, the recent drop in interest rates resulted in a sharp decline in long-term bond prices.

Mr. President, the strength of the market for these long-term bonds is critical to every facet of our Nation's domestic productivity and equally important to our American position in the international monetary arena. An article, titled "The Great American Credit Collapse," which was published in the April 5, 1980, issue of the New Republic, provides excellent perspective and insight regarding the bond market and other related credit problems of recent months. The author of the article is William J. Quirk, professor of law at the University of South Carolina.

Mr. President, Professor Quirk points to the situation of recent months when the bond market collapsed because no amount of interest would induce the lender to part with his money for a promise to repay at some time in the future. Rather than in years, repayment now must be promised in days. The long-term lender has lost confidence in the stability of the dollar in which he will be repaid. Without confidence in the dollar, the long-term bond market cannot exist. Foreigners stopped taking dollars in the late 1970's. In 1980 Americans are following suit.

Mr. President, this is indeed a critical situation and one that requires our most serious consideration. In order to share Professor Quirk's excellent article with my colleagues, I ask unanimous consent that the article be printed in the RECORD.

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

THE GREAT AMERICAN CREDIT COLLAPSE

(By William J. Quirk)

Every inflationary spiral contains within it the seeds of its own destruction. The German inflation of 1923 topped out when farmers refused to exchange their produce for any amount of paper marks. Money was then disregarded and the economy went on to a barter basis.

Over the past few weeks, the bond market has collapsed with a sickening thud, the victim of escalating interest. Since June 1979 the value of outstanding bonds has dropped 25 percent, a dollar loss of about $500 billion. By comparison, in 1929 we called it a depression when the stock market in October and November lost $23 billion. Today all the major banks, if they had to value their bond portfolios at current market rates, would be insolvent. The bond market, which annually raises $40 billion for business, is practically at dead stop. Respected conservative economists speak of a "national emergency." The federal government itself, owner of the printing press, must pay 16 percent to borrow money. The debt service on the national debt, of which $450 billion must be rolled over each year, will consequently climb to disastrous levels. Felix Rohatyn, noting "chaos in the credit markets," warns that the US is in a "slide towards bankruptcy." Today paper money doesn't count. These facts obviously describe a financial collapse—a point already becoming clear to the worker reading about 20 percent inflation while getting an eight percent raise.

The bond market collapsed when no amount of interest would induce the lender to part with his money for a promise to repay at some time in the future. Repayment now must be promised in days, not years—90 days, 180 days, and 270 days are common periods. The long-term lender has lost confidence in the stability of the dollar in which he will be repaid. Interest is the investor's return for the use of his money but can't protect him against repayment of his loan in funny money. Without confidence in the dollar the long-term bond market cannot exist. Foreigners stopped taking dollars in the late 1970s. In 1980 Americans are following suit.

Many individuals, of course, have played this game from the other side—undertaking heavy mortgage obligations in the expectation of repaying in cheap dollars. So it is not too surprising if the people being repaid with cheap dollars have had enough. Like the German farmers, investors have refused to exchange a known value—the current worth of a dollar—for something unknown, namely the value of a dollar five or 10 or 20 years from now. Inflation, by definition, destroys all long-term obligations. The long-term fixed interest bond is totally dependent upon a stable currency. For example, take a rosy view and assume that inflation goes along at a steady and cool rate of 10 percent per year. Assume a $10,000 20-year bond due in the year 2000: simply to preserve the purchasing power of his original capital the lender would have to be paid back $67,276 in the year 2000. The lender requires that amount to recover the original principal; it does not include any return for the use of his money and related credit risk.

As interest rates increase the bond owner gets to watch the value of his capital go down. Higher interest rates mean lower bond prices. In less than a year Treasury bonds have lost 30 percent of their value—Treasury 9⅛s of May 15, 2009, sold last May at par ($100), are trading now about $70. IBM's 25-year 9⅜ percent debentures issued last October are down to 76.5 percent of their face value. A trustee who bought a Pacific Telephone bond in 1967 would have lost more than half his principal by 1980: Pacific Telephone's 35-year six percent debentures issued in 1967 at $100 are down to around $47 today. This is a severe loss indeed on what was traditionally viewed as an investment for those who should take no chances—pensioners, widows, and orphans.

A trustee who must report such capital devastation to his beneficiaries is in for as

painful an experience as the beneficiaries. He can, of course, explain that Pacific Telephone is still paying the $600 annual interest, and if the trust holds the bonds until 2000, Pacific Telephone will surely repay the original $10,000. He can give no asssurance, however, that the $10,000 in the year 2000 will buy a salami sandwich.

Of course most trustees never intended to hold a bond until its maturity in the distant future. Who would invest in a security not due until 2020 which might be well beyond the expected lifetime of its purchaser? The trustee always thought that he could sell a bond for close to its face value if money was needed to send a child to college, for example. The bond could be sold in the secondary market for about what he paid—assuming, of course, that interest rates remained reasonably stable.

What will the trustee do next time to protect himself? He may invest in a money market fund. Virtually unknown five years ago, these funds have become a haven for scared money. Essentially a high-interest bank account, the funds now total $60 billion—including an addition of $6.8 billion in February and $7.9 billion in January. The funds invest largely in short-term federal notes, commercial paper, and certificates of deposit. Their appeal to the investor is defensive. All obligations are short term; the investor stays current with short-term interest rates and is free to withdraw his capital at will.

Europeans always have been puzzled by the American long-term bond. To them seven years is considered long term and floating or variable interest rates are used. But for the last 100 years the United States has funded its private and public growth with long-term (20 to 40 years) fixed-interest bonds. The stock market, while glamorous, has been relatively trivial as a source of funds. The due date of a long-term bond, say 2020, is far in the future. A great deal of change would be expected even in a fundamentally sound society. Only the United States has had the moral, political, and financial stability necessary to pull off such arrangements.

Would American bonds modeled after European standards sell? Say a seven-year term with variable interest, attractive call provisions and, perhaps, convertible to common stock. Are we just in a creative lull before someone comes up with the innovation that will permit the system to clear the overhang and go forward? Perhaps so, but there will be serious differences that impair productivity. A company, if it can only secure short-term financing, must hesitate before making a long-term investment. Playing roulette with financing costs has obvious dangers.

The immediate cause of the bond market collapse was Federal Reserve Chairman Volcker's statement of October 6, 1979. Volcker had just returned from the IMF meeting in Belgrade determined to buck up the fading dollar on international exchanges. Former chairman Miller's First Annual Fall Dollar Rescue (November 1978) had by this time completely run out of steam. Touted at the time as strong medicine likely to induce a recession, it was necessary, Miller said, to save the dollar. Many, in 1980, could not even recall the first rescue attempt, much less any strong medicine. But this time it was different. The problem, as Volcker saw it, was that Americans were treating credit like gasoline: no matter how much the price was raised, they continued to use about the same amount. The only solution was to ration it. Volcker adopted the currently fashionable monetarist philosophy and imposed stiff reserve requirements on the banks. The money supply was kept under a hand firm enough to please Milton Friedman.

In the past Volcker had been criticized for conservative rhetoric while the money printing presses rolled. But now, with the supply fixed—and demand fueled by continuing inflationary expectations—the squeeze was on and the price of money went right through the roof. Predictably, the first victims of the get-tough policy were the holders of the $2,000 billion worth of outstanding bonds whose capital melted as interest rates rose to 20 percent. Volcker had promised that interest rates would decline as his measures took hold, "whatever the initial impact on interest rates." But he never promised when they would come down or what would come down with them.

The next victim was the stock market since historically, the bond and stock markets move together. Besides why pay a brokerage commission to invest in a blue chip stock yielding a seven percent return when you can invest in a no-load money market fund yielding 13 or 14 or 15 percent and have relative safety of principal and free checking to boot?

Internationally, the Volcker policy has successfully strengthened the dollar. Europeans have been impressed by the Fed's resolve. But how much more domestic carnage will be tolerated for this goal seems questionable. Politically, the choice of bondholders as primary victims was brilliant. Bonds are held by a narrow and wealthy group of individuals and institutions. Probably every non-bondholder would agree that they are a perfect group to bear the brunt of the fight against inflation. But as the ripples go out all will be affected and the president's free ride on the inflation train will come to an end. Also, the institutions involved are very powerful. Government and the Federal Reserve exist to help them, not hurt them.

The president's free ride is not shared by people who are forced to sell their homes in the current housing market. Caught in the middle of a bursting housing bubble, homesellers are an additional group of victims, as incredible interest costs have virtually closed down private sales of housing. The startling fact is that a three percent increase causes an increased monthly cost to the buyer of 23 percent. Take a $75,000 house (hardly a palace) and a $15,000 downpayment; at 12 percent the monthly mortgage cost to the buyer is $617.17; at 15 percent the monthly cost is $758.67. The prospective buyer has at least one good option—he can refuse to buy. The seller's options are more but worse: he can (1) lower the price or (2) himself provide some financing to the buyer. The second option, its legal problems aside, puts the seller into the lending business with all its risks just as the country heads into recession. Chairman Volcker's bubble-pricking policy wins either way. If the seller himself takes a note from the buyer, at least there will be no new money sloshing around the economy. If he lowers the price it is a clear win for the feds.

On March 14 President Carter, saying we are in a "dangerous situation that calls for urgent measures," announced his latest anti-inflation plan. The market had long discounted the president's expected credit controls, but they were even weaker than expected. Some limits on future credit card borrowing do not seem material to the problem. In any case the Fed is doing about all it can to limit credit and, in the absence of foreign exchange controls to prevent Eurodollar borrowing, about all that can be done.

Consumer credit, of course, has provided much of the funding for inflation. Nonhousing consumer installment debt has doubled in the last four years—from $150 billion to $300 billion. This increase coincides with the beginning of the real depression for American workers, who have each year since 1974 experienced a decline in real purchasing power. The combined effect of inflation, the progressive tax system, and increased social security payments have decimated the middle-class paycheck. Middle-class taxpayers have risen into lofty tax brackets previously reserved for their betters. Their increased borrowing has been an obvious effort to maintain a constant standard of living in the face of lower real wages.

The amount of debt in the United States is stupendous. Government debt is $924 billion; business debt is $1232 billion; and household debt (mortgage and installment) is $1279 billion. It may be some comfort that as a percentage of GNP the overall total of debt has slightly decreased since 1946, when it was 155.9 percent, down to 145.5 percent in 1979. While consistent, the figures are nonetheless high—almost identical to those in 1921 to 1929. Moreover, the nature of the debt has changed sharply. Government debt, surprisingly enough, as a percentage of GNP, has declined sharply since World War II from 110.5 percent (1946) to 39.4 percent (1979). Business debt has risen from 29.4 percent (1946) to 52.2 percent (1979). The stunning increase has taken place in household debt—16 percent (1946) to 53.9 percent in 1979.

Is this level of household debt sustainable under any likely scenario? After Carter's program fails, if the Fed keeps to its plan, we must fall into the long-awaited recession. Because it has been postponed so long, the recession may well be severe. Indeed, a deflationary spiral may be as hard to control as an inflationary one.

There must be serious doubt about the economic resilience of the 74 million American households. Family income, extended by recent borrowing, is taut as a bowstring. Two-paycheck families seem reasonably prosperous but cannot afford the loss of a paycheck.

One-paycheck families are already under severe stress. A typical taxpayer earning $30,000 immediately loses $10,000 to federal and local taxes. His remaining $1700 per month spendable income is heavily encumbered. Probably over 40 percent will go to debt—say $400 for mortgage; $100 for car payments; $100 for department store credit; and $100 for credit card payments. His problems are deeper than President Carter seems to realize. He is left with $1000 a month to feed, clothe, maintain, and educate a middle-class family. The Fed seems to think he can make it if he exercises some self-discipline. Maybe he can't. The point is that this time the Fed is deadly serious. Europeans, who have a lot to lose, are betting on that.

THE NEED FOR STRONGER U.S. MILITARY

Mr. THURMOND. Mr. President, a succinct editorial on U.S. military preparedness has been published in the May 1980 issue of the Officer magazine, a publication of the Reserve Officers Association.

Maj. Gen. J. Milnor Roberts, executive director of ROA, has authored a short editorial entitled "Come As You Are War?"

He points to the fact that the Congress must cease "politics-as-usual" and undertake a major rearmament program as soon as possible. As one who attempted, in recent years, to strengthen our declining defense posture, I heartily endorse the recommendations of General Roberts.

Mr. President, I ask unanimous consent that this article, which appeared in the May 1980 issue of the Officer magazine, be printed in the RECORD.

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

"COME AS YOU ARE WAR?"

No member of Congress should be surprised when informed that we are ill prepared to conduct conventional military operations either in the NATO or the Persian Gulf areas. Year after year during the 70s, uniformed members of the Defense establishment have warned the Congress of the folly of adjusting military expenditures to fit whatever budget civilians in OMB decide is politically acceptable. The results of this extended policy are now painfully evident, and the years of relative neglect in weapons procurement, prudent maintenance of installations and some hardware items, plus the pretense of a successful Volunteer Army have brought us to a point of peril greater than December 8, 1941.

According to a recent report of the House Budget Committee, Secretary of Defense Harold Brown made the following statement about the 1981 defense budget in a classified hearing:

"'The United States has already slipped into a position of relative inferiority in the areas of strategic nuclear forces and theater nuclear forces.'

"The House report notes that this is the 'first time that any U.S. government official has ever made such an admission.'"

It has been generally known that we have been at a disadvantage to the Soviets in ground forces for many years, and recently our naval and air posture has deteriorated vs. the USSR.

We had better not get into a "Come As We Are War" with the Soviet Union in 1980.

We had better stop politics-as-usual and get on with a major re-armament program as rapidly as possible. The first and most important responsibility of our government is to keep our people free and to preserve our heritage for future generations. Food stamps ($11,000,000,000 in 1980), *et al*, are nice, but bread and circuses did not sustain the glory that was Rome.

EXXON'S NEXT PREY

Mr. BIDEN. Mr. President, I would like to bring to the attention of my Senate colleagues a very interesting cover story in the April 28 issue of Business Week. The article, entitled "Exxon's Next Prey: IBM and Xerox," documents that Exxon, one of the country's largest energy corporations, has spent over half a billion dollars over the last few years to launch, support and now consolidate 15 separate ventures into the growing office-equipment industry. I feel that the information revealed in this article has important implications which ought to be considered by every Member of this body.

A short time ago, the Congress was embroiled in one of the most intensely-fought lobbying efforts that I have seen in my 8 years in the Senate. The object of that struggle was the fate of billions of dollars that would be coming into the treasuries of American oil companies over the next 10 years as a result of the decontrol of domestic oil prices and the market manipulations of the OPEC cartel.

During our debate on the windfall profit tax, I supported a strong tax as the only way to recapture for the hard-pressed consumer some of the dollars that they are paying out for the energy they rely on for their homes and their jobs. I also believe that the windfall profit that Congress enacted left the oil companies more than sufficient revenues—and incentives—to fund explorations for new oil and natural gas sources and for the development of alternative energy sources. Lobbyists against the windfall profit tax maintained that the energy corporations needed the additional revenues resulting from decontrol to invest in energy production that could protect this Nation from replays of "energy crisis."

Now we can read in Business Week, a highly respected national magazine relied on by the American business community, that at least one major energy corporation is using its massive profits to move into nonenergy industries. Let me quote what I see as the heart of the article:

For nine years, Exxon has been spending venture capital funds to seed a host of new ideas in office automation as well as to find new energy sources. And for nearly as long, the information processing industry has speculated about and worried over—what Exxon was up to. Until now, Exxon executives have labeled their ventures into electronics as separate, speculative investments, and they publicly ignored the scenarios laid out by analysts of a grand Exxon plan for assaulting the office market.

But the picture has changed suddenly and dramatically. The recent creation of Exxon Information Systems (EIS), the company's tightening grip on its many little start-up companies, and its major drive to recruit senior executives from other information processing companies has brought this diversification activity out of the closet. And the oil giant is finally confirming what it aims to do: become a major supplier of advanced office systems and communications networks within three to five years.

This article goes on to underline that nearly all of these Exxon ventures have operated often in the red, relying on Exxon's oil and natural gas profits to survive, and to fund innovation and expansion. Clearly, cash to back up these ventures are not a problem for the parent corporation, which took in nearly $2 billion in profits in the first quarter.

Mr. President, my purpose is not to excoriate the Exxon Corp. or its managements for these ventures. The company executives are doing what every business student in this country is taught to do: Diversifying, investing profits in new and growing industries. In ordinary circumstances, such a course of action would be no more than sound business practice. But the circumstances, given the Nation's energy situation and imperiled economy, are not ordinary, and this course has implications which the U.S. Senate is obliged to consider.

The profits of Exxon and other energy corporations are up, not because of their own business acumen and innovation, but because of the ill-considered decontrol of domestic oil and natural gas prices in conjunction with galloping inflation and the artificial hikes foisted on the world by the OPEC cartel. The windfall profit tax was designed to ease the injustice of asking the American public to pay substantially more when they were not getting substantially more. During debate on the tax, the oil companies urged that their excess profits were vital to their continued efforts to find new oil and gas reserves and to develop alternative technologies that could protect this country against the energy crises we experienced in 1975 and again last summer.

But trends such as the one examined in Business Week would indicate that the energy corporations are plowing their excess profits, not into energy development, but into unrelated industries. This kind of action has negative effects on two fronts:

First, as I have pointed out, it undercuts the pursuit of alternative technologies and renewable energy resources that this Nation not only should have, but must have, to maintain its national security, its independence in foreign policy, and its economic stability over the next two decades. Congress has committed a major portion of the revenues from the windfall profit tax to the funding of research in alternative energy; it seems that the energy corporations might be able to see the need for such development.

Second, the forays of energy corporations into nonenergy enterprises have grave implications for every other American industry in these times of recession and economic uncertainty. Can we, in conscience, stand back and allow the oil companies to use the excess profits they have been handed to compete with other American businesses—in the case of this article, IBM and Xerox, two of America's largest enterprises? In this difficult economic period, Exxon's competitors in the office-equipment field point out, that corporation's greatest asset may well be its vast cash reserve that buffers it against the uncertainties of the marketplace and enables the company to buy its way into the market.

The Congress has a responsibility to prevent that resource from being used at the expense of American businesses and the American consumer. We must support measures, such as the Energy Anti-Monopoly Act, which attempt to insure that the monetary resources the oil companies garnered from their windfall profit will be used where they are most needed—and where the energy corporations said they would use them—in energy development.

Mr. President, I ask that the text of the article be printed in the RECORD.

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

EXXON'S NEXT PREY: IBM AND XEROX

Many people—including, perhaps, some of Exxon Corp.'s own employees—would be surprised to learn that the giant oil company sold nearly $200 million worth of office automation equipment last year. With corporate sales soaring to $84.8 billion, even Exxon's bookkeepers could be forgiven for overlooking that kind of small change. But this embryonic business might very well represent both the future of the nation's largest energy company and a powerful new challenge for the leadership of the burgeoning information processing industry.

For nine years, Exxon has been spending venture capital funds to seed a host of new ideas in office automation as well as to find new energy sources. And for nearly as long, the information processing industry has speculated about—and worried over—what Exxon was up to. Until now, Exxon executives have labeled their ventures into electronics

as separate, speculative investments, and they publicly ignored the scenarios laid out by analysts of a grand Exxon plan for assaulting the office market.

But the picture has changed suddenly and dramatically. The recent creation of Exxon Information Systems (EIS), the company's tightening grip on its many little startup companies, and its major drive to recruit senior executives from other information processing companies has brought this diversification activity out of the closet. And the oil giant is finally confirming what it aims to do: become a major supplier of advanced office systems and communications networks within three to five years. "We intend to be the systems supplier to the office market," declares Hollister B. "Ben" Sykes, who is in charge of pulling these operations together as senior vice-president of Exxon Enterprises Inc., the corporate parent of EIS.

Such brash words from a $200 million office equipment company could easily be taken for hype by office equipment giants such as International Business Machines Corp. and Xerox Corp. IBM earned $3 billion on revenues of $23 billion last year, while Xerox had net profits of $563 million on $7 billion in revenues. But when that determination comes from a company with $49.5 billion in assets, 1979 net profits of $4.3 billion, and sales that approach the gross national product of Mexico, such utterances take on a more serious meaning.

Creating a cohesive organization out of the 15 independent, entrepreneurial companies that make up EIS is a formidable management task, however, no matter how much money a corporation has. "Exxon Enterprises has the right pieces for the office of the future," says an Exxon consultant for the industry, "but they don't have the management to make it come together." John F. Cunningham, executive vice-president of Wang Laboratories Inc., a high-flying Lowell (Mass.) competitor, puts it even more strongly: "If God himself came down in a junior businessman's uniform, worked very hard for three years, and got very lucky, he'd still have a tough time pulling those companies together."

But no matter what industry executives say about the difficulty of Exxon's job, most of them are very concerned about Exxon's virtually unlimited resources. IBM, which accounts for the major share of the world's data processing business, will not comment on Exxon as a competitor, but its executives are watching Exxon warily. Although IBM denies it, some industry watchers are convinced that the company recently moved up the introduction date for an electronic typewriter after Exxon made a big splash with an innovative model aimed directly at IBM's product line.

Taking on IBM in the electronic typewriter market will require vast amounts of money. Last year alone, Exxon lost as much as $30 million in this single thrust, according to industry observers. But EIS has sufficient resources, through financing from its corporate parent, to develop or acquire virtually any type of technology deemed relevant to its goals, concludes a new study by Yankee Group, a Cambridge (Mass.) market research firm. And a growing number of observers believe that the money will be forthcoming. Access to such large amounts of capital would give Exxon an important advantage over other vendors. Many companies that are truly innovative simply cannot make a significant impact on the office systems marketplace without getting outside financing.

Sykes now leaves no doubt that Exxon is going after the leaders. While he acknowledges that the office automation business will always have viable "niche" companies serving a narrow market segment—the direction that his ventures had been taking in typewriters, for example—Exxon is beginning to combine its ventures into a single operation that will take a total systems approach to the market. "A systems capability, which will permit us to deliver a total system to the large customer," Sykes says, "will be necessary for a large company's competitive survival."

This evolving strategy, coupled with Exxon's financial muscle, is beginning to look like an almost unbeatable combination to some industry experts. "It seems likely that the [office system] business they are building now will rival, if not surpass, their oil business ultimately," predicts Stephanie B. Bigusiak, an industry analyst who worked on the Yankee Group study.

For Exxon shareholders, however, the move toward the office systems market will have little significance in the short run. "The base of oil and gas operations is so big that even if [the information business] is spectacularly successful, it won't make much difference for a long time," notes Phillip L. Dodge, an energy analyst at Donaldson, Lufkin & Jenrette Securities Corp.

For now, at last, Exxon's top management is not prepared to acknowledge a scenario that calls for information processing to become Exxon's No. 1 business. Chairman C. C. Garvin Jr. recently told shareholders that "Exxon is and will remain primarily an energy company." Ulric Weil, vice-president at Morgan Stanley & Co., says: "I don't think Exxon senior management has even focused on the idea that the office automation business might be bigger than the oil business [or that this is] a realistic possibility." He and other industry analysts believe there is a good chance, however, that Sykes and the other managers at Exxon Enterprises have considered the possibility.

A change like that could not come about until the 21st century, but Exxon and the rest of the oil companies spend much of their planning time on such far-reaching strategies. It has long been obvious to the oil industry—and many others—that any business based on a rapidly shrinking natural resource is not a long-term proposition. For years now the oil companies have diversified into other energy sources such as coal and nuclear power. Exxon is no exception—in fact, it is leading the way in changing from a traditional oil and gas company to a broadly based energy company. In 1980 alone, the company is spending $7.5 billion on capital improvements and exploration that will include substantial investments in everything from coal, oil sands, and oil shale to synthetic fuels.

But growth in office automation markets that may be trivial—in the 1980s—to the largest U.S. energy company would be highly important to the information processing industry. Exxon's revenues in this business already place it among the top 25 producers. And these revenues are soaring. "We've been doubling in revenues each year," Sykes says, and he expects that they will almost double again this year to near $400 million. "We still expect to reach a billion dollars in revenues within the next few years, and we'll definitely have good profitability by then," he says.

By the end of the 1980s, Bigusiak of Yankee Group predicts that "the Exxon information companies could produce $10 billion to $15 billion in revenues." That may not amount to much in barrels of oil, but in advanced office systems such volume would undoubtedly move Exxon to the top tier of vendors, with as much as 10 percent of the market. By that time, Yankee Group expects that the total information processing industry will be worth $150 billion to $200 billion annually.

Exxon has been developing products in its own laboratories and making venture capital investments in markets outside petroleum since the 1960s. Some did not pan out—artificial food and factory-built housing, to name two. But in the 1970s, Exxon Enterprises, the venture capital arm, began making investments in new technologies and new business opportunities in information processing. "Exxon looks for two things in a company, technology that will be around in 10 to 20 years and a product capable of producing $100 million [in annual revenues]," says Fred S. Lee, founder and president of Magnex Corp., an Exxon venture in San Jose, Calif., which is developing a way to cram more computer data on magnetic disks at less cost.

So far, Exxon has invested $500 million or more in 15 ventures that are now being grouped together as EIS. Eight of the companies have products on the market, and one is about to make its commercial debut. The first sign that Exxon was going after IBM and Xerox in the office-of-the-future market came last year when advertisements appeared that grouped the four largest of these companies under the EIS banner. Until then, they had all operated autonomously. The four are Vydec Inc., a pioneer producer of text-editors with display screens; Qwip Systems Div., the leading U.S. producer of telephone facsimile units; Qyx Div., which is taking IBM head-on with its Intelligent Typewriters; and Zilog Inc.; a leader in the fast-growing microprocessor business.

Now, as a first step toward a single systems company, Exxon plans to combine the marketing operations of Qwip, Qyx, and Vydec into a single sales force. But Sykes cautions that "we're just in the planning phases to determine what the most effective approach might be."

The other four companies marketing a product are Periphonics Corp. with its voice-response system, Dialog Systems Inc. with its voice-input system, Delphi Communications Corp. with its voice-message system, and Optical Information Systems, which turns out semiconductor lasers for use in optical fiber communications networks. And later this year, InteCom Inc. will introduce a switching network to handle both voice and data—the "glue" to connect all the Exxon products into a single system.

Six EIS companies are still in the development stage and are working on such advanced products as flat panel displays, new data storage devices, high-resolution nonimpact printers, microcomputers, and an advanced work station capable of doing everything from word and data processing and data-base accessing to electronic filing and mailing.

All of these products and technologies fit neatly into the office-of-the-future scenario, which will combine data processing and word processing in one office system. Instead of stand-alone typewriters, paper files, and separate telecommunications, the office will evolve into a data communications network that will connect word processors, data processing terminals, telephones, and shared electronic files. This automated office will not come overnight, but by the end of the 1980s it is expected to be larger than today's data processing market.

Exxon's strategy seems to be the Xerox "supermarket" approach—providing customers with everything they will need in office automation products. An Exxon customer could start with Intelligent Typewriters, move up to word processors, go to advanced work stations, and back them up with fast printers, facsimile receivers, and electronic files. This collection of office equipment could be hooked together locally by an Exxon computer-controlled network.

"There are only one or maybe two other companies that have all the pieces that Exxon has," says Howard M. Anderson, president of Yankee Group. "And even those two—IBM and Xerox—don't have them in the quality and quantity that Exxon has."

But even Sykes acknowledges the tough job he has ahead in assembling the pieces. Although EIS is taking its first step toward combining the three companies making up

the office systems segment of its operations, the strategy for pulling together the communications and components parts of the company is, according to Sykes, a long way from being decided. More pieces may be needed to fill in the puzzle, Sykes says. Communications is one area, he adds, in which parts may be missing.

None of the 15 ventures turned a profit last year. Sykes expects four of them to hit the black this year, but he concedes that revenues will reach $1 billion before EIS, as a whole, becomes profitable. But early profitability is not a goal, Sykes insists. If it were, he says, several of the companies would have been in the black now. "Our objective," he says, "is to grow a business that is viable in a competitive marketplace with very large corporations. We're not out to build a flower that blooms and then has to be acquired by somebody else to survive."

Exxon management believes that it has plenty of time to create an effective, integrated systems company because no one else is nearer than EIS to supplying a total system for the office. "Right now," Sykes says, "it's not clear just what that system is or how it is going to be sold to the customer." IBM and Xerox, in fact, have taken longer to move in this direction than most observers had expected. But a rapidly growing group of smaller companies—led by Wang, Datapoint Corp., and others—are moving faster.

"Exxon doesn't have forever to get organized" maintains Amy D. Wohl, a Haverford (Pa.) consultant. "In the next few years there are going to be a lot of significant announcements in office automation, and unless Exxon does something soon, they might not be one of the first ones in there."

Speedy decision-making is not an EIS forte, according to some of its managers and former managers. "They like to strike oil and leave it there like money in the ground," observes one manager. "But with companies like they're acquiring, you've got to move or you'll miss the market window." Says Ralph K. Ungermann, former executive vice-president at Zilog, who resigned a year ago to start his own company: "The speed at which Exxon moves is incredibly slow. It can take a year to get approval for a strategy change."

Another area of activity that EIS is beginning to integrate is research and development. Until now, all of the companies did their R&D independently. Soon they will begin to share work at R&D centers that will focus on EIS's four business areas: office products, computer systems, communications, and components. The goal is to develop products along more similar lines than in the past, since compatibility—the ability for one piece of equipment to work with another and share the same software and memories—will become essential as computer-like work stations proliferate in the office.

Compatibility is old stuff to such companies as IBM, but it is something that Exxon still has to learn. For example, the floppy disks that store data on Qyx's electronic typewriters are not interchangeable with the "floppies" on Vydec's word processors.

Exxon's current investment in R&D for office equipment is still peanuts compared with what IBM and Xerox are spending. Last year, Exxon spent only $47 million for R&D not related to its energy, chemical, and mining businesses, with most of that amount spent by its office equipment ventures. In contrast, Xerox invested $376 million last year, mostly in office products, and IBM spent a tidy $1.4 billion. "When you think of the resources that IBM throws into integrating its products, I can't see how Exxon can hope to be competitive," says one word processor executive. On the other hand, if Exxon starts diverting some of its massive cash flow to office R&D, the picture could change quickly. "Exxon is now moving faster, and we're watching very closely," says one customer.

Integrating the products from 15 companies will be difficult enough, but integrating the independent-minded entrepreneurs into a single systems company could prove to be the single largest obstacle that Exxon faces. The greater the degree of corporate integration, observers agree, the greater the risk that these managers on whom Exxon depends for technological innovation will resign.

Ungermann is one of four founders from the eight EIS companies marketing products who have resigned in the past year. "I left strictly on the question of independence," he says. Says one competitor who turned down a top management post at EIS: "All of these companies are still personality driven. It's going to take a while to change the entrepreneur into a middle manager, if at all." But Exxon has no choice if it wants to compete with IBM and Xerox.

To help carry out this transformation, Exxon brought in Robert A. Winslow, the president of Exxon Chemical Co., to take the top spot at Exxon Enterprises. In the year or so since his arrival, Exxon Enterprises has begun to manage more of the entrepreneurs' activities from its New York headquarters. It is installing its own people in financial positions at many of the free-spending ventures and is sending in auditing teams to back them up. "It's a full-time job just filling out all the forms Exxon wants," grumbles Stephen Moshier, a founder of Dialog. He also complains about trips to Exxon headquarters in New York for long-range planning meetings and budget forecasts. "It's run like a big company now," he laments.

Sykes and Winslow intend to keep it that way. Their aim is to build a company that closely parallels Exxon Corp.'s decentralized management structure. In that way, they hope to foster the entrepreneurial spirit in the operating companies but curb the tendency of the managers to run off in all directions. Sykes compares the process with what the 13 U.S. colonies went through when they assembled as separate states held together by a central government. The EIS ventures "wont be as independent as they were," he acknowledges, but "we hope to balance that with the additional opportunity that will be provided by having the resources of the other companies as well as Exxon Corp."

RAIDING COMPETITORS

The executive suites at the various EIS ventures are, however, still in an uproar over the changes Exxon is making. James B. Scott, one of Delphi Communications' founders, resigned to join another company after his title was changed from director of systems engineering to a senior systems engineer. "I was told it was an oversight, but it was never corrected," he says. "Face it, Exxon doesn't need a lot of funny founders like me floating around." And in April, three members of Periphonics' top management resigned after Exxon had acquired the remaining 20% of the company that it had not owned. This left the executives with no equity stake in their company—a key motivation for entrepreneurs.

A number of former EIS venture managers charge that Exxon is picking and choosing among its managers for those it wants for the larger company, forcing the rest to resign. One way that Exxon is doing it, venture managers say, is by reducing the stock incentives available to some managers without providing another form of long-term compensation. In the early days, venture managers were given good stock options to compensate for the dilution of their stock when Exxon bought in. "Now," says one disgruntled manager who plans to resign shortly, "they're not willing to let the individual manager have as big a piece of the action as before."

Warns one former EIS manager: "They cannot motivate their current managers this way, and if they're not careful, they will kill the very spirit that they built upon." This prospect, however, does not seem to worry Sykes. He claims that EIS is doing a better job of holding its talented people than are most companies in this business. Sykes says that the people who have left EIS did not feel they were capable of managing a large operation. "If they want to learn the art of management," he adds, "then I believe they will stay with us."

To help get its EIS management house in order, Exxon has been raiding its competitors—IBM and Xerox in particular—for executive talent. In the past three months alone, it has hired 50 managers away from IBM, estimates one executive recruiter. The big prize in this IBM raid was Robert A. Contino, former vice-president of plans and requirements for IBM's Office Products Div., whom many observers had marked as a future candidate for the top spot there.

Such IBM-trained managers, however, could have trouble adjusting to Exxon's unstructured environment, some observers believe. And they could also increase the friction between Exxon and the founders of many of the ventures. "I left IBM and Xerox because I wanted my fingerprints unblurred on something," declares Jay H. Stoffer, a founder of Delphi. Asks one industry expert: "How is the entrepreneur going to react when one of these ex-IBMers, who is used to policies, controls, and procedures, comes in and says, 'here's how you're going to do your business plan'?"

The problem of losing entrepreneurs is compounded by the fact that, in the tightly knit companies that they usually run, their departure can trigger a host of other management defections. And in such high-technology businesses, the company assets often reside in the heads of its employees.

By some accounts, this is what happened at Zilog when Ungermann's departure was coupled with the appointment of Manuel A. Fernandez, an Exxon Enterprises executive, as group vice-president. In just a few months, two division managers and two vice-presidents had resigned. "They had all been promised that Exxon would not be running things and that Fernandez would not be hired," recalls one insider. "There was a big fight, and only the director of personnel stayed on."

Despite the loss of so many key people, Federico Faggin, president and co-founder with Ungermann at Zilog, insists that Zilog is in better shape than ever. Faggin is highly involved in the EIS plan to consolidate its companies, according to observers. And managers such as Faggin, who are privy to Exxon plans, fully support the moves.

Patrick P. de Cavaignac, the president and founder of Vydec, is one of those boosters. He anticipates playing a key management role in the reorganized EIS. "The advantage to be gained from the proper utilization of Exxon's resources, in terms of putting together a larger organization that makes us more competitive against our larger competitors, is abvious to any of us," he says.

UNDENIABLE POTENTIAL

But outsiders point to de Cavaignac as the perfect example of the kind of problem that Exxon faces in building a larger company from an entrepreneurial base. Under his leadership, they say, Vydec has marketed the same word processor since 1974. And the company has still not begun to ship a new model announced last June. In the past two years, market researchers estimate, Vydec has slumped from No. 3 to No. 7 in shipments of word processors with display screens. Says one competitor: "If there is one thing Pat de Cavaignac is good at, it is starting with nothing and building something. One thing he cannot do," he maintains, "is run a business once it gets above $5 million."

Other industry experts see Vydec's disappointing record as a signal that Exxon still does not yet have a handle on the office systems market. The big advantage that such companies as IBM have is their "all-important distribution system," says George M. Ryan, the chairman of Cado Systems, Inc., a California maker of small business systems. "Judging from what Exxon has done with Vydec," he says, "I don't think they understand the merchandising task."

But even Exxon's greatest detractors do not underestimate the energy giant's potential for success in the office of the future. Although Exxon must get around some major obstacles in pulling itself together as one systems company, they acknowledge that the company is unlikely ever to face the kind of cash problems that recently sent IBM to the financial markets looking for more than $1 billion. "One thing Exxon has," says one competitor, "is a lot of cash. And that's one thing this market is going to need."

FINANCING SALE OF BOEING JETS

Mr. HEINZ. Mr. President, I rise to report to my colleagues the results of a deeply troubling inquiry conducted by the Senate Banking Committee.

Mr. President, the Senate Banking Committee, on which I serve, yesterday completed 2 days of hearings concerning the loan commitment made by the Ex-Im Bank to finance the sale of Boeing jets to Ansett Airlines of Australia, which is owned by Rupert Murdoch. As my colleagues are no doubt aware, the circumstances surrounding the granting of the loan, as well as the substance of the loan itself, have raised questions concerning whether extraneous political considerations may have been involved in this matter.

I have been from the outset especially concerned about the following matters relating to the Ansett financing:

Procedures followed by the Eximbank.

The substantive result reached by the Bank Board.

The role that the Chairman of the Eximbank played in the financing process.

The credibility of the Ex-Im Chairman, and the implications of this lack of credibility both for the substance of this matter and for the future of the Eximbank.

Let me elaborate on these concerns and discuss what we have learned from our hearings.

PROCEDURES FOLLOWED BY THE EXIMBANK

It now seems beyond doubt that the Eximbank Board did not follow usual and routine procedures during the initial period of consideration of this loan. For example, there was no recommendation from the Eximbank staff on this matter, and I would agree with my colleague, Senator STEVENSON, who observed that the probable reason that there was no recommendation made, or requested, is because the whole deal "smelled."

Even more disturbing is the inescapable conclusion that the Eximbank apparently does not even have an institutionalized mechanism for assuring a critical review of applications—at least major ones which, as in this case, involve hundreds of millions of dollars—to assure that all questions are fully considered, and all alleged facts fully verified.

For example, one of the most crucial factors of this case, and a factor repeatedly stressed by Chairman Moore as a justification for hasty action, was the alleged firm deadline for action. Yet, my own interrogation has led me to the inescapable conclusion that Chairman Moore was probably—looking at it charitably—conned by shrewd negotiators, and that he did not exercise, or caused to be exercised by others, the necessary diligence to ascertain the true situation with respect to this, and a number of other factors relating to the loan deal. I will note only one here—the inexplicable failure of the Board to call upon its own investigative team for a formal presentation concerning its perspective on the merits of the proposed loan.

SUBSTANTIVE RESULT REACHED BY THE BANK

With respect to the substantive result reached by the Bank, I do not think that the Board offer met the standards which it itself acknowledges should adhere to any of its loans—that it match not exceed competitive offers. The weight of the testimony indicates clearly that the Board went beyond what was required in this situation, even in its final position. Of course, this is to say nothing of the original position which Chairman Moore sought to rush through the Board with little consideration.

Mr. Moore stated that he felt confident that he made the decision on the basis of the best available facts. Yet, he began the Board decisionmaking session by proposing a $656 million loan at 8-percent interest for 25 planes at a time when the European competition had only offered 4 planes, worth $160 million, at a foreign currency equivalent of 9.25 percent, according to the U.S. Treasury's best estimate.

The preponderant weight of evidence leads me to agree with the Treasury assessment that "matching the dollar rate at 9.25 percent would certainly be acceptable to all logical and reasoned human beings."

I realize that it is easy to second-guess; and I also acknowledge the long record of the Board in making excellent business decisions. But that is why this particular example of such poor judgment is so puzzling. I cannot help but conclude from the evidence presented thus far that the Chairman of the Board, Mr. Moore, played the key role in this matter, and clearly is the individual whose role must continue to be very closely examined if we are to reach any valid conclusions about this whole matter.

ROLE OF CHAIRMAN MOORE

As ranking member of the subcommittee which oversees the Eximbank, my conception of the role of the Chairman of the Board is that of a vigorous advocate of the expansion of U.S. trade overseas as a general principle—but—that of a critical reviewer of specific proposed business deals. The evidence available leads me to conclude beyond doubt that Mr. Moore, in this case, did not act as a critical reviewer, but rather as a vigorous advocate for a special interest—and that was, and is, simply wrong.

The transcript of the Exim Board meetings is replete with examples of Mr. Moore as an advocate—and not a single instance of Mr. Moore as a critical examiner. We are fortunate to have on the Board critical thinkers such as Mr. De St. Phalle and Mrs. Kahliff, who insisted that the original proposal be more closely examined.

Again, Mr. Moore, as the Chief Administrator and Manager of the Bank is the person who can justly be charged with a failure to discharge his responsibility to establish, or insist upon the implementation of, procedures which would assure the kind of full and critical review of the proposed loan package which is absolutely necessary in a situation such as this.

Chairman Moore's conduct has raised dark clouds of suspicion. His generosity to Rupert Murdoch and his enthusiasm for the Annsett/Boeing position is well documented, and remarked upon by his fellow Board member as being totally out of character. It is all the more questionable because the Bank, of which he is chief executive officer, is on shaky financial ground for this year—Eximbank could very well be out of lending authority only two-thirds of the way through the year—and Congress and the administration have given every indication that the Bank would have to husband scarce resources for the foreseeable future.

Chairman Moore appears to have been, at best, a pawn of outside interest and, at worst, a willing agent for them. The latter would clearly violate his responsibility to the Bank.

He seemed completely and utterly convinced of the veracity of the February 29 deadline set by Rupert Murdoch, and yet he acknowledged that he dealt with Jack Pierce of Boeing on a regular basis—as the Bank's best customer—and that the "fast shuffle," the "bum's rush," and the "push, push, push," negotiating techniquest were by no means unknown to the Chairman and his colleagues.

Finally, we have another situation where Chairman Moore clearly exceeded his authority—and in this instance his responsibility to his fellow Board members, when Mr. Moore instructed his assistant, Mr. Peacock, to give Mr. Murdoch a moral commitment to match further Airbus offers. This action clearly went beyond the Board's decision in the Ansett case as understood by the other Exim Board directors. Likewise, the original letter of intent for the loan went beyond the Board's decision, and had to be revised by Director de St. Phalle in order to avoid giving Rupert Murdoch additional leverage with which he would be able to obtain further Exim loans at equally low interest and high coverage.

CREDIBILITY PROBLEMS AND THEIR IMPLICATIONS

In addition to the concerns I have regarding Mr. Moore's conduct at the time of the loan transaction, our hearings have raised additional questions of a separate, but equally serious, nature. These questions go not to the substance or procedures surrounding the loan, but rather to the credibility of Mr. Moore's explanation of the factors influencing his decisions and actions in this matter. Let me recount the most serious of the credibility problems that Mr. Moore has created.

Mr. Moore originally denied that he knew who Rupert Murdoch was prior to his February 19 meeting with him; and then suddenly remembered that he did. in fact, know, when confronted by a memo from Jack Pierce of Boeing, spelling out Murdoch's other relevant affiliation with the New York Post. This memo also noted that Murdoch was going on to the White House afterward. How many of Mr. Moore's other applicants also happened to be going to the White House, so that facts like that just slip his mind? One's credulity is stretched to the breaking point.

In other testimony, Mr. Moore denied he even knew of the possibility of the Boeing sale to Ansett when he had dinner with his former law partner, Ambassador to Australia Philip Alston—a man both close to Carter and a major booster of U.S. exports—on February 4. The fact is that in his testimony Mr. Moore went out of his way to hide the possibility that the Boeing deal could have been discussed at the Alston dinner, even though he subsequently admitted under questioning that he had known of the Boeing-Ansett negotiations in January as a direct result of contact by Boeing. One can only assume that there was a reason for his unsuccessful disassembling and that the deal was discussed.

CONCLUSION

The issue of Mr. Moore's credibility was present before our hearings began. Unfortunately, the actual hearings have made the credibility issue even more serious, rather than less, as we had all hoped. I must say candidly, that the hearings have increased, not decreased, my initial concern that political factors may well have influenced the decisions reached in this case.

As I said at the outset of the hearings, I think that—in this time of cynicism about the American system—it is vitally important to reassure the public that our basic institutions function well and impartially, and that is why it remains important to both find out the full truth in this matter, and to take whatever action necessary to assure that the credibility of the Eximbank is completely restored. To further this goal I am making this report to my colleagues, Mr. President, on what I believe to be the salient points of our inquiry.

ALABAMA'S "SAFE STATE" PROGRAM

Mr. STEWART. Mr. President, in light of the continuing debate over the effectiveness of OSHA, I would like to bring to your attention a program which is providing positive incentive for Alabama's businesses to maintain good worker safety standards. "Safe State" is a confidential consulting service which informs businesses of existing hazards and advises them how to avoid future safety problems. Their efforts in this area are unique, for in working to improve and maintain a safe working environment, they also pay great attention to improving business efficiency. Safe State has won the confidence of the business community by showing them that worker safety is not totally at odds with business efficiency and cost minimization. I am submitting for your information a letter to the Assistant Secretary for Occupational Safety and Health, Eula Bingham. I hope that my colleagues will take time to learn more about this program, particularly in view of upcoming OSHA legislation.

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

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

U.S. SENATE,
Washington, D.C., May 8, 1980.

MS. EULA BINGHAM,
Assistant Secretary for Occupational Safety and Health, Washington, D.C.

DEAR MS. BINGHAM: I would like to alert you to an excellent occupational safety and health program currently aiding Alabama's businesses and workers. Operating out of the University of Alabama's College of Engineering, the "Safe State" program provides confidential consultation to small businesses regarding accident and illness prevention in the workplace. In addition to pointing out existing hazards and conditions which fail to comply with federal worker safety requirements, Safe State informs management of potential hazards in the business, advising them how to correct and avoid future problems.

In the last two years, Safe State has provided consultation services to 1,376 businesses. These businesses employ over 110,000 workers now experiencing the benefits of a safer working place because of the removal of approximately 16,000 hazards. It is significant that this improvement in worker safety conditions was obtained with a no-penalty, voluntary compliance approach; it has achieved good worker safety conditions at a minimum of time and cost for both OSHA and businesses, and without the antagonism which unfortunately accompanies much OSHA-business interaction. Through sensitivity to business' concerns of productivity and efficeincy, Safe State has gained the confidence of the business community and has shown that high worker safety standards can be maintained without sacrificing productivity.

I hope that you will remember this program as you continue to strive for optimal worker safety conditions. If you have further questions or comments concerning any aspect of Alabama's Safe State program, please do not hesitate to contact me.

Sincerely,

DONALD W. STEWART,
U.S. Senator.

CHARLES CLINTON SPAULDING (1874–1952)

Mr. HELMS. Mr. President, I want to pay my respects to a remarkable North Carolina businessman, the late C. C. Spaulding, one of the early builders of the North Carolina Mutual Life Insurance Co.

Mr. Spaulding was recently elected a 1980 Laureate to the Junior Achievement Hall of Fame of Business Leadership by the board of editors of Fortune magazine—the first black to be so honored.

As most of you know, junior achievement tries to give high school students an opportunity to participate directly in business enterprise they set up and control themselves with the help of local businessmen. The program has been in effect for 61 years, and many of today's businessmen got their start in junior achievement.

Six years ago junior achievement founded its Hall of Fame for Business Leadership in order to give students career models. Mr. Spaulding is one of some 57 American business leaders who have been elected to the Hall of Fame.

Mr. President, a recent edition of Fortune magazine carried a story on the life of Mr. Spaulding. I ask unanimous consent that it be printed in the RECORD, as a reminder of the miracle of the free enterprise system.

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

CHARLES CLINTON SPAULDING (1874–1952)

In all the fifty-three years that he spent building up North Carolina Mutual Life Insurance Co. from a one-man shop to the largest black company in its field, C. C. Spaulding rarely went anywhere without stuffing his pockets with company literature. His seatmate on the train to Washington or the man pumping gas into his Packard would get a dose of Spaulding's missionary zeal. For him, North Carolina Mutual wasn't just a successful business. Through the difficult years of the post-Reconstruction South, it was a proving ground for talented young blacks and the vital financial infrastructure on which hundreds of other black enterprises depended. Today, with assets of $185 million, the Mutual has more than fulfilled Spaulding's dream that it be a beacon of black pride.

One of fourteen children, Spaulding was barely literate when he migrated to Durham from rural Columbus County at the age of twenty. So he went back to school, towering over classmates half his age and working after hours as a dishwasher, bellhop, and waiter. When his uncle, a Durham physician, hired him to manage an insurance association that had sprung from the black "burial societies" of the day, Spaulding found the policies tough to sell—until the first policyholder died and Spaulding scraped together the $40 needed to pay the claim. Brandishing the receipt as evidence of financial integrity, he signed up a sales force (mostly schoolteachers and ministers at first) that eventually covered sixteen states. A bank, a fire-insurance company, a bonding company, and a building-and-loan association were organized later—all offering financial services never before available to blacks.

As Spaulding hired increasing numbers of bright college graduates, a black intellectual community flourished in Durham. When Asa Spaulding, a young second cousin back home in Columbus County, showed an unusual ability with numbers, Spaulding had the Mutual send him north to college to become the nation's first black actuary in time to make North Carolina Mutual solid enough to survive the Depression.

To blacks, Spaulding preached self-help, and to whites, cooperation. But he insisted that cooperation "does not mean Negroes do the co-ing while whites do the operating."

AMERICAN SKYDIVERS AT THE NORTH POLE

Mr. HELMS. Mr. President, two North Carolinians were members of a skydiving team which, on May 2, executed the world's first parachute jump onto the North Pole. These two young men, James Crook, of Cary, and John Ainsworth, of Charlotte, are to be congratulated for successfully completing this northern-

most skydiving expedition. I admire their adventuresome spirit and their courage.

Several articles have been written about the feats of this expedition. One of them was published on April 17 in the Raleigh News and Observer. It was written by Dennis Rogers, one of the most talented and entertaining columnists in American journalism today. Another was written and distributed by United Press International.

I ask unanimous consent that both be printed in the RECORD.

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

[From the Raleigh News and Observer, Apr. 17, 1980]

THEY'LL TAKE A CHILLY JUMP FOR MANKIND

(By Dennis Rogers)

Adventuring just ain't what it used to be.

There was a time when a person going to the North Pole made headlines around the world and was hailed as a great explorer of the unknown.

Now consider this: Last year a Las Vegas philosopher named Jack Wheeler led an expedition to the North Pole that included two women in their 80s. They flew by commercial jetliner to Canada and took a chartered plane to the top of the world. They landed, broke out champagne and caviar, had a snort and a nibble and flew home.

Which goes to show that you have to look hard to find real adventure these days. James Crook has found one.

Crook, a 25-year-old student at N.C. State University, is a sport parachutist. That by itself is more than enough thrills for us earthbound folks, but Crook has found a new way to get the blood pressure perking.

This month, Crook and a handful of other similarly inclined skydivers plan to parachute onto the North Pole, something that has never been done.

"I first heard about it when a friend of mine in Charlotte called me to ask help in raising the $7,000 it will take," said Crook, a Cary resident.

"I told him I'd help, but the more I thought about it the more I got interested in it. They had an opening on the expedition team, and I was accepted. Now I've got to raise the $7,000 for myself.

"This will be the first and probably the only real adventure I'll have in my life. I am really excited about it.

"People parachute all the time; it really isn't all that big a deal. But to be able to jump where no one else has ever jumped before adds some adventure to it.

"Beyond that I don't know why. I do know this is something I really want to do."

The expedition is being led by the same Jack Wheeler who led the little old ladies to the pole, but this trip won't be quite as plush.

There will be 10 jumpers, including Crook and his friend, John Ainsworth of Charlotte. Crook and Ainsworth plan to leave Raleigh April 25 to fly to Resolute Bay, Canada.

Until then, the trip will be in the rich excursion class, with fancy jets and luxury hotels. But once the jump team assembles in Canada, things will start to get a bit rugged.

From Resolute Bay, they will pile into a twin-engine, ski-equipped Otter aircraft for a flight to Lake Hazen on Ellsmere Island, above the Arctic Circle.

Practice jumps are scheduled for Resolute Bay and Lake Hazen, and after everyone has been checked out and supplies loaded, the team will leave April 29 or 30 to make the final flight to the Pole.

"We're doing it as a team," Crook said. "No one will get credit for making the first jump, all our names will be in the Guinness Book of World Records as a team jump, but I really would like to be the first.

"I'm a pretty good size fellow (well more than 6 feet and well more than 200 pounds) and usually the biggest man goes out the door first. But if I'm second I plan to dive like crazy to be able to hit the pole first. Accuracy doesn't count, but if they mark the exact spot I plan to try and hit it."

If there is a good time to be jumping onto the polar ice cap at the top of the world, this time of the year is best. The sun shines almost 24 hours a day, and Crook says there is a 98 percent chance of clear skies. The ground temperature should be in the range of −20 to 10 degrees Fahrenheit, said Bill Skinner of the National Climatic Center in Asheville.

Once the historic first jump is behind them, the team plans to sample a little bubbly and fish eggs and then spend two days and nights camping at the pole.

Crook said he was busy trying to find sponsors to help provide the $7,000 cost, but there is an even more important matter to be settled.

"I'll be leaving Raleigh after the last class of this semester" Crook said. "Which means I'll be at the North Pole during exams. Have you ever tried to tell a professor that the reason you have to miss exams is that you'll be at the North Pole?

"They have heard a lot of excuses, but never that one."

NORTH POLE

(By United Press International)

A five-man American skydiving team has parachuted onto a frozen ice cap about 400 miles from the North Pole in the most northerly sky dive in history, it was disclosed today.

The team, led by Craig Fronk of Issaquah, Wash., included Mike Dunn of Carson City, Nev., Don Burroughs of Miami, Fla., James Crook of Cary, N.C., and John Ainsworth, of Charlotte, N.C.

The 17-man polar expedition, led by David Porter of Hope, N.J., and Jack Wheeler of Las Vegas, Nev., took off from its first base camp in a Dehaviland twin otter late yesterday but ran into fog and had to turn back 80 miles from the Pole, according to ham radio operator Richard Duane of New Jersey.

"The plane landed on a polar ice cap at 84 degrees north, 70 degrees west, where the expedition set up a base camp to prepare for the jumpers. At 9:18 P.M. EDT Thursday, the aircraft took off with the skydivers team and at 9:27 P.M., the skydivers jumped from the plane. They all landed safely at 84 north, 70 west at 9:36 P.M. making it the northernmost skydiving expedition ever completed," Duane said.

Reports on the skydive were delayed until today because magnetic storms knocked out communications.

Duane said expedition leader Porter described the weather conditions on the ice cap as "beautifully sunny, blue skies overhead and spectacular ice ridges."

After spending about six hours on the ice, the skydivers and other team members returned to Ellesmere Island aboard the ski-equipped plane, the expedition planned to return to Resolute Bay and to fly back to the starting point of the expedition, Edmonton, Alberta, Canada.

Other members of the expedition were George Dixon, a bank president from Minneapolis and William Beinecke, soon-to-be-retired president and board chairman of Sperry & Hutchinson Corp. of New York.

FARMERS FACE TO FACE WITH ECONOMIC CRISIS

Mr. HELMS. Mr. President, the farmers in America are facing their worst crisis since the Great Depression. It has been estimated by some agricultural economists that as many as 25 percent of the Nation's farmers could face bankruptcy in the next 12 months.

The crisis for many smalltown businessmen who provide the goods and services to farmers and farm families is even worse. These small-scale entrepreneurs do not have access to the kind of credit available to farmers, and many of them may well go under even before the farmers they serve.

Mr. President, too many Americans fail to undertand that farmers are the ultimate consumers. Farmers must purchase all of their inputs—the seed, fertilizer, fuel, equipment, and all the rest—at retail. They must sell their crops at wholesale. They cannot pass on their increased costs. For that reason inflation and the increasingly heavy burden of costly excessive regulation are devastating to farmers.

USDA estimates that farm income will decline by more than 35 percent this year. In 1979 net farm income was $33 billion. USDA has reported that it is likely to be $23 billion in 1980. And, it should be remembered that those $23 billion 1980 dollars are worth some 13.3 percent less than the $33 billion 1979 dollars. Farmers cannot absorb indefinitely the kinds of losses this dramatic decline in income represents.

If inflation is not brought under control, and if we do not significantly curtail the massive burden of unnecessary regulation on farmers and small businessmen, many will be eliminated from the economic spectrum. Farmers know that, and they cannot understand why the Congress refuses to address the causes of inflation with more than superficial posturing on budget resolutions.

Mr. Robert Delano, the recently elected president of the American Farm Bureau Federation understands the causes of inflation—and the cures inescapably necessary to bring it under control. Last week he wrote to me—and to other Senators—conveying the official position of the 3 million member families of the American Farm Bureau Federation. I commend the Farm Bureau's prescription for action to every Senator and to every American. Farmers know what is imperative to resolve this crisis—and we ought to have the good sense to listen carefully and follow their advice.

I ask unanimous consent that Mr. Delano's letter and the policy statement of the board of directors of the American Farm Bureau Federation be printed in the RECORD.

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

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., April 24, 1980.

Hon. JESSE HELMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HELMS: The Senate is beginning consideration of the First Concurrent Budget Resolution at a time in our economic history when the annual inflation rate is over 18 percent; farmers are faced with lower incomes due to inflation, depressed markets, and credit conditions that are

sure to prevent some from planting this spring.

The nation is in great need of fundamental changes in both monetary and fiscal policy. Fundamental changes in monetary policy were begun by Chairman Volcker in October 1979 in an effort to bring the supply of money and credit under control to check inflation. Farm Bureau supports the Federal Reserve effort but the Fed cannot control inflation alone. Congress must cooperate with the Federal Reserve by reducing federal expenditures to balance the budget.

Congress is now presented an excellent opportunity to bring inflation under control by cutting federal expenditures to balance the federal budget. This task is both challenging and ominous. Americans are calling for accountability from each member of Congress to look beyond the demands of special interest for the good of the nation.

Farm Bureau supports a balanced budget by meaningful reductions in federal spending. The attached policy statement issued by the AFBF Board of Directors in March supports all efforts to balance the budget by cutting federal spending.

Farm Bureau's three million member families are willing to make their share of sacrifice in order to control inflation and to restore good health to the economy. We ask you for your commitment to this cause.

ROBERT B. DELANO,
President.

POLICY STATEMENT OF THE BOARD OF DIRECTORS, AMERICAN FARM BUREAU FEDERATION

Farm Bureau members throughout the nation are alarmed at the runaway inflation which is rapidly approaching an annual rate of 20 percent. We are skating on the edge of an economic disaster at a time when we face grave international threats to the free world. Resolute action must be taken to stop inflation before it completely wrecks our economic and social system.

We reject the motion that it is impossible to identify the causes of inflation and come up with long-run solutions that will work. The American people understand very well that the basic cause is excessive spending and deficit financing by the federal government. Inflated prices and wages are the results of inflation; not its cause.

We reject the fallacious idea that wage and price controls are a cure for inflation. Farmers and consumers are still suffering from the results of the last effort to control beef prices. Such controls have never worked and would not work now, because they treat only the symptoms of inflation rather than its basic causes.

We call on the President and the leaders of both political parties to put politics aside and to reach agreement on an affirmative program of effective actions to be taken during the next 60 days. This agreement should include actions to rescind $30 billion of the expenditures authorized for this fiscal year, to be implemented by a careful review of every budget item, and further action to reduce the 1981 budget, which Congress is now considering, by $30 billion. In some cases, these actions will require a review and revision of basic legislation which is causing a rapid escalation of the cost of civil service salaries, transfer payments and other entitlement programs. Farmers are willing to take their share of the sacrifices that are needed to bring inflation under control by accepting proportional cuts in the Department of Agriculture's budget as a part of an overall reduction in the total federal budget.

In addition to drastic cuts in federal spending, a concerted attack on inflation should include tax reforms to encourage savings and investment as a means of increasing productivity; a large-scale elimination of excessive and unnecessary government regulation; and a realistic energy policy which will provide greater freedom for the market system to reduce our dependence on imported oil by encouraging conservation and expanding the production of domestic sources of energy.

We reiterate, however, that the most important and essential step that can be taken to stop inflation is for the federal government itself to stop creating inflation through excessive spending and deficit financing which leads to the printing of money. Significant cuts in federal spending are needed to break the psychology of inflation and to reinforce the courageous efforts of the Federal Reserve Board to restrain the growth of the money supply.

"Politics as usual" will not stop inflation. What we need is dramatic action by the President and the Congress to set aside partisan politics for a few weeks and to convince Americans that their political leaders intend to do more than just talk about the need to bring inflation under control.

THE CRISIS IN U.S. NATIONAL SECURITY

Mr. HELMS. Mr. President, retired Brig. Gen. Albion W. Knight, Jr., a distinguished and articulate American, recently addressed the 1980 national convention of the Daughters of the American Revolution on the subject of our national defense.

I was privileged to be present as he warned that our national security is perilously grim. He said, for example:

Our nation is in grave danger! Our political leaders, in a sense of fear and wishful thinking, have allowed the strategic nuclear superiority which has protected the country for forty years to wither away. The Soviet Union now has the most powerful military force in history. That force is the ultimate tool they have been seeking to reach their long-term objective: world domination.

The United States now faces the stark question of its survival as a free nation. Unless we make major changes in our foreign and security policies *this* year, I believe that we have less than 1,000 days left. We have let ourselves become subject to Soviet political and military blackmail.

General Knight has had a long and distinguished career in the service of his country and each of us should give his analysis of our weakened defense posture special attention and study.

I ask unanimous consent that the text of General Knight's address to the Daughters of the American Revolution be printed in the RECORD.

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

THE CRISIS IN U.S. NATIONAL SECURITY

Our nation is in grave danger! Our political leaders, in a sense of fear and wishful thinking, have allowed the strategic nuclear superiority which has protected the country for forty years to wither away. The Soviet Union now has the most powerful military force in history. That force is the ultimate tool they have been seeking to reach their long-term objective: world domination.

The United States now faces the stark question of its survival as a free nation. Unless we make major changes in our foreign and security policies this year, I believe that we have less than 1,000 days left. We have let ourselves become subject to Soviet political and military blackmail.

Tonight I want to talk about our external dangers which stem from the strategic imbalance and how it came about. It is a grim picture which fills some Americans with fear and despair and others with rising anger. But there is also a positive side to the story; we can still act to keep our destiny in our own hands. I will describe some of the quick and practical steps we can take to recover our strategic credibility.

I am certain of one thing: we cannot continue in safety with the foreign and security policies of the past five presidents. Their policies, built on illusions, wishful thinking and misplaced hope brought us to the brink of disaster.

How did the United States lose its vital strategic nuclear superiority? Let us review some history. In October 1962 the United States forced Russian missiles out of Cuba because of the six-to-one American nuclear superiority over Soviet forces. That superiority was the result of the prudent decisions of President Eisenhower after the October 1957 Russian launching of their Sputnik satellite. He ordered the development and production of B-52 jet bombers, Minuteman missiles and Polaris submarines. Our national security is still based upon these systems.

After the Cuba missile crisis two major decisions were made: First, the Soviet leaders decided to seek clear strategic nuclear superiority over the United States; Second, the Kennedy Administration and its successors decided to permit Soviet nuclear equality with the U.S. and then to freeze that condition with a series of arms control agreements to control the arms race.

What did the Russians do? Beginning in 1962 they spent from 10 to 15% of their gross national product on enlarging their military forces across the board: strategic and theater missiles, bombers, fighters, tanks, artillery, submarines, a blue water navy, strategic airlift, air defense, missile defense, civil defense, better logistic, more troops and a heavy military research and development effort. Since 1970 they have spent over $300 billion more than we have on military forces. In that same time they have spent over $100 billion more than we have on strategic forces alone. The CIA said that in 1979 the Soviet Union spent—just in one year—over $50 billion more than we did on defense. This level of expenditure over 15 years shows a firm political commitment to military superiority. It also shows that the Soviet Union has been running in an uncontrolled nuclear arms race.

But the Soviet Union could not have gained that strategic superiority without our help. How did we do it? We gave them our technology. We helped finance their military effort with low interest loans. We sent them our food. But our political decisions surrounding our national security policy were even more helpful to them.

First, we began with President Kennedy a policy of unilateral disarmament which extends through each of his successors to President Carter. In 1962 the Kennedy Administration was certain that the Russians only wanted to be equal in nuclear power with the United States. To reach that point of equality at a lower level of weapons, they began a major cutback of existing nuclear weapon systems, cancelled new ones, and refused to develop weapons which the Soviet leaders might believe to be "provocative". Let's translate that: Our Government believed that the world would be safer if the United States were weaker and the Soviet Union stronger.

This gives a key to a major flaw of our foreign policy for the last twenty years: the safety of the world has a higher priority than the safety of the United States of America! Our American heritage—which you have done so much to preserve—demands a policy which places the nation's security at the top priority; higher than humanity as a whole, higher than the United Nations, higher than any other nation, and higher than any new economic or political inter-

national order. American sovereignty must never be ceded away in a treaty or just given up through fear, apathy, negligence or intent.

The second policy step was to engage the Soviet Union in a series of arms control agreements with the objective of controlling the nuclear arms race. We believed that the Soviet Union would live up to the terms of each treaty. We believed that they would not cheat. We believed that our intelligence was so good we could catch them if they did cheat. This was a mistake. Our political leaders did not read their history. In Communist doctrine, cheating on a treaty is moral if doing so helps the state. The Soviet Union has violated every one of the arms control treaties we have signed with them. When we did find out about their violations, we usually hid them—especially from the American people—because we did not wish to hurt the credibility of the arms control process. We showed a lack of nerve which still exists today. The U.S. Government is generally the first apologist to the American people for a Soviet treaty violation.

How have these arms control agreements harmed our strategic strength? The 1972 SALT I agreement and the ABM treaty granted the Soviet forces a three-to-two advantage over the U.S. It denied the U.S. key weapons the Soviets were permitted. It created loopholes through which the Soviets drove their massive strategic expansion.

Some of these problems are demonstrated in the 1979 SALT II treaty still pending before the Senate for ratification. The Treaty is not in the best interest of the United States. It has serious technical, political and moral flaws.

Technically, it leaves uncounted major Soviet nuclear weapons which can strike us. It permits the Soviet Union to have critical weapons systems denied to the United States. It cannot be verified technically against Soviet cheating. Finally it prevents the United States from taking steps to recover its strategic credibility. I will talk about this later.

Politically, the SALT II Treaty freezes the United States formally into clear strategic nuclear inferiority. Its negotiation history is a disgraceful story of concession and appeasement to Soviet demands. It strips away the protective nuclear umbrella we have held over Western Europe and Japan.

Morally, the Treaty is fatally flawed. I will deal with this in some detail since it also reveals fundamental mistakes in our overall security policy.

First, we have forgotten who we are dealing with. We have forgotten that the Soviet Union, since 1917, has killed over 40 million of its own people for political reasons and has enslaved millions more simply because they disagreed with the decisions of the Communist Party.

We would not have signed an arms control agreement with Adolph Hitler, particularly if we had known ahead of time that he had killed over 6 million Jews in a holocaust. Yet, we seem to have no twinge of conscience in signing an arms control treaty with a nation which has killed over six times Holocaust.

We ignore the fact that the Soviet Union is basically responsible for the Cambodian Holocaust, the Vietnamese boat people, the inhumane use of poison gas in Laos, Cambodia and now in Afghanistan. Further, they are producing biological warfare weapons in direct violation of a treaty signed with us and 85 other nations in 1972.

We made a major mistake by supporting Stalin against Hitler in World War II. We should have let the two dictators destroy each other. We are now paying a heavy price for that mistake. This should be a warning for us today. Our government is seriously playing the "China Card" against the Soviet Union. Let us not forget that Communist China, in its short but bloody history, has killed over 60 million of its people for reasons of state.

As a Judaeo-Christian nation, we should heed the words of the Lord in the 30th Chapter of Isaiah: "Woe to the rebellious children, says the Lord, who carry out a plan, but not mine; and who make a league, but not of my spirit." Arms control with a godless tyrannical power, dedicated to the destruction of liberty which flows from the worship of God, is not of God's spirit. Beware America!

The second moral flaw in the SALT II Treaty is that it freezes our government into continuing the immoral, dangerous and now ineffective doctrine upon which our security has been based for 15 years. As a Judaeo-Christian nation, who values the life of the individual over the state, we have placed our security in the threat of destroying the lives of millions of innocent Russian people while intentionally avoiding Soviet military targets. Our theory of strategic deterrence says that we shall absorb a Soviet nuclear first strike against the United States (itself a grossly assumption). We shall then still have enough nuclear power left to do "unacceptable damage" to the Soviet society. That threat of terror is supposed to deter the Soviet first strike on the United States from ever happening. Let us examine that carefully. Our weapons are so designed that all we can hit are cities and people. Our military forces are prohibited from striking Soviet offensive weapons held in reserve.

On the other side of the coin, we intentionally, according to doctrine approved by five presidents, leave the American population unprotected from a Soviet bomber or missile attack. We are intentionally left hostage to a Soviet attack. You and I are told by our government that we are not worth protecting. It is grossly immoral. One of the benefits of the SALT II debate around the country is that American citizens are waking up to the reality of this doctrine of no defense.

In line with this doctrine, we have dismantled every one of the air defense missiles that used to protect our cities from bomber attack. All we have left are 300 obsolete fighter interceptors. That is why the SALT II loophole which permits the Russians to have uncontrolled their new supersonic Backfire intercontinental bomber is so important. We have dismantled our promising ABM missile system. We have almost starved to death the research and development program for anti-ballistic missile defense. We have only a paper civil defense.

On the other hand, what has the Soviet Union done to defend itself? Are they unprotected? Absolutely not! Whereas we have no air defense missiles, they have over 12,000; where we have 300 old interceptors, they have 3,000.; where we have killed the ABM system, theirs still operates and with new components which could make them effective against our missiles in a short time. They have a strong civil defense program which protects their government structure, key industries and many of their people.

What does this mean? Should the U.S. ever carry out its strategic doctrine, the Soviet defensive measures and their untouched reserve missiles, the Soviet Union could win a nuclear war! They would lose not more than 10 million people and could, on a retaliatory strike kill over 100 to 150 million Americans.

See what has happened? In October 1962, the U.S. made Khrushchev do what we wanted because for every American killed there would have been ten dead Russians. Today, it is reversed: for every dead Russian there would be at least ten dead Americans. Thus we have given the Soviet Union the ultimate tool for political blackmail. I do not believe that the Soviet leaders would need to strike the United States with a massive nuclear attack. I believe they can now use their new terror weapon to blackmail us politically on a series of lesser but vital matters without firing a shot.

In fact, they are now using that strategic superiority to take full political advantage of their military power in Africa, the Middle East, in Central America and now in Afghanistan where they are positioned to seize the Iranian oil fields and to bottle up the Persian Gulf in hours.

This grim picture shows that our security hangs by a thread. We need to recover our strategic credibility as soon as possible. Our President must tell the American people the real nature of the danger. Then he must take the necessary steps, and the Congress must support him, to restore the damage of the last twenty years. Yet, I do not see this sense of urgency on either the part of the President or of the Congress.

President Carter has proposed several steps to give the sense of American strength. First he has asked for the registration of both men and women for the draft. As far as men are concerned, the issue is debateable at this point. We have not yet done our homework on where these men should go, what they should be doing or what the civilian requirements will be in the laboratories and in industry should we embark upon a major program to restore our strategic credibility.

However, the issue of registering and drafting women for military service is not debateable. That proposal is just plain wrong! I do not object to women serving as volunteers in the Armed Forces. In most cases they do a fine job. But I believe that under no conditions should these women volunteers or any other women be permitted to face combat duty.

Requiring women to serve in the Armed Forces is a sign of the degradation of our society, the deterioration of our high Christian respect for women, and shows that we as a nation no longer believe that the family is the source of our society's strength. I have a number of objections to that proposal:

First, I believe that the Armed Forces are being used improperly as a launching platform for social experimentation. The experiment seems to be more important to the Administration than are the requirements of national security. One of America's best philosophers today is Professor Michael Novak who wrote recently on this point:

"The American people must choose. Does the U.S. military have a military purpose? Or is its purpose to test a philosophical fantasy? Do we want defense? Or social experimentation? Many critics have said that the sweeping assumptions of the Equal Rights Amendment are based on fantasies and wishes. The reality of military service has brought these fantasies to a screeching halt. The prospect of combat shattered them beyond repair."[1]

This comment of Dr. Novak raises an important point. If we must return to the draft, it is because we do see actual combat staring us in the face. If this is so, our soldiers will be facing men—well trained men—who will be shooting to kill. To send women into combat, with 60 percent of the physical strength of men, under filthy, exhausting, bloody impossible conditions is to consign women to almost certain death.

To require the registration and draft of women gives one more signal of weakness of America to the rest of the world. It says that we no longer have enough willing to protect our nation. I know that is not true.

Another objection is that our feminist theorists have ignored the very practical problem of sex. Where men and women are

[1] Michael Novak, "The Army as Maternity Ward," *Washington Star*, February 25, 1980.

in the same barracks, the same ships and the same foxholes, there will be sex. Training for survival in combat is tough enough without this extra distraction. Our experience to date shows that the unmarried pregnancy rate in the military is soaring. For our women soldiers in Europe today it is reaching as high as 15 percent. That is an unnecessary problem for our commanders to deal with.

Finally, it is wrong according to our religious foundations. The Holy Bible sets the family on a higher priority than warfare. There are scriptural provisions for the registering of men for warfare—but not for women. To do so would destroy the family. A nation that defies this God-ordained priority will suffer serious consequences both at home and in the military ranks. The results already show these consequences. Let your Senators and your Representative know that registration for women for the Armed Forces is totally unacceptable.

What can we do to save our country? Surely matters have not yet deteriorated where we must leave our security in the hands of what we hope will be a benign Soviet Union. We still can correct the problem, but there is so little time left that we can hardly wait for a new Administration to take office.

I am convinced from technical studies that we can recover our strategic credibility and that we can do it within one thousand days. I will talk about what we can do later. But first, let us look at what must be done in our attitudes and understandings.

We are in trouble because our political leadership has lost its nerve and it is becoming more apparent to our friends and our enemies that this is the case. Alexander Solzhenitsyn, the great Russian writer, told us when he arrived in this nation five years ago that the West had lost its nerve. This was shown in our political, economic, intellectual and even religious leadership. He warned that every nation and civilization in history which lost its nerve has died.

Our first step in recovery is to decide to survive. We must show the world that the American people believe that this nation, founded by God-fearing and courageous people, still believe our nation is worth protecting. We must show that our religious roots are so firm that we can face with courage the dangers of the future. Just a few weeks ago, Solzhenitsyn gave us new advice. He said, "Communism stops only when it has encountered a wall, even if it is a wall of resolve. The West cannot now avoid erecting such a wall in what is already its hour of extremity". Before we start rebuilding weapon systems, we must rebuild that wall of resolve.

Another great philosopher, Dr. Charles Mall, the Christian diplomat from Lebanon, told a Washington audience last year that the revolution in Iran was the Pearl Harbor of the West for today—except that the tragedy is that we seem not to realize it. He said that there will be no solution to the Middle East crisis until we make it very plain to all in the Middle East—and especially to the Soviet Union—that we are determined not to die. It is absolutely necessary that American citizens take the leadership and tell their political leaders that we do not intend for them to continue handing our nation over to anyone who threatens us. We intend to stand firm and we expect our elected leaders to understand our determination.

Second, as part of the solution, all Americans, and especially our political leaders, must understand the seriousness of the problem. We must understand that we are facing a struggle to the death. We must understand that we are facing an enemy who is dedicated to our destruction and that he now has the ability to do that. With that in mind, we need to take a whole new attitude toward our defense. We must make our objective national survival rather than national security. National security deals with long-range problems. National survival means that we have urgent problems to solve right now. They must be dealt with first. We do not yet have that kind of program for our protection.

Before we can take positive measures we need to clear the decks of old impediments. First, we need to recognize that detente worked only to the advantage of the Soviet Union. Second, we must change our strategic doctrine to place top priority on the protection of the American people from Soviet attack. Third, we must cancel the arms control agreements with the Soviet Union which prevent us from recovering our strategic credibility in the shortest possible time. Let me tell you why this must be done.

We are in trouble today because our Minuteman missiles in the west can be eliminated by only 300 of the Soviet very heavy missiles. Our missiles are vulnerable because they are pin-pointed by the Russians. They cannot move and they are prohibited by the SALT treaty from moving. We must reduce their vulnerability as a top priority. We cannot wait eight more years for a new system to do that job. We can do it with these present missiles.

We can take the Minuteman out of the solos, put them in cannisters, place them on mobile flat bed trucks. We can fire them from parking lots with the controls on the back end of a jeep. We have done that in tests. But the SALT II treaty bans us from doing that. We can fire these missiles from aircraft. We did it twice in September 1974—and that triggered the November Vladivostok meeting between President Ford and Brezhnev. Yet the SALT II Treaty bars us from firing ballistic missiles from aircraft. We can place those missiles on surface naval vessels. Yet, the SALT II Treaty will not let us do that. All these things we need to do to protect our present strategic deterrent—without building a new missile. Yet we can, and must, reopen the production line for the Minuteman.

This example shows how we have let the SALT II treaty and the arms control process take a higher priority than our national defense. This shows dramatically that we cannot recover our strategic credibility and still have the arms control agreements with the Soviet Union in effect. Therefore, it is essential for the Senate to reject the SALT II treaty and the sooner the better.

Then we must use our innovation. If we do that we will not have to match the Soviet Union in the short term missile for missile, bomber for bomber or submarine for submarine. In the past twenty years we have been restricted from using our American spirit of ingenuity for it violates the spirit of the arms control agreements. But if we use our imagination we can multiply the effectiveness of our weapons systems many times by using mobility and deception.

Let me give you some examples. Some of our Navy people have proved that you do not need to fire a missile from a submarine or a surface slip. You can put a cork in the motor, kick it into the sea and fire it directly from the sea. You can take the submarine-launched cruise missile and place it on any vessel that has a torpedo tube. You can do what the French are going to do: develop a light intercontinental missile and make it so mobile that it can travel on the interstate highways and look like any other truck. The French call their system the "Danone" because it looks like the trucks that deliver yogurt. We can even use off-the-shelf technology and put together a small space cruiser which can shoot down Soviet missiles in the upper atmosphere. We can do that within the next two years.

Yet, we are not doing any of these possible things because the Administration is still deeply committed to the arms control process. Yet they are the very things that we need to do to preserve the nation. Their value is that they leave the Soviet Union in doubt about the size and location of the American weapons which threaten them. It is time that we stop defending our nation using only the Russian rules. Arms control is good for the superior power. Since we are no longer the superior power, our safety lies in being fast and tricky.

There are many other steps that we can take in the military, political and economic arena. There is not time to discuss them here. But let me leave you with the thought that our quiver is full of arrows for our protection if only we have the courage and insight to use them. All it takes is a political decision.

These policies I have described to you will not be easy. They will be riskier than continuing a policy of appeasement. They will require courage. But they will be necessary if we are to survive as a free nation.

Courage, however, is a characteristic of the Judaeo-Christian faith upon which our nation was built. Another characteristic is that cold, hard facts can be accepted and taken in the face of grave danger. The history of the American Revolution shows that time after time.

In our faiths we conduct a constant spiritual warfare with Satan. We are used to a constant confrontation between good and evil in our personal lives. In this world, confrontation with evil cannot be avoided. Yet for almost twenty years American foreign policy has been based upon a concept of nonconfrontation—of not being provocative to the Soviet Union. It is time that we become provocative in order to preserve our liberty. It is time that we return to the motto on the Rattlesnake flag of the American Revolution: Don't tread on me!

It is time that we stop seeking a detente that favors only the Soviet Union. It is time that we remember that a world without a free United States of America would be a world without hope. It is time that we citizens tell our political leaders that we will no longer tolerate their weakness in the face of Soviet threats. It is time that we accept the advice of the Lord as He told the prophet Joel about the last days:

"Beat your ploughshares into swords and your pruning hooks into spears; Let the weak say I am strong." (Joel 3: 10)

We are facing the last days. We have only so little time left to keep our nation free. Let the citizens of the United States provide the moral courage which will force our leaders to stop giving away the nation on a silver platter. That moral courage can only come from a faith in the Living God and from a clear remembering of the price our forefathers paid to create this nation under God's guidance and protection.

FRENCH OLYMPIC COMMITTEE'S DECISION ON SUMMER GAMES IN MOSCOW

Mr. EXON. Mr. President, I am tremendously pleased with our new Secretary of State. I have an item which came over the news wires a few moments ago, and I want to share it with my colleagues. It is an Associated Press report out of Brussels, Belgium:

ASSOCIATED PRESS REPORT

Secretary of State Edmund S. Muskie said today the French Olympic Committee's decision to reject President Carter's call for a boycott of the summer games in Moscow is "incomprehensible."

In a comment made to reporters as he conferred here with Western European allies, Muskie accused the French committee

of helping the Soviets justify their military intervention in Afghanistan. He said he spoke less as Secretary of State than "a citizen of the United States whose father was born in Russian-occupied Poland."

In his message to the NATO Defense Planning Committee, Muskie urged meaningful economic sanctions against Iran, declaring that ingenuity, not force, offers the best hope for freeing the American hostages. "Make them see they must pay a price," he said.

The setback on the Olympics was the first reversal since Muskie took over earlier this month from Cyrus R. Vance. The administration had hoped the French Government would use its influence to have a decision deferred—at least until the West German Committee, which is expected to approve the boycott, takes its position Thursday.

Muskie, talking to reporters in the lobby of the European Common Market headquarters, said the Soviets consider the July games "a confirmation of the rightness of their foreign policy."

"I find it incomprehensible," he said, "that a free people, whether Europeans or Americans, whether athletes or non-athletes, contemplate allowing the Soviet Union to confirm that act."

Muskie said participation in the Olympics would confirm to the Soviets the rightness of "their system, their policy, their aggression in Afghanistan."

The Europeans, getting their first look at the lanky ex-Senator since he replaced Vance, heard a lecture on their responsibilities.

Muskie urged foreign and defense ministers from 13 of the 15 NATO allies to increase their defense spending while the United States guards the Persian Gulf against the Soviets.

In Moscow, the official Tass News Agency accused the United States of using the NATO meeting to pressure its allies into new military programs. Tass said the meeting of the "aggressive bloc" took place "in an atmosphere of militarist psychosis and whipping-up of the arms race."

Muskie also advised the European allies to keep their hands off Mideast diplomacy even though U.S.-led negotiations on Palestinian autonomy are lagging.

He tried to dissuade the Europeans from watering down last month's decision to cut off trade with Iran except for food and medicine.

"We need a sanctions policy that is meaningful, that will hurt the Iranians and make them see that they have got to pay a price for their hostage policy," Muskie told a news conference after his closed-door speech.

The Europeans meet in Naples, Italy, next weekend to decide whether to exempt current contracts from the ban approved April 22 by the European Economic Community.

"I would hope no action was taken to undercut it or so dilute it that it becomes ineffective," Muskie said.

At the same time, he offered the nervous Allies assurances the Carter administration was not poised for a military strike to free the hostages, held in Iran since last Nov. 4.

"I don't see any military option that promises or guarantees success in achieving that goal," Muskie said.

And yet, he said he did not want "to give the Iranians the luxury of our excluding it" entirely.

The best approach, Muskie said, is "to explore all the nonmilitary avenues that are available—and they are considerable—as well as our ingenuity, the ingenuity of friends and contacts with the Iranians."

Mr. President, I hope that our supposed French friends, for whom American blood has been spilled, in quality and quantity, to free their homeland twice in this century, will understand that we appreciate Lafayette and his spirit, and we wonder where that French spirit has disappeared to these days.

WORK AFTER 65: OPTIONS FOR THE 1980'S

Mr. PERCY. Mr. President, on May 13, the Senate Special Committee on Aging, of which I am a member, held a hearing on "Work After 65: Options for the 80's." This is the second in a series of hearings in which the committee is exploring how opportunities for extended employment can be encouraged for older workers.

We were fortunate in having senior executive officers from four corporations testify on the work opportunities available for older workers at their respective companies. The panel of witnesses included: C. Peter McColough, chairman and chief executive officer, Xerox Corp. and chairman, President's Commission on Pension Policy; Gerald L. Maguire, vice president of Corporate Services, Bankers Life and Casualty of Chicago; Harold S. Page, vice president, personnel, Polaroid Corp.; William M. Read, senior vice president, Employee Relations, Atlantic Richfield Co.

I am pleased that the committee is reviewing future retirement and work options for older persons. Following is the opening statement I submitted to the committee during the hearing. In addition, I also am sharing with my colleagues an article which appeared in the Washington Post on May 14 concerning the hearing.

Mr. President, I ask unanimous consent that my remarks during the hearing and the May 14 Washington Post article entitled "Older Workers Seen as More Productive" at this point be printed in the RECORD.

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

WORK AFTER 65: OPTIONS FOR THE 80'S

Mr. Chairman, today's elderly Americans are a pioneer generation: they are the first in history to experience a long and early retirement.

However, their dreams of having a comfortable retirement are rapidly changing. Inflation, the major reason why dreams are breaking, is having a serious impact on the elderly. It is not only eroding the meager retirement incomes of most older persons, but it is dramatically shrinking their purchasing power. It is threatening the economic well-being of older persons especially those living on fixed incomes.

Still, the evidence suggests that people are opting for early retirement despite the economic problems early retirement may bring. Although the mandatory retirement age has been raised for most workers from 65 to 70, there is little evidence to support the belief that many workers are staying at their jobs the extra five years.

There is an obvious contradiction here—and we need to address ourselves to it. Could it be that by encouraging people to work as long as they can be productive, we will help ease their economic problems as well?

We have achieved major advancements in medicine and technology that make it possible to prolong life. We have been told that since 1940 life expectancy has increased by almost 10 years. Today a man can expect to live to 69 and a woman to 77, with 76 percent of the population reaching age 65.

Over 11 percent of our population, an estimated 25 million Americans, is aged 65 or over. The trend in America is towards an aging society, with a dramatic increase in the proportion of elderly and an equally striking reduction in the proportion of young. The post-World War II baby boom soon will become the senior boom in the next century. It is projected that by the year 2030 over 55 million Americans will be 65 or over. Thus, in terms of sheer numbers, retirement should be regarded as a major social issue in the United States. How we deal with our current retirement and employment policies will not only have a profound impact on older workers but also on our own futures as well. We need to review private and public sector policies which have encouraged retirement of physically and mentally able older Americans.

Unemployment statistics do not reflect the number of persons who would like to work but who have given up seeking employment because they feel prospects are hopeless. What options are available to these people in job counseling and retraining programs?

In the continuing series of hearings on "Work After 65: Options for the 80's" the Committee will be hearing today from top executive officers from major companies: Xerox, Bankers Life and Casualty of Chicago, Polaroid, and Atlantic-Richfield. I want to hear from the officers about not only what options they are offering for the employment of older workers but also what their companies are doing to properly prepare older workers for retirement.

I am pleased that Mr. Gerald Maguire, Vice President of Corporate Services for Bankers Life and Casualty Co. of Chicago, Illinois, will be testifying on his company's long-standing, non-mandatory retirement policy. One of the examples of how a company can continue to employ older workers and yet save money is found at Bankers. I understand that Bankers' retiree temporary worker pool, which began operating in March of 1979, has saved the Company thousands of dollars in employment fees and—most importantly—has provided retirees an opportunity to work and share their valuable services.

For the last two years, Bankers Life and Casualty Co. and Northeastern Illinois University, Chicago, have cosponsored the National Conference on Age and Employment in Chicago. The conferences have enabled all who have attended an opportunity to share the experiences, systems, and procedures of their business, academic institutions and service agencies in the hiring and retention of older workers.

I wish to commend Bankers Life and Casualty Company for developing fresh approaches towards retraining older workers, and giving many of them the chance to feel productive.

OLDER WORKERS SEEN AS MORE PRODUCTIVE

(By Nancy L. Ross)

True or false: Workers over age 65 are less productive, more often absent from the job and cost companies more due to their higher salaries and medical benefits?

All false, according to four major corporations which have considerable experience dealing with elderly employees. The four—Xerox, Polaroid, Atlantic Richfield and Bankers Life and Casualty—testified yesterday before a Senate Special Committee on Aging's hearing on ways to encourage work after 65.

Sen. Charles H. Percy (R.-Ill.), who was a corporate chairman before becoming a legislator, outlined what he termed the "obvious contradiction" in our society today.

"Inflation," he said, "is having a serious impact on the elderly. Still, the evidence suggests that people are opting for early

retirement despite the economic problems it may bring."

He noted that a recent change in the law raising the mandatory retirement age from 65 to 70 has had little effect on the number of older workers, although individual companies like Polaroid report that as many as 80 percent of their employees over 65 are still on the job.

Early retirement for some has become a part of the American dream. A survey conducted last fall by the President's Commission on Pension Policy shows that 47.5 percent of the population expect to retire at age 62 or before, even though 63 percent said their retirement income would be inadequate.

C. Peter McColough, the commission's chairman, said there is a "fairly general experience" in the business community today that inflation is causing people to work longer. But fundamental changes like tax credits, alternative work patterns such as phased retirement, and educational and vocational training are needed to solve the "basic attitudinal problem" of opposition to work after 65, he said.

This has become a national necessity because the number of young workers is shrinking in comparison to the number of older ones, as are the payroll taxes to pay for their retirement, McColough added.

Xerox, which McColough also heads, has developed a preretirement counseling program, although as a fairly young company it has few older workers.

Bankers Life and Casualty of Chicago, on the other hand, has had 40 years experience with older workers. Gerald L. Maguire, vice president of corporate services, tried to puncture some of the myths that he claimed scare employers most.

Retirees do three times as well as commercial temporary employees who do not know the business, Maguire said. "Older workers are a special breed of people, self-disciplined. They know themselves when it's time to go; in 40 years we've never had to tell a person to retire."

He contended it is more economical for a company to continue paying older workers' higher salaries than to retrain new employes. The old take only 20 to 33 percent of the compensatory time taken by the young for accidents, and insurance is cheaper because of Medicare, Maguire said.

Polaroid has several innovative work patterns, including tapering off and "rehearsal retirements." The latter allows an employee to take off three to six months without pay just to see how it feels to retire. If dissatisfied, the employee can return to his or her previous job.

Atlantic Richfield, the only blue-collar company represented at yesterday's hearing, has had only two years experience without a mandatory retirement age. Harold S. Page, vice president for personnel, said just 3 percent of employes reaching 65 elected to stay, whereas 80 percent continued to retire early.

Page admitted it will be difficult to convince labor unions and management of the advantages of post-65 work. Moreover, he warned that if industry doesn't expand in the 1990s there may be serious problems with workers in the 25-to-45-year bracket who feel older workers are delaying their promotions.

Sen. John Glenn (D-Ohio) asked the corporate executives their opinion of a test being developed by the National Institutes of Health to assess skills to "find out how old is old." The executives declared themselves unanimously against such an idea.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Chirdon, 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.)

REPORT OF THE CORPORATION FOR PUBLIC BROADCASTING—MESSAGE FROM THE PRESIDENT—PM 206

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 Commerce, Science, and Transportation:

To the Congress of the United States:

I hereby transmit the "Annual Report of the Corporation for Public Broadcasting for FY 1979," in accordance with the Public Telecommunications Financing Act of 1978 (Public Law 95-567).

The Corporation's thorough report presents its major accomplishments during the past fiscal year in support of public radio and television broadcasting, technological change including satellite advances, and achievements in human resource development. The report notes the Corporation's vigorous response to the challenge provided by the Public Telecommunications Financing Act of 1978.

The Annual Report is being forwarded for the deliberations of the Congress.

JIMMY CARTER.

THE WHITE HOUSE, *May 14, 1980.*

MESSAGES FROM THE HOUSE

At 3:20 p.m., a message from the House of Representatives delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill, with an amendment in which it requests the concurrence of the Senate:

S. 1123. An act to amend section 204 of the Marine Protection, Research, and Sanctuaries Act of 1972 to authorize appropriations for title II of such Act for fiscal year 1980.

At 5:23 p.m., a message from the House of Representatives delivered by Mr. Gregory, announced that the House has passed the following bill, with an amendment in which it requests the concurrence of the Senate:

S. 1140. An act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1980 and 1981, and for other purposes.

The message also announced that the House disagrees to the amendment of the Senate to the amendments of the House to the bill (S. 2253) to provide for an extension of directed service on the Rock Island Railroad, to provide transaction assistance to the purchasers of portions of such railroad, and to provide arrangements for protection of the employees; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STAGGERS, Mr. FLORIO, Mr. SANTINI, Ms. MIKULSKI, Mr. MURPHY of New York, Mr. MATSUI, Mr. VAN DEERLIN, Mr. BROYHILL, Mr. MADIGAN, and Mr. LEE were appointed as managers of the conference on the part of the House.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 14, 1980, he presented to the President of the United States the following enrolled bill:

S. 668. An act to permit the Cow Creek Band of the Umpqua Tribe of Indians to file with the United States Court of Claims any claim such band could have filed with the Indian Claims Commission under the Act of August 13, 1946 (60 Stat. 1049).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LONG, from the Committee on Finance, without amendment:

S. Res. 431. An original resolution waiving section 303(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 3236 and the conference report thereon. Referred to the Committee on the Budget.

S. 2697. An original bill to authorize appropriations to the United States International Trade Commission, United States Customs Service, and the Office of the United States Trade Representative, and for other purposes (Rept. No. 96-701).

By Mr. NELSON, from the Select Committee on Small Business, with an amendment:

S. 2224. A bill to amend the Small Business Act to increase the solar energy and energy conservation loan program authorization, and for other purposes (Rept. No. 96-702).

By Mr. NELSON, from the Select Committee on Small Business, without amendment:

S. 2698. An original bill to provide authorizations for the Small Business Administration, and for other purposes (Rept. No. 96-703).

FOOD STAMP ACT AMENDMENTS OF 1980 CONFERENCE REPORT

Mr. TALMADGE, from the committee of conference, submitted a report on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1309) to increase the fiscal year 1979 authorization for appropriations for the food stamp program, and for other purposes (Rept. No. 96-704).

By Mr. BAYH, from the Committee on the Judiciary, with an amendment:

S. 2441. A bill to amend the Juvenile Justice and Delinquency Act of 1974, and for other purposes (Rept. No. 96-705).

S. 2511. A bill to amend the Civil Rights Act of 1957 to authorize appropriations for the United States Commission on Civil Rights for fiscal year 1981 (together with minority views) (Rept. No. 96-706).

By Mr. NELSON, from the Select Committee on Small Business:

Report entitled "Thirtieth Annual Report of the Select Committee on Small Business" (Rept. No. 96-707).

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 2549. A bill to authorize appropriations for fiscal years 1981, 1982, and 1983 to carry out the Atlantic Tunas Convention Act of 1975 (Rept. No. 96-708).

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, with an amendment and an amendment to the title:

H.R. 6554. An act to authorize appropria-

tions for the fiscal year 1981 for certain maritime programs of the Department of Commerce, and for other purposes (Rept. No. 96-709).

By Mr. CANNON, from the Committee on Commerce, Science, and Transportation, without amendment:

S. Res. 433. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 6554. Referred to the Committee on the Budget.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LONG, from the Committee on Finance:

Edna Gaynell Parker, of Virginia, to be a Judge of the U.S. Tax Court.

Sheldon V. Ekman, of Connecticut, to be a Judge of the U.S. Tax Court.

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. BUMPERS (for himself, Mr. DURENBERGER, Mr. JACKSON, Mr. RIEGLE, Mr. LEVIN, Mr. NELSON, Mr. PROXMIRE, and Mr. METZENBAUM):

S. 2695. A bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to further the objectives of national energy policy of conserving oil and natural gas through removing excessive burdens on production of coal; to the Committee on Energy and Natural Resources.

By Mr. HAYAKAWA:

S. 2696. A bill to establish ridesharing programs nationwide; to the Committee on Governmental Affairs.

By Mr. LONG (from the Committee on Finance):

S. 2697. A bill to authorize appropriations to the United States International Trade Commission, the United States Customs Service, and the Office of the United States Trade Representative, and for other purposes. Original bill reported and placed on the calendar.

By Mr. NELSON (from the Select Committee on Small Business):

S. 2698. A bill to provide authorizations for the Small Business Administration, and for other purposes. Original bill reported and placed on the calendar.

By Mr. NELSON (for himself, Mr. STEWART, Mr. TSONGAS, and Mr. TOWER):

S. 2699. A bill to amend the Securities Act of 1933 to authorize small issuers to sell securities to accredited investors without filing a registration statement under such Act, and grant an exemption from Section 5 of such Act for resale of these securities by accredited investors to other accredited investors; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. METZENBAUM:

S. 2700. A bill to give the Government National Mortgage Association—Ginnie Mae—the legal authority to forgive outstanding mortgage payments on Lanham Act properties where it is shown that the property was sold at a price higher than the appraised market value; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. McGOVERN:

S. 2701. A bill for the relief of Madhav Prasad Sharma; to the Committee on the Judiciary.

By Mr. LUGAR (by request):

S. 2702. A bill to correct an inequity in public housing sales; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MATHIAS:

S. 2703. A bill for the relief of Rodeline Dionio; to the Committee on the Judiciary.

By Mr. PROXMIRE:

S. 2704. A bill to amend the Federal Reserve Act to authorize the Board of Governors of the Federal Reserve System to establish margin requirements for transactions in financial instruments; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BIDEN (for himself, Mr. MATHIAS, Mr. KENNEDY, and Mr. THURMOND):

S. 2705. A bill to amend chapter 207 of title 18, United States Code, relating to pretrial services; to the Committee on the Judiciary.

By Mr. GRAVEL:

S. 2706. A bill to establish a one hundred per cent observer program on all foreign fishing vessels in the U.S. 200 mile fishery conservation zone; to the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations, jointly, by unanimous consent.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BUMPERS (for himself, Mr. DURENBERGER, Mr. JACKSON, Mr. RIEGLE, Mr. LEVIN, Mr. NELSON, Mr. PROXMIRE, and Mr. METZENBAUM):

S. 2695. A bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to further the objectives of national energy policy of conserving oil and natural gas through removing excessive burdens on production of coal; to the Committee on Energy and Natural Resources.

(The remarks of Mr. BUMPERS when he introduced the bill appear earlier in today's proceedings.)

By Mr. HAYAKAWA:

S. 2696. A bill to establish ridesharing programs nationwide; to the Committee on Governmental Affairs.

NATIONAL RIDESHARING ACT

Mr. HAYAKAWA. Mr. President, I am sending to the desk a bill which I am introducing today. This legislation will be called the "National Ridesharing Act".

Mr. President, energy, environment and transportation have become bywords in our vocabularies over the past few years. Last year, we experienced yet another oil shortage from Iran and the OPEC nations. The long gasoline lines which resulted from that shortage made us painfully aware of our dependence on foreign oil, and most of us became even more aware of our dependence on the private automobile. Modern America has grown up with the automobile. It has become synonymous with freedom to many of us, and we cherish the flexibility and personal mobility it provides us with. Although the gasoline supply now appears to have stabilized and the long gas lines of last summer are not being predicted this year, we are faced with some changes in our lifestyle and some hard decisions for the future.

The high cost of gasoline has made transportation a very real problem for many people. I am not even talking about the luxuries of family vacations, or weekend trips to the beach or the mountains that are becoming a thing of the past, I am talking about the everyday, to-and-from work travel. A real emphasis has been placed on getting Americans out of their private cars, especially for the rush hour, commuter type of travel. As we have already seen, this process is going to be very slow and painful. It also presents some new problems.

In many areas of our country—my own State of California, for instance—the travel distances are so great, and the transportation systems are either nonexistent or simply cannot accommodate all our needs. I believe we have to start by making alternate forms of transportation available. Many localities have already begun to do this by providing vanpool systems and various other forms of shared-ride programs. I have concluded that a national ridesharing program would move us in the direction necessary to assure making us a more energy self-sufficient society.

The National Ridesharing Act, which I have introduced, defines ridesharing as group travel by any mode, including carpooling, vanpooling, public-private buspooling, shared-ride taxi and jitneys, and public transit, in either mixed-flow traffic or on exclusive lanes, such as the bus lanes which we have in and around Washington. This would enable the establishment of ridesharing programs in urban and nonurban areas where none currently exist, as well as providing support for those already in existence.

This bill establishes a National Office of Ridesharing to make available grants, loans, and information for starting carpooling and vanpooling programs and other alternate transportation systems or endeavors. This office will coordinate the programs and activities currently existing in other departments of the Federal Government.

My bill is intended to encourage private ownership and operation of transportation because of the reliance placed on the marketplace. It stresses the need for a relaxation of Federal laws and regulations which impede the ownership of more than one kind of transportation. This will bring about the creation of new and innovative transportation ideas, and encourage the reemergence of others, perhaps used in the past but now long forgotten. The jitney, for instance, is once again taking its place in transportation systems in California, especially in San Diego. In San Francisco, there are 25 operating on Mission Street and 2 or 3 running on Third and Fourth Streets to the Southern Pacific Depot. San Diego recently passed a new section in their city code to clarify jitney licensing procedures. Although only a few operate there now, they are relieving some of the pressure of traffic from the airport to the center city.

The energy savings potential of ridesharing is enormous. Over 50 million Americans drive alone to and from work each day. If each of these drivers would carry just one additional passenger, we could save 22.5 million gallons of gasoline per day.

That is a startling figure, Mr. President, but as you drive on the highway, as I have often done, from Marin County to San Francisco, you see hundreds and hundreds of cars going by, the majority with only the driver and no other passenger.

Mr. President, in addition to its great potential for conserving energy, ridesharing offers other important benefits. It relieves traffic and parking congestion, reduces air pollution, cuts down on personal transportation expenses, and increases personal mobility. Ridesharing can also facilitate the use of flextime and mean less absenteeism to employers.

Mr. President, as I have indicated in these few minutes, this is an important issue, vital to our Nation, vital to our economy. I urge my colleagues to join me in what I believe to be a step toward solution.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 2696

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Ridesharing Act."

DEFINITIONS

SEC. 2. (a) The term "ridesharing", for purposes of this Act, means group travel by any mode, including carpooling, vanpooling, public or private buspooling, share-ride taxi, fixed route or unregulated jitney, and public transit, either in mixed flow traffic or on exclusive high-occupancy vehicle facilities.

(b) The term "outreach effort" includes planning, survey analysis, implementation or evaluation of ridesharing programs, and marketing of rideshare activities.

FINDINGS AND PURPOSE

SEC. 3. (a) Congress finds that—

(1) a principal source of air pollution is the private automobile; and

(2) the automobile is a principal consumer of gasoline.

(b) the purposes of the National Ridesharing Act are to—

(1) promote and facilitate availability and use of alternatives available to the single occupant automobile for both work and nonwork related trips;

(2) establish viable ridesharing programs in urbanized and nonurbanized areas where none currently exist; and

(3) support and enhance existing ridesharing programs.

(c) The benefits expected to result from the accomplishment of the objectives are—

(1) reductions in transportation related energy consumption, air pollution, and highway congestion;

(2) reduced dependency on foreign sources of oil;

(3) improvement of the balance of trade for the United States;

(4) strengthening of the United States dollar abroad;

(5) increases in disposable income available to United States citizens for nontransportation-related purposes; and

(6) increases in consumer transportation choice and mobility, especially in times of gasoline shortages.

ESTABLISHMENT OF NATIONAL OFFICE OF RIDESHARING

SEC. 4. The Secretary of Transportation (hereinafter referred to as the "Secretary") shall establish a National Office of Ridesharing. The Director of such Office shall report directly to the Secretary.

DEVELOPMENT OF THE PROGRAM

SEC. 5. (a) The National Office of Ridesharing shall develop a national ridesharing program to assist States, counties, municipalities, metropolitan planning organizations, other units of local and regional government, providers of ridesharing services, publicly owned operators of mass transportation services, and private entities in developing and implementing ridesharing programs.

(b) The National Office of Ridesharing shall have responsibility for the development and coordination of any and all ridesharing activities supported in total or in part by Federal funds. The National Office of Ridesharing shall administer funds and programs authorized under this legislation and shall coordinate those programs with other ridesharing activities within the Department of Transportation, the Department of Energy, and other branches of the Federal Government.

(c) The Director of the National Office of Ridesharing shall coordinate the development of ridesharing programs pursuant to this Act with the Administrator of General Services to insure that such programs are consistent with and complementary to efforts made by other Federal agencies to promote ridesharing in accordance with Executive Order 12191, Federal Facility Ridesharing Programs.

(d) The Secretary of Transportation and the Secretary of Energy shall establish a process for coordinating their Departments' activities related to the planning and implementation of ridesharing programs. All ridesharing-related Department of Energy moneys shall be coordinated with the requirements of section 134 of title 23, United States Code.

FUNDING

SEC. 6. (a) Funding for ridesharing services under this Act shall be available for establishment and operation of local or regional ridesharing programs, outreach efforts, dial-in ridesharing assistance, computer matching, and coordination with planning organizations, providers of ridesharing services, publicly owned operators of mass transportation services, State and local governments, and the private sector.

(b) Construction of high occupancy vehicle facilities and the purchase or operation of public transit vehicles are not eligible for funding under this Act. However, the development of ridersharing projects shall be closely coordinated at all levels of government with the planning of high occupancy vehicle facilities and public transit programs.

(c) Funding provided by this Act shall be in addition to ridesharing fund sources in the Department of Transportation, the Department of Energy, or other departments of the Federal government existing as of the date of enactment of this Act.

(d) Funds appropriated for apportionment prior to September 30, 1982, shall be allocated at the discretion of the Secretary to—

(1) support existing ridesharing programs which the Secretary certifies as viable;

(2) support significant expansion of programs which the Secretary deems so warrant; and

(3) establish new programs where none currently exist.

(e) Subsequent to September 30, 1982, funds for the establishment of new programs or for significant expansions of existing programs shall be allocated at the discretion of the Secretary. In order to facilitate orderly planning and management of existing viable ridesharing programs, funds to support such programs, as certified by the Secretary, shall be allocated on a formula basis set forth in section 7.

FORMULA ALLOCATIONS AND RECIPIENTS

SEC. 7. (a) Subsequent to September 30, 1982, the proportion of funds authorized by this Act to be allocated on a formula basis shall be determined by the Secretary on the basis of the financial requirements of existing ridesharing programs which have been certified by the Secretary. However, such proportion shall not be less than 50 percent of the total funds authorized under this Act for the fiscal year ending September 30, 1983, plus any funds unapportioned from the prior fiscal year.

(b) Not more than 10 percent of the funds authorized under this Act shall be allocated by the Secretary to areas other than urbanized areas as defined in section 1608(c)(11), title 49, United States Code. Any funds to be allocated by formula in areas other than urbanized areas shall be made available for expenditure for eligible ridesharing activities on the basis of a formula under which each State will be entitled to receive an amount equal to the total amount so apportioned, multiplied by the ratio which the population of areas other than urbanized areas in such State (as designated by the Bureau of the Census) bears to the total population of areas other than urbanized areas in all the States as shown by the latest available Federal census.

(c) Any funds to be apportioned by formula in urbanized areas shall be made available for eligible ridesharing services on the basis of a formula under which urbanized areas or parts thereof will be entitled to receive an amount equal to the sum of—

(1) one-half of the total amount so apportioned multiplied by the ratio which the population of such urbanized area or part thereof, as designated by the Bureau of the Census, bears to the total population of all the urbanized areas in all the States as shown by the latest available Federal census; and

(2) one-half of the total amount so apportioned multiplied by a ratio for that urbanized area determined on the basis of population weighted by a factor of density, as determined by the Secretary.

As used in paragraph (2), the term "density" means the number of inhabitants per square mile.

(d) Recipients eligible to receive and dispense the funds apportioned under this Act available to urbanized areas with populations of two hundred thousand or more shall be designated by the following, in accordance with the planning process required under section 1607, title 49, United States Code, and with the concurrence of the Secretary:

(1) the Governor;

(2) responsible local officials;

(3) providers of ridesharing services;

(4) operators of publicly owned mass transportation services; and

(5) appropriate representatives of the private sector.

A public agency shall be designated in accordance with the same planning process and procedures set forth in this paragraph to account for and ensure that Federal funds apportioned for ridesharing services are expended consistent with the policy and programing decisions made pursuant to the planning process set forth in section 9. All provisions of this Act shall apply to grants made to both public and private sector entities.

(e) Sums apportioned under this Act which are not made available for expenditure by designated recipients in accordance with the terms of subsection (d) shall be made available to the Governor for expenditure in urbanized areas or parts thereof in accordance with the planning process required under section 1607, title 49, United States Code, and shall be fairly and equitably distributed. The Governor shall submit an annual report to the Secretary concerning the allocation of funds made available under this paragraph.

TIMELY USE OF FUNDS

SEC. 8. Sums apportioned under this Act shall be made available by the Governor or designated recipient for a period of two years following the close of the fiscal year for which such sums are apportioned. Any amounts so apportioned remaining unobli-

gated at the end of such period shall be added to the amount available for apportionment under this Act for the succeeding fiscal year.

PLANNING PROCESS

SEC. 9. (a) The development of ridesharing programs shall be based upon the continuing, cooperative, and comprehensive planning process as required under section 134, title 23, United States Code, in section 1607, title 49, United States Code. The Secretary of Transportation shall not approve any project in an urbanized area unless he finds that the project is based on such process.

(b) The National Ridesharing Program shall be administered in a flexible manner to ensure participation of State departments of transportation, metropolitan planning organizations, counties, municipalities, providers of ridesharing services, publicly owned operators of mass transportation services, other local transportation planning and implementation agencies, and the private sector.

PUBLIC TRANSIT'S ROLE

SEC. 10. The National Ridesharing Program shall be developed to ensure that the various modes of ridersharing are implemented in a complementary rather than competitive manner. Carpooling, vanpooling, buspooling, jitneys, and other high occupancy vehicle programs shall be developed with full coordination with and participation by operators of publicly owned mass transportation systems. The Secretary shall not approve any programs which have not been developed pursuant to these requirements.

SPECIAL CONSIDERATION FOR LOCAL EFFORT

SEC. 11. The Secretary, in making discretionary apportionments to eligible recipients shall give special consideration to those applicants who have shown particular commitment to ridesharing by virtue of their use of non-Federal funds or eligible Federal highway funds in their ridesharing programs.

INVESTIGATION AND REPORT

SEC. 12. (a) The Secretary of Transportation shall conduct an investigation of the performance of the Office which shall include an analysis of—

(1) the effectiveness of the programs;

(2) operations and activities in accomplishing the goals and purposes of the program;

(3) any reduction in gasoline consumption nationwide; and

(4) any reduction in air pollution attributable to motor vehicles.

(b) The Secretary shall submit, to the President, Congress and the public, a report on the findings of the investigation by September 30, 1983. The report shall include the following:

(1) a recommendation as to whether the authority of this Act should be extended; and

(2) recommendations, if any, for reorganization of the Office.

AUTHORIZATION OF APPROPRIATIONS

SEC. 13. There are authorized to be appropriated funds not to exceed $40,000,000 for the fiscal year ending September 30, 1981, $50,000,000 for the fiscal year ending September 30, 1982, $50,000,000 for the fiscal year ending September 30, 1983, and $40,000,000 for the fiscal year ending September 30, 1984, for the purposes of carrying out the objectives of this Act.

By Mr. NELSON (for himself, Mr. STEWART, Mr. TSONGAS, and Mr. TOWER):

S. 2699. A bill to amend the Securities Act of 1933 to authorize small issuers to sell securities to accredited investors without filing a registration statement under such Act, and grant an exemption from section 5 of such act for resale of these securities by accredited investors to other accredited investors; to the Committee on Banking, Housing, and Urban Affairs.

SMALL BUSINESS ISSUERS SIMPLIFICATION ACT

● Mr. NELSON. Mr. President, on behalf of myself, Mr. STEWART and Mr. TSONGAS I am introducing today a bill entitled the "Small Business Issuers Simplification Act". The proposal would permit smaller businesses to raise capital by selling their stock to institutional and other sophisticated investors without the necessity of filing costly and complicated registration statements with the Securities and Exchange Commission.

I ask that the measure be referred to the Senate Committee on Banking, Housing, and Urban Affairs where hearings are currently underway, and that the text of the bill and section-by-section analysis be printed in the RECORD following my remarks.

This measure was proposed by the Carter administration as part of the effort to improve capital formation for new and small businesses. I ask unanimous consent that the transmittal letter from Mr. A. Vernon Weaver, administrator of the Small Business Administration, also be printed in the RECORD following my remarks for the information of all concerned.

The Small Business Committee has carefully reviewed the measure and we are pleased to introduce it now with the hope that it will receive serious and favorable consideration in the Senate hearings now in progress before the Securities Subcommittee under the chairmanship of the Senator from Maryland (Mr. SARBANES).

WHAT THE BILL WOULD DO

This bill contains two recommendations. First, there would be an exemption from registration under the Securities Act of 1933 if a small business wishing to raise capital sells its stock to large and sophisticated investors who are able to analyze the merits of the securities offering for themselves.

The term "small issuer" used in the Act is defined as a company which has total assets of less than $15 million, revenues of less than $30 million and/or less than 500 stockholders. The "accredited investors" allowed to purchase these unregistered securities are defined to include banks, insurance companies, investment companies, pension plans, and individuals prepared to purchase more than $100,000 of the companies securities at one time.

The second aspect of the bill would permit resale of the securities acquired under the exemption described above if the purchaser is another "accredited investor".

The section-by-section analysis prepared by the administration provides a technical explanation of the legislation.

I would like to commend the administration for preparing and sending this proposal to Capitol Hill and the American Bar Association Small Business Committee for its Securities Conference in 1979 which developed the concepts on which the bill is based.

NEW AND SMALL FIRMS VIRTUALLY SHUT OUT OF SECURITIES MARKETS

For small and independent businesses, the raising of equity or permanent capital has become almost impossible in recent years. In 1977, Business Week magizine reported that the capital markets were open only to the 1,000 or so largest corporations. That 1,000 constitutes five one-hundredths of 1 percent of the 2 million corporations in this country. It would exclude half the listings on the New York Stock Exchange and virtually all of the companies listed on the American Stock Exchange or on the NASDA over-the-counter market.

It would certainly exclude the overwhelming majority of new and emerging companies, which may have the best ideas in the world but have no "track record" of earnings.

In a series of public hearings in capital formation over the past 2 years the Senate Small Business Committee found that in contrast to 1,056 small companies (with assets of less than $5 million) which raised public equity capital in the 2 years 1968 and 1969, only 79 such companies were able to do so in 1978 and 1979. Witnesses told the committee that during the 1960's new companies could be launched with public stock issues. Now, however, a minimum requirement for such capital raising is about $1 million in profits.

COSTS OF RAISING EQUITY CAPITAL HAVE SOARED

The costs of registering a stock issue with the SEC approaches $200,000.

This level of cost was established in a study performed by the National Association of Securities Dealers and submitted at the Small Business Committee's capital formation hearings on May 22, 1979. It shows that the average cost of a first-time-to-market stock issue in the 7 years between 1972, and 1978 was $189,368 and the figure soared over $200,000 for 3 out of the 4 most recent years. The table follows:

Expenses of firm commitment underwritings of registered offerings of first time to market companies [1]

Year	Number of offerings	Average registration expense
1972	478	$120 486
1973	89	116, 817
1974	9	199, 359
1975	[2] 5	[2] 253, 000
1976	21	217, 745
1977	19	188, 368
1978	24	229, 805

[1] Excludes real estate investment trusts, closed end investment companies and commodity pools.

[2] Excludes three initial public offerings with an average gross dollar amount of $52,000,000 and an average expense of $510,000.

SOURCE.—"Financing Small Business", report of the National Association of Securities Dealers, Inc., May 22, 1979. p. 44.

These statistics show that conditions have changed in capital markets and they have changed for the worst for small business. These adverse developments make it urgent to strengthen the machinery by which new and small ventures gain access to public securities markets.

The administration's letter, expresses the "deep national concern" over the "serious problems and impediments . . . inhibiting the creation and growth of small and medium-sized businesses * * *".

It pinpoints the costs of reporting and regulatory requirements of the Securities and Exchange Commission as one of those impediments. The administration concluded that such costs "have effectively prevented small businesses from raising (equity) capital in public securities markets."

AREA OF REGULATION CAN SAFELY BE ROLLED BACK

The essence of this proposal is that sophisticated purchasers of securities and their financial advisors have the knowledge, expertise and experience to evaluate small issues. These investors can, therefore, dispense with the particular disclosure documents required by the Securities Act of 1933 and the rules and regulations thereunder that are "detailed and onerous to prepare."

We are saying that we want to roll back the barbed wire of the regulations and widen the area within which the free market can operate. The bill envisions that "accredited investors" would meet with the company management and would decide what information is needed as a basis for an investment. There would be no complicated documentary requirements, no detailed forms to indicate compliance with rules and regulations, and so the costs of raising the money would be markedly reduced. If the investors were not satisfied with the quantity or quality of the information, they would not invest their money. That is very simple and very direct, and therefore very appealing.

In my view we could safely push the regulations back even further and allow $50,000 purchasers to be "accredited investors." That is still quite a lot of cash to come up with all at one time, and this would suggest that proper financial counsel would be obtained.

INVESTOR PROTECTION WOULD BE PRESERVED

The administration points out that even large "accredited" investors would continue to be protected under the securities laws if there is fraud involved. This legislation would not reduce the effect of existing antifraud provisions of the securities laws. The bill also leaves intact all existing protections afforded to small investors—those investing less than $100,000. If such small investors were solicited after passage of this measure, the companies would be required to prepare and furnish disclosure documents to the same extent as they do now. The Securities and Exchange Commission would still be on the job, and small investors which need the protection would continue to receive it, as Congress has always insisted they should.

POSSIBILITIES FOR WIDENING ACCESS TO EQUITY CAPITAL

In examining this bill, we in the Small Business Committee were intrigued with the possibilities for broadening the area of the free market within which decisions might be made and for the potential of developing markets for blocks of the securities of new and small ventures among institutional and other sophisticated purchasers. Those investors having large sums of money are well equipped to evaluate, and well situated to take, the greater and longer term risk which are associated in start-up and early stage financing of promising ventures.

This proposal is attractive because it merely removes a regulatory barrier and allows these investors greater liberty to make such investments if they appear to make good business sense.

This can greatly benefit the economy. Our committee has found that new and small firms and individual inventors consistently account for over half of all industrial innovation. In the nature of things, many of these new ventures fail or falter. However, when they succeed they can be the basis of entire new industries, such as Polaroid Camera of Edward Land, the photocopying process of Chester Carlson (Xerox) and the miniaturization of electronics which has spawned a series of billion-dollar markets such as hand-held calculators, minicomputers, intelligent terminals, telecommunications, data processing, and certain military hardware.

When we improve the climate for such investment, we greatly strengthen our economy and our country.

PARALLEL SECURITIES AND EXCHANGE COMMISSION RULE IN THIS AREA

One of the encouraging developments with respect to this legislation is that the Securities and Exchange Commission has recently adopted a position quite similar to the thrust of our bill. The Commission, under the able leadership of Harold Williams, has taken several steps in this area, including the establishment of an Office of Small Business to work on these matters.

At the end of January 1980, the Commission proposed a "rule 242," which would allow offerings up to $2 million in any 6-month period, if they are sold to "accredited persons" and less than 35 ordinary investors.

Those "accredited" under the rule include the same types of institutional investors and $100,000 purchasers contemplated by our bill. So, the Commission, which is the "watchdog" of the small investors also recognizes the need for change in this area.

The proposals are quite similar, although certain minor differences remain.

The bill does not have a limitation as to the amount of an issue while the SEC proposal does—it would permit $4 million of securities per year by any one company. The bill limits the size of the issuer while the rule does not. Both proposals would permit sales up to 35 persons who were not "accredited," provided they receive disclosure information as is required by SEC. The SEC rule would require issuing companies to file a notice of the sale and another form 10 days after it is completed, which the bill does not. Further, SEC has resale limitations, including a holding period of 2 years which the bill does not impose.

Under our bill, if the company confined its capital raising activity to accredited investors, it would be able to steer clear of paperwork both on the initial sale and on the resale of the stock.

But, the thrust of these two proposals is very similar and I hope they can be reconciled.

HEARINGS NOW UNDERWAY

Fortunately for all, the Senator from Maryland (Mr. SARBANES) has commenced a set of hearings in the Securities Subcommittee of the Senate Banking Committee. The subcommittee is addressing this vital matter on small business capital formation, and how access to capital can be facilitated for independent enterprise by possible changes to the Federal securities laws.

These hearings come at an excellent time, in view of the recommendations of the White House Conference on Small Business.

I would like to commend Senator SARBANES for his willingness to provide a forum for a discussion of these issues at this juncture.

Capital formation was voted by the White House Conference on Small Business as by far the most serious problem and greatest concern. Five out of the top 10 recommendations concerned ability to retain, recover and raise capital for the startup, expansion and survival of small business.

The Senate majority leader, the Senator from West Virginia (ROBERT C. BYRD), appointed a task force in the Senate to coordinate the implementations of those top priority White House Conference recommendations. He appointed as members the chairmen of key committees and subcommittees including the assistant majority leader, the Senator from California (Mr. CRANSTON), who serves on the Banking Committee which has jurisdiction over securities legislation, Senator CRANSTON has long been interested in the capital raising problems of new and small business. He actively participated in the Senate Small Business Committee capital formation hearings in 1979 and joined with our committee for combined hearings on that subject through his Subcommittee on Financial Institutions in early March of this year.

Other Senators have shown their interest in this area by cosponsoring S. 1940, my bill to reduce regulatory barriers to raising funds by venture capital companies, and S. 1533, a bill put forward by the Senator from Texas (Mr. TOWER), and the Senator from Indiana (Mr. LUGAR), to accomplish similar ends.

The Small Business Committee's views have been available continuously to the Securities and Exchange Commission in these matters and we are pleased now to have them before the Senate so that they can be taken into consideration by other appropriate committees.

SUMMARY

The administration is to be commended for sending up this bill and devoting its attention to the critical problems of small business capital formation, with which many of us in the Senate have also been concerned. The proposal introduced today will go before the Securities Subcommittee where hearings are already in progress on these matters.

It is my hope this legislation, and the related SEC proposal, rule 242, can receive the thoughtful consideration of the Securities Subcommittees in the Senate and the House, and an appropriate measure combining the best of both can be approved in 1980 as one of the parts of our legislative efforts to improve small business capital formation.

We at the Small Business Committee will do all that we can to advance the responsible consideration of this and other measures which will make easier the access to capital for new, small and independent firms, thereby benefiting all of our economy.

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

S. 2699

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Small Business Issuers' Simplification Act of 1980."

TRANSACTIONS INVOLVING SMALL ISSUERS AND ACCREDITED INVESTORS

SEC. 2. Section 4 of the Securities Act of 1933 (15 U.S.C. 77d) is amended by adding at the end thereof the following new paragraph:

"(6) Transactions involving offers or sales by a small issuer to one or more accredited investors, provided there is no advertising or public solicitation in connection with the transaction by the issuer or anyone acting on the issuer's behalf.".

RESALE OF SECURITIES

SEC. 3. Section 4(1) of the Securities Act of 1933 (15 U.S.C. 77d(1)) is amended by adding at the end thereof the following:

"For purposes of this paragraph, any accredited investor who acquired a security in a transaction to which Section 4(6) applies and who sells such security for his own account or in a fiduciary capacity shall not be deemed to be an underwriter under Section 2(11) with respect to such transaction if such sale is made to another accredited investor.".

DEFINITIONS

SEC. 4. Section 2 of the Securities Act (15 U.S.C. 77b) is amended by adding the following two paragraphs:

"(15) the term 'accredited investor' shall mean

"(i) a bank as defined in Section 3(a)(2) of the Act whether acting in its individual or fiduciary capacity; an insurance company as defined in Section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940; a Small Business Investment Company or Minority Enterprise Small Business Investment Company licensed by the Small Business Administration; or an employee benefit plan, including an Individual Retirement Account, which is subject to the provisions of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment adviser; or

"(ii) any person who purchases for cash at least $100,000 of securities of the issuer sold pursuant to Section 4(6) of the Act.

"(16) The term 'small issuer' means any business entity organized or existing under the laws of any state in the United States which has or proposes to have its principal business operations in the United States and which meets two of the three following criteria:

"(i) had total assets at the end of its last fiscal year of less than $15,000,000;

"(ii) has had total gross revenues per year in each of its last two fiscal years of less than $30,000,000;

"(iii) has no class of securities with more than 500 record holders.".

RULEMAKING AUTHORITY

SEC. 5. Section 19 of the Securities Act (15 U.S.C. 77s) is amended by adding at the end thereof the following new subsection:

"(c) The Commission shall have authority from time to time to make, amend or rescind such rules and regulations as may be necessary to revise the definitions contained in paragraphs (15) and (16) of Section 2 in accordance with the provisions of subsection (a), if it finds that such action is necessary or appropriate in the public interest or for the protection of investors, *Provided however*, That before adopting any proposed rule which would (1) increase the dollar amount contained in paragraph (15) of Section 2; or (2) decrease the dollar amounts contained in paragraph (16) of Section 2, the Commission shall afford interested persons an opportunity for public oral presentation of data, views and arguments concerning such proposed rule.".

OVERALL ANALYSIS: THE SMALL BUSINESS ISSUERS' SIMPLIFICATION ACT OF 1980

GENERAL

The "Small Business Issuers' Simplification Act of 1980" is designed to alleviate the significant problems encountered by smaller businesses in attempting to raise capital in nonpublic offerings. The bill creates an exemption from the registration requirements of Section 5 of the Securities Act of 1933 (the "Act") for sales by a defined class of small issuers to an unlimited number of accredited investors as defined by the bill. Although the securities received by such accredited investor would be restricted and thus could not be resold in a public offering unless they were registered or some exemption were available, the bill creates an additional exemption from Section 5 of the Act for sales and purchases between accredited investors. The terms "small issuer" and "accredited investor" are defined by the bill, which also gives the Commission certain rulemaking authority to revise the definition as may be necessary or appropriate in the public interest or for the protection of investors.

SECTION-BY-SECTION ANALYSIS

Section 1. Title.

Section 2. Transactions Involving Small Issuers and Accredited Investors.

This section of the bill would amend Section 4 of the Act to create an exemption from the registration requirements of the Act for transactions by a small issuer solely with one or more accredited investors, provided there is no advertising or public solicitation in connection with the transaction. The terms "small issuer" and "accredited investor" are defined in Section 4 of the bill.

Section 3. Resale of Securities.

Section 3 of the bill would amend Section 4(1) of the Act to provide that any accredited investor who sells a security that was acquired in a transaction to which the newly created exemption applies will not be deemed to be an underwriter under Section 2(11) of the Act, if such sale was made to another accredited investor.[1] Pursuant to this amendment, accredited investors would resell securities purchased under this exemption to other accredited investors without registration and without any limitation on the size of the offering or the length of time the securities were held. Moreover, securities issued and sold under this exemption would retain their exempt character in such resales without regard to subsequent changes in the size of the issuer.

Section 4. Definitions.

Section 4 of the bill would amend Section 2 of the Act by adding two paragraphs to define the terms "accredited investor" and "small issuer." The term "accredited investor" is defined as a bank, an insurance company, a small business investment company or an investment company registered under the Investment Company Act of 1940; certain employee benefit plans subject to the Employee Retirement Income Security Act of 1974; or purchasers of at least $100,000 of securities sold in a transaction to which the newly created exemption applies. The term "small issuer" is defined as any business entity which meets two out of the three stated criteria: (a) has less than $15,000,000 in total assets at the end of its last fiscal year; (b) has less than $30,000,000 in total revenues in each of its last two fiscal years; or (c) has no class of securities with more than 500 record holders.

Section 5. Rulemaking Authority.

Section 5 of the bill would amend Section 19 of the Act by granting special powers to the Commission to make, amend or rescind such rules and regulations as necessary to revise the definitions of "accredited investor" or "smaller issuer" if such action is necessary or appropriate in the public interest or for the protection of investors. However, the bill would require the Commission to hold public hearings prior to the adoption of any rule that would increase the $100,000 minimum purchase in the definition of an "accredited investor," or reduce the assets or revenues threshold in the definition of "small issuer." It is important that the Commission have adequate rulemaking authority to allow it to act to protect the investing public in the event that its experience demonstrates a need to restrict the availability of the exemption. This section would provide such authority.

U.S. SMALL BUSINESS ADMINISTRATION,

Washington, D.C., December 20, 1979.

Hon. THOMAS P. O'NEILL, Jr.,

Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I am pleased to transmit to the Congress for your consideration and appropriate reference the "Small Business Issuers' Simplification Act of 1979" together with a section-by-section analysis of the bill.

Our efforts as a Nation to promote long-term economic growth, to foster innovation and productivity and to create new jobs for the young people entering our economy depend to a significant degree upon the health of small business.

Small businesses account for more than 50 percent of all private employment, 43 percent of the gross national product and over half of all inventions. The small business sector plays a critical role in new job creation. In the period from 1960 through 1976, small and medium-size businesses provided virtually all of the new private sector jobs added to our economy. The Nation's largest 1,000 firms contributed less than 2 percent of the total.

It is, therefore, a matter of deep national concern that the small business community should be confronted today with serious problems and impediments, some of which arise from governmental actions at the Federal, state and local levels. Although the factors which appear to be inhibiting the creation and growth of small- and medium-sized

[1] Section 2(11) of the Act provides in pertinent part:

The term "underwriter" means any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking.

businesses are various, two problem areas predominate: the difficulty of raising capital to finance expansion of young companies, and the disproportionate burdens borne by smaller companies as a result of governmental regulation.

The proposed legislation which I am transmitting to the Congress today is designed to address each of the these problem areas. Although its scope is limited and the advance over prior law which it represents is modest, it nevertheless reflects and seeks to implement the policy of this Administration to make government more responsive to the legitimate concerns of small business.

The "Small Business Issuers' Simplification Act of 1979" will significantly reduce the paperwork and regulatory burdens of small businesses which sell their securities to institutional investors and other persons making investments of at least $100,000. The high costs of compliance with the registration provisions of the Federal securities laws have effectively prevented smaller businesses from raising capital in the public securities markets. The Securities and Exchange Commission has taken a number of actions within its existing statutory authority to ease these burdens. Typically, however, small issuers are confronted with the requirement, either express or implied, that they prepare a disclosure statement in connection with the offering of their securities. These documents tend in practice to be detailed and onerous to prepare. The requirement for such paperwork constitutes a needless impediment to the raising of capital where the securities are sold to a purchaser well able to fend for itself in the marketplace. Such purchasers do not require the protection of a disclosure document, because they possess the means to obtain access to the material facts about the issuer and its securities and to analyze and understand them.

By eliminating paperwork and regulatory burdens in a specified class of transactions, this legislation will facilitate the flow of capital into small businesses. The exemption provided by the bill will make it easier for small business to tap into the sizable pool of capital at the disposal of institutional investors.

The exemption from the registration provisions of the Federal securities laws provided for in the bill has been carefully drawn to ensure that no risks are posed to small investors. For such persons, the public disclosure protections of existing law remain in full force. Moreover, the antifraud guarantees of existing law remain in full effect for all transactions covered by the bill.

I urge the Congress to give the draft legislation its prompt and favorable consideration.

The Office of Management and Budget has advised that it has no objection to the submission of this bill and that its enactment by the Congress would be consistent with the Administration's programs.

Sincerely,

A. VERNON WEAVER,
Administrator.●

By Mr. METZENBAUM:

S. 2700. A bill to give the Government National Mortgage Association—Ginnie Mae—the legal authority to forgive outstanding mortgage payments on Lanham Act properties where it is shown that the property was sold at a price higher than the appraised market value; to the Committee on Banking, Housing, and Urban Affairs.

Mr. METZENBAUM. Mr. President, the legislation I am introducing today is designed to give the Government National Mortgage Association—Ginnie Mae—the legal authority to forgive outstanding mortgage payments on Lanham Act properties where it is shown that the property was sold at a price higher than the appraised market value. Although this legislation would give Ginnie Mae that authority in all such instances, it is specifically designed to assist a major housing project in Lincoln Heights, Ohio, near Cincinnati, which has been described as the largest all-black city in the country.

I believe that the people who live in that project—the Valley Homes project, which is owned by a black veterans cooperative—have been wronged. This legislation would give Ginnie Mae and the Federal Government a chance to right that wrong. Valley Homes has 350 units and about 1,700 residents. It was originally built in 1941 to house defense workers at the Wright aeronautical plant during World War II and was then sold by the Federal Government to the black veterans cooperative as surplus housing. According to a 1953 appraisal discovered in the Public Housing Administration's records, that project was appraised at $1,005,200, but was actually sold by the Federal Government to the veterans for $1.4 million—an overcharge of $400,000. Despite this apparent overcharge, and other evidence that the citizens in that community have been discriminated against, Ginnie Mae officials contend that they are legally unable to forgive the outstanding debt. That refusal has compounded a wrong that has already lasted more than 25 years.

It would be unjust to ask the Valley Home residents to repay an unfair debt. Many of those residents simply cannot afford that additional burden. In addition, it has been estimated that the projects needs an additional $5 to $7 million in repairs to fully rehabilitate the project. If citizens who now live in the project were forced to bear those costs, many would be forced out altogether. The Valley Homes Board has submitted an application to the Department of Housing and Urban Development for section 8 rehabilitation assistance, and my office has been in contact with HUD urging officials to make as much assistance available as possible.

Mr. Les Edwards, president of the Valley Homes Board, and Mr. Paul White, city manager of Lincoln Heights, have requested that I introduce this legislation. I am happy to do so, and I pledge to continue working with those local leaders to help the Valley Homes cooperative in the months ahead.

By Mr. LUGAR (by request):

S. 2702, A bill to correct an inequity in public housing sales; to the Committee on Banking, Housing, and Urban Affairs.

● Mr. LUGAR. Mr. President, at the request of Representative BILL GRADISON, of Ohio, I am introducing a bill to correct an inequitable Federal Government decision made in 1954. This action involved the sale of a World War II civilian housing project by the Public Housing Administration to the Valley Homes Mutual Housing Corp., a group of 350 families in Lincoln Heights, Ohio. Lincoln Heights is an all-black community with one of the lowest per capita incomes in the State. Approximately 30 percent of the units in Valley Homes are occupied by senior citizens and the total family income in nearly half of the units is below $6,000 per year.

The sale price was approximately $400,000 above the Federal Government's own appraisal of the property's fair market value. The residents were not aware of this fact until recently. If the original sale had been closed using the fair market value, the loan would have been paid off 12 years ago. Instead, Valley Homes is still indebted to the Government by an amount which is approximately equal to the original overcharge.

Since the residents of Valley Homes have, in fact, paid enough to the Government over the last 26 years to more than cover the value of the property when it was sold to them in 1954, it is only fair that the outstanding mortgage be canceled. The bill that I am introducing would provide the Government National Mortgage Association—the mortgagee—with the authority, which GNMA claims it lacks, to cancel the 1954 overcharge. Last week, the House Subcommittee on Housing and Community Development unanimously adopted an identical measure as a provision of the fiscal year 1981 housing authorization bill.

This legislation would rectify the earlier injustice which clearly is inconsistent with the Government's obligation to assure that affordable and decent housing is available to our Nation's poor.

I am especially pleased to lend my support to Congressman GRADISON's legislation. His leadership and unflagging energy has resulted in a solution to a problem that would have gone unsolved without him. But it comes as no surprise that once again BILL GRADISON is solving important problems for his district. As a Member of the House for 5 years, he has been an extremely able Congressman serving the Nation in a manner consistent with the highest levels of public service.●

By Mr. PROXMIRE:

S. 2704. A bill to amend the Federal Reserve Act to authorize the Board of Governors of the Federal Reserve System to establish margin requirements for transactions in financial instruments; to the Committee on Banking, Housing, and Urban Affairs.

REGULATION OF TRADING IN FINANCIAL INSTRUMENTS

Mr. PROXMIRE. Mr. President, I am introducing today a bill to authorize the Federal Reserve Board to regulate transactions in certain financial instruments. Under the bill, the Board could set margin requirements against loans used to finance the purchase of a financial instrument. The Board could also prescribe the deposit to be furnished and maintained by investors in futures contracts involving financial instruments. A financial instrument is defined to include any security that is not otherwise subject to the Board's margin authority under the Securities and Exchange Act. For the most part these include securities issued by or guaranteed by the Federal Government. The bill also covers transac-

tions in foreign exchange, gold, silver, or any other item which the Board determines to have monetary characteristics or is a store of value. However, the bill specifically precludes the regulations of transactions in agricultural commodities.

Mr. President, the recent extreme price swings in the silver market have pointed up a serious gap in our laws and regulations designed to curb excessive speculation. One of the principal reasons for the stock market collapse in 1929 was due to excessive speculation in securities which, to a large extent, was fueled by bank credit. When the stock market took a nose-dive, many banks were also dragged down. In order to prevent a reoccurrence, Congress authorized the Federal Reserve Board to prescribe margin requirements on loans used to finance the purchase of securities. For the most part the margin authority has achieved its intended objectives. However, the authority does not apply to all financial instruments, and these exemptions have become increasingly important with the growing scope and sophistication of our financial markets.

For example, today it is possible for investors to amass sizable speculative positions in gold, silver, or other unregulated financial instruments through the use of borrowed money. Unless we have some means of curbing the amount of speculative activity in these instruments we will run increasingly greater risks of serious financial repercussions. For example, a sudden and steep drop in the price of these instruments can threaten the safety and soundness of the financial institutions making the loans. Also, the easier it is to borrow to speculate on gold or silver the more credit is diverted from productive investments in real economic activity.

We have the lowest rate of productivity increase of any major country. Moreover small businessmen, home builders and buyers, farmers, and others are starved for credit. At the same time, investors who speculate in gold or silver or other financial instruments seem to have no trouble in obtaining credit to finance their speculative purchases. I believe margin requirements on loans used to buy gold or silver or other financial instruments will curb excessive speculative activity and make more credit available for productive investments in our economy.

Mr. President, a second gap in our regulatory system involves the establishment of deposit requirements on futures contracts. Under present regulatory arrangements, no governmental agency has the authority to prescribe deposit requirements except in unusual or extraordinary circumstances, and that authority has never been used. As a practical matter, the authority to set and revise deposit requirements is lodged exclusively with the Nation's various commodity exchanges. Until recently, activity on these exchanges has been confined to agricultural commodities. However, during the last few years they have moved heavily into financial futures. Today we have futures contracts not only on gold and silver, but on the major foreign currencies, Treasury bills, Treasury bonds, and GNMA securities. Applications are pending for many other financial instruments including a futures contract on the Dow-Jones stock market index.

The rapid development of financial futures markets has dramatically changed the nature and impact of futures trading. The ratio of speculative to hedging transactions seems to be much greater in financial futures trading compared to agricultural futures. Moreover, the consequences of excessive speculation can be far more serious on our financial system. The Federal Reserve and Treasury are especially concerned that trading in futures contracts on Treasury securities can complicate debt management and monetary policy. For example, the Treasury could be forced to alter the maturity structure of its obligation in order to prevent a squeeze from developing on a particular issue. Likewise, the Federal Reserve Board's open market operations might have to be revised out of the same considerations.

The growth of the financial futures market will likely continue at a high rate over the next few years as more and more brokerage houses attempt to make up for the decline in interest in the stock market on the part of individual investors. Thus more and more individual investors will be attracted to financial futures but without the regulatory safeguards established in the equity securities market. For the most part, trading in agricultural futures contracts has involved a relatively small group of highly sophisticated investors. However the financial futures market is likely to draw upon a much larger and somewhat less sophisticated group of investors. Therefore, the regulatory arrangements that may have been appropriate for agricultural futures trading are, in my opinion, no longer appropriate for the growing financial futures market.

One particular problem that was highlighted in the silver case is the ability of investors to pyramid their positions by using their daily profits to buy more futures contracts. Under the deposit rules established by the commodity exchanges, investors in futures contracts who profit from a change in price are able to withdraw their profits in cash on a daily basis. By the same token, investors whose positions are adversely affected by a price change are required to post an additional deposit to cover their losses. Nevertheless, in a rising market those who have taken a long position are able to push the price still higher by using the cash derived from their paper profits to put back in the market.

When the initial deposit requirement is a small percentage of the value of the contract, as it tends to be on most futures contracts, the leverage can be substantial. For example, if the initial deposit requirement is 2 percent than a mere 2-percent increase in the price can enable an investor to double his position overnight if he uses the paper profits to buy another futures contract. When a market is dominated by speculative investors, the ability to pyramid sounds like a built-in prescription for instability. Many market observers believe that pyramiding could be effectively curbed by requiring that any profits on a futures contract not be paid until the contract delivery date. Losses, of course, would continue to be posted as presently required. Under the bill I have introduced the Federal Reserve Board would have the authority to institute this change on futures contracts involving financial instruments.

Mr. President the Senate Committee on Banking, Housing, and Urban Affairs is holding a general oversight hearing on the recent developments in the silver market and on the adequacy of our system for regulating trading in financial instruments. I expect these hearings will also focus on the legislation I have introduced. I am certainly not wedded to the details of the legislation and I am willing to accept any reasonable modifications designed to make the bill more practical and workable. I am mindful of the constructive economic benefits flowing from our highly developed financial futures market and it is certainly not my intent to shut these markets down. Nonetheless, enough problems have been suggested that I believe it is in the long run interest of all parties to work out a more stable regulatory framework that will serve the needs of the market in the years ahead. It is certainly better to attempt to forge that consensus now rather than awaiting a financial crisis when the governmental response is likely to be far more rigid in its approach.

By Mr. BIDEN (for himself, Mr. MATHIAS, Mr. KENNEDY, and Mr. THURMOND):

S. 2705. A bill to amend chapter 207 of title 18, United States Code, relating to pretrial services; to the Committee on the Judiciary.

PRETRIAL SERVICES ACT OF 1980

Mr. BIDEN. Mr. President, today I am introducing, along with Senators MATHIAS, KENNEDY, and THURMOND, the Pretrial Services Act of 1980. This act will provide pretrial services in each Federal district to assist judicial officers in making appropriate pretrial release decisions and to supervise and monitor conditions of pretrial release.

The Pretrial Services Agencies had their origin in the preventive detention provisions of President Nixon's anticrime program. Attorney General Mitchell told the House Judiciary Committee in 1969 that crime committed by persons free on bail was a "major factor in the rising crime rate." Senator Ervin believed that preventive detention was the wrong solution. His position, based upon a Justice Department study of crime on bail, was that the preventive detention proposal would result in the detaining of as many as 19 nondangerous defendants for each dangerous defendant.

He also argued that pretrial detention did not reach the real source of the problem—the longer the period of time before trial, the more frequent and serious a second crime. Senator Ervin concluded that the real solution to crime on bail was: First, speedy trial, second, informed bail decisions, and third, bail supervision. His proposals were enacted

in titles I and II of the Speedy Trial Act of 1974. Title II of the Speedy Trial Act of 1974 established pretrial service agencies in 10 demonstration districts.

The function of the agencies was specifically designed to assist the court in meeting the goals of the Bail Reform Act of 1966.

The Bail Reform Act established a presumption in favor of release on personal recognizance or unsecured bond. If personal recognizance or unsecured bond are inadequate, the court is directed to impose the least restrictive condition of release necessary to assure appearance. Despite general agreement that the goals of the Bail Reform Act are valuable, the sponsors of title II noted that many Federal judges are reluctant to release defendants and all too often when they do, defendants either commit subsequent crimes or become fugitives. This situation exists because district courts do not have adequate personnel to make informed decisions on whether to release defendants. After conditions of release are imposed there is no agency charged with supervising bail conditions outside the District of Columbia. The Pretrial Services Agencies performs these essential functions.

The value of Pretrial Services Agencies is well established. In October 1978, the General Accounting Office issued a report, "The Federal Bail Process Fosters Inequities." That report included the following findings and recommendations:

The Bail Reform Act requires judicial officers to set bail based on available information about the defendant and the crime. While information concerning the crime charged is almost always available at the initial bail hearing, information on the defendant's personal and criminal background is often incomplete and unreliable. As a result, some judicial officers believe they must detain some defendants until more information is available. Others sometimes inadvertently release defendants who probably would not have been released if more had been known about them.

Most district courts have limited means for providing needed information about defendants. As a result, judicial officers often receive incomplete and conflicting information from the assistant U.S. attorney, defendant, and defense counsel and must set bail based on this incomplete and conflicting information. Without a source for accurate information, judicial officers sometimes resort to other methods of getting good information. For example, judicial officers in one district placed defendants under oath when trying to get information about their prior criminal history. We identified three FTA cases in that district where the defendants gave false information which the magistrates relied on in setting bail conditions. The magistrates in these cases said they probably would have set higher bail amounts if they had known of the defendants' prior records.

Several magistrates told us that, without complete and reliable information, they set bail to detain defendants until more information becomes available. Many of these defendants are later released. For example, the bail for codefendants accused of drug-related crimes was reduced and the defendants released after 6 days of detention when new information on their financial resources and community ties was presented to the magistrate. If this information had been presented at the initial appearance, the magistrate said a lower bail would have been set and the defendants probably released. Both defendants were sentenced to probation so the only time they served in jail was prior to trial. The information which was later made available to the judicial officer in this example and which triggered the change in release conditions could have been available initially if the districts had had a way to provide verified information to their judicial officers.

The lack of complete and reliable information can also result in high-risk defendants being released. For example, a defendant arrested on a narcotics charge was released on a $1,000 unsecured bond. He failed to appear and was later arrested for attempted murder. When the magistrate set bail, he did not know about the defendant's lengthy criminal record which included escape from prison. The magistrate told us he would have set a much higher bond had he known about the length and seriousness of the defendant's prior record.

In another case a defendant accused of possession with intent to distribute heroin was released on a $5,000 corporate surety bond and subsequently failed to appear. At the time the magistrate set bail, he did not know about the defendant's drug addiction, prior failure to appear, felony conviction, and pending felony charge. The magistrate said he would have set a higher bail to detain the defendant if he had known.

These examples demonstrate that a lack of complete information on defendants can often result in inappropriate bail decisions. Most magistrates in the 10 districts with PSAs told us the PSAs were available to provide them this information, many bail decisions were made in a vacuum and "by the seat of the pants."

We recommend that the Chief Justice, in his capacity as Chairman of the Judicial Conference, work with the Conference; the Director, Administrative Office of the U.S. Courts; and the Director, Federal Judicial Center, to develop and implement a program to assist judicial officers in making sound and consistent bail decisions. Such a program, at a minimum, needs to clarify the legitimate purposes of bail; present information and guidance on how the criteria listed in the Bail Reform Act relate to determining appropriate conditions of release; develop ways to promote greater use of secured appearance bonds rather than corporate surety bonds; and eliminate the practice of placing blanket restrictions on all defendants without regard to a defendant's danger of nonappearance.

We also recommend that the Judicial Conference provide the means for judicial officers to have more complete and accurate information on defendants in making bail decisions.

Under title II of the Speedy Trial Act of 1974 the Director of the Administrative Office of the U.S. Courts is required to report annually to Congress on the accomplishments of the Pretrial Services Agencies. The Director issued his fourth annual report to the Congress in June 1979. The report, paid particular attention to the agency's effectiveness in: First, reducing crime on bail; second, in reducing the volume and cost of unnecessary pretrial detention: and third, in improving the operation of the Bail Reform Act. The data collected by the Administrative Office of the U.S. Courts was also analyzed by the Federal Judicial Center to assist the Probation Committee of the Judicial Conference.

The legislation I am introducing today is based in large part upon the analyses and recommendations contained in those reports. In addition it reflects the substantial input of a wide variety of judges, magistrates, pretrial services offices, U.S. attorneys and defense counsel and others who have experience in the 10 demonstration districts before the implementation of pretrial services and after.

This legislation continues pretrial services in the 10 demonstration districts and expands the program to reach all defendants in every district. The specific manner in which the services will be provided is necessarily flexible. The criminal caseload in some districts is so small that a full-time pretrial services officer is not warranted. The bill allows for a part-time pretrial services officer to provide services as needed.

The expansion of pretrial services agencies is supported by the Administrative Office of the U.S. Courts, the Judicial Conference of the United States, the Department of Justice and the ABA.

The cost of pretrial services agencies is one of its most important features. It is estimated that pretrial services can be available for every Federal defendant at an annual cost of approximately $12 million. This amount is insignificant when compared with the savings, in both human and financial terms, resulting from a reduction in crimes on bail now committed by persons not provided with pretrial services. Pretrial services result in further savings by greatly reducing unnecessary pretrial incarceration which now exceeds $20 per day.

The Subcommittee on Criminal Justice will hold a hearing on pretrial services agencies on May 13. Witnesses include Judge Gerald B. Tjoflat, Chairman of the U.S. Judicial Conference Committee on the Administration of the Probation System; Chief Judge Edward S. Northrup and Judge Joseph H. Young of the Federal District Court for Maryland; Mr. Guy Willetts, Chief of the Pretrial Services Branch of the Administrative Office of the U.S. Courts; U.S. attorneys and pretrial services officers from the demonstration districts; and Mr. Bruce Beaudin, Director of the D.C. Pretrial Services Agency.

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

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

S. 2705

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Pretrial Services Act of 1980".

SEC. 2. Section 3152 of title 18, United States Code, is amended to read as follows:

"§ 3152. Establishment of pretrial services agencies.

"The Director of the Administrative Office of the United States Courts (hereinafter in this chapter referred to as the 'Director') shall under the supervision and direction of the Judicial Conference of the United States provide directly, or by contract or otherwise, for the establishment of a pretrial services agency in each judicial district (other than the District of Columbia) with respect to which the appropriate United States district court and circuit judicial council have recommended such establishment.".

SEC. 3. Section 3153 of title 18, United States Code, is amended to read as follows:

"§ 3153. Organization and administration of pretrial services agencies.

"(a) The pretrial services agencies established under section 3152 of this title shall be under the general authority and direction of a separate entity established within the Administrative Office of the United States Courts by the Director.

"(b) Each pretrial services agency shall be headed by a chief pretrial services officer selected by a panel consisting of chief judge of the circuit, the chief judge of the district and a magistrate of the district or their designees.

"(c)(1) With the approval of the district court, the chief pretrial services officer shall appoint such other personnel as may be required to staff the agency. The position requirements and rate of compensation of the chief pretrial services officer and such other personnel shall be established by the Director with the approval of the Judicial Conference of the United States, except that no such rate of compensation shall exceed the rate of basic pay in effect and then payable for grade GS-16 of the General Schedule under section 5332 of title 5, United States Code.

"(2) The chief pretrial services officer is authorized, subject to the general policy etsablished by the Director and the approval of the district court, to procure temporary and intermittent services to the extent authorized by section 3109 of title 5, United States Code. The staff of the agency, other than clerical, may be drawn from law school students, graduate students, or such other available personnel.

"(d) An individual who is a probation officer appointed under section 3654 of this title may perform functions and duties of an officer or employee of a pretrial services agency except a function or duty of the chief pretrial services officer.

"(e)(1) Except as provided in paragraph (2) of this subsection, information contained in the files of any pretrial services agency, presented in an agency report, or divulged by the agency during the course of any hearing, shall be used only for the purposes of a bail determination and shall otherwise be confidential. The agency report shall be made available to the attorney for the accused and the attorney for the government.

"(2) The Director shall issue regulations establishing the policy for release of information contained in the files of each pretrial services agency. Such regulations shall provide exceptions to the confidentiality requirements under paragraph (1) of this subsection to allow access to such information—

"(A) by qualified persons for purposes of research related to the admission of criminal justice;

"(B) by persons under contract under section 3154(a) of this title;

"(C) by probation officers for the purpose of compiling presentence reports;

"(D) insofar as such information is a pretrial diversion report, to the attorney for the accused and the attorney for the government; and

"(E) in certain limited cases, to law enforcement agencies for law enforcement purposes.

"(3) Information contained in the files of any pretrial services agency is not admissible on the issue of guilt in any criminal judicial proceeding, except that such information, if otherwise admissible, may be admitted on the issue of guilt for a crime committed in the course of obtaining pretrial release.".

SEC. 4. Section 3154 of title 18, United States Code, is amended—

(1) in the matter preceding paragraph (1), by striking out "such of the following" and all that follows through "specify" and inserting in lieu thereof "the following functions";

(2) so that paragraph (1) reads as follows:

"(1) collect, verify, and report to the judicial officer, prior to the pretrial release hearing, information pertaining to the pretrial release of each individual charged with an offense, and recommend appropriate release conditions for such individual.";

(3) in paragraph (4), by striking out "With the cooperation of the Administrative Office of the United States Courts, and with the approval of the Attorney General, operate or contract for the operation of" and inserting "Provide for" in lieu thereof;

(4) in paragraph (5), by inserting "and the United States attorney" after "court";

(5) so that paragraph (9) reads as follows:

"(9) Perform other functions under this chapter."; and

(6) by adding at the end the following:

"(10) Develop and implement a system to monitor and evaluate bail activities, provide information to judicial officers on the results of bail decisions, and prepare periodic reports to assist in the improvement of the bail process.

"(11) To the extent provided for in an agreement between the pretrial services agency and the United States Attorney, collect, verify, and prepare reports for the United States Attorneys Office of information pertaining to the pretrial diversion of any individual who is or may be charged with an offense, and perform such other duties as may be required under any such agreement.

"(12) Make contracts for the carrying out of any of the functions of such pretrial services agency.".

SEC. 5. Section 3155 of title 18, United States Code, is amended to read as follows:

"§ 3155. Annual reports.

"Each chief pretrial services officer shall prepare an annual report to the chief judge of the district court and the Director concerning the administration and operation of the agency. The Director shall be required to include the Director's annual report to the Judicial Conference under section 604 of title 28, United States Code, a report on the administration and operation of the pretrial services agencies for the previous year.

SEC. 6. The table of sections for chapter 207 of title 18, United States Code, is amended—

(1) in the item relating to section 3153, by inserting "and administration" after "Organization"; and

(2) so that the item relating to section 3155 reads as follows:

"3155. Annual reports.".

By Mr. GRAVEL:

S. 2706. A bill to establish a 100-percent observer program on all foreign fishing vessels in the U.S. 200-mile fishery conservation zone; to the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations, jointly, by unanimous consent.

● Mr. GRAVEL. Mr. President, today I am submitting legislation which would require that every foreign vessel that fishes in the U.S. 200-mile fishery conservation zone have an American observer on board. At present the level of observation on foreign vessels that fish within the 200-mile zone varies from 5 percent to 20 percent, with coverage off Alaska generally falling at the lower end of that range. In my opinion, and in the opinion of most of the fishing constituency of my State, that percentage is altogether too low.

Since the inception of the Fishery Conservation and Management Act in 1976 the fisheries off the Alaskan coast have undergone an incredible change. The significance and value of the so-called "underutilized species" off the shores of Alaska, which are the target of most of the foreign fishing activity, are being seen in a new light. In a protein hungry world, the proper management and conservation of these numerous fishery species in the oceans of the American coasts are more important than ever before. They must be properly protected or they run the danger of being permanently damaged or even destroyed.

The 200-mile legislation set forth the American policy that fishing by foreign nations off the U.S. coast should be allowed. Any species which Americans are not interested in and capable of harvesting can be fished by foreign nations. They are only required to make an application for the desired species and pay a nominal permit fee for the privilege of fishing in the U.S. 200-mile zone.

By and large, this system has worked quite well. The U.S. National Marine Fisheries Service sets the quotas at which fishing by these foreign vessels can take place and the Coast Guard enforces the terms of the permits to insure that fishing for species other than those specifically allowed by permit or that fishing for quantities in excess of that permitted does not occur.

Of late, the number and seriousness of the fishing violations have become increasingly greater, especially off the coast of Alaska. There have been very significant cases of both underreporting and the taking of prohibited species by foreign fishing entities. Management of a fishery is difficult in any event but when these singular violations are extrapolated throughout the entire foreign fleet the underreporting may be astronomical in size. The managers of the stocks in these areas have no reliable data upon which to base their predictions and their quotas which leaves them in a most precarious situation.

I believe that the fishery resource of the north Pacific is of sufficient value that every foreign vessel that plys those waters should have a full-time American observer on board. Those individuals should have sufficient training that they can readily identify the species of the area where they are in service. And, in addition, I believe that the foreign vessels should bear the entire cost of training, transporting, paying, and maintaining each observer as a condition of their being issued a permit to fish. The cost would be minimal—maybe $15,000 per vessel per year; the benefit would be substantial.

So, today, Mr. President, I am offering a bill to require full observer coverage on all foreign vessels which are issued a permit to fish within the U.S. fishery conservation zone. The number and seriousness of the violations which have occurred of late leave us with no other alternative if we are to insure the con-

tinued health of the invaluable natural fisheries resources off our shores.

I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

S. 2706

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

SEC. 1. ESTABLISHMENT OF FULL OBSERVER PROGRAM.

Section 201 of the Fishery Conservation and Management Act of 1976 (16 U.S.C. 1821) is amended by adding at the end thereof the following new subsection:

(1) OBSERVER PROGRAM.—(1) The Secretary shall establish a program under which at least one United States observer will be stationed aboard each foreign fishing vessel while that vessel is within the fishery conservation zone and is—

"(A) engaging in fishing;

"(B) accepting United States harvested fish through transfer at sea;

"(C) cruising to and from a location at which any such fishing or transfer will transpire; or

"(D) taking highly migratory species if such taking may result in the incidental taking of species over which the United States exercises fishery management authority.

"(2) United States observers, while aboard foreign fishing vessels, shall carry out such scientific and other functions as the Secretary deems necessary or appropriate to carry out the purposes of this Act.

"(3) In addition to any fee imposed under section 204(b)(10) of this Act and section 10(e) of the Fishermen's Protective Act of 1967 (22 U.S.C. 1980(e)) with respect to foreign fishing for any year after 1980, the Secretary shall impose, with respect to each foreign fishing vessel for which a permit is issued under such section 204, a surcharge in an amount sufficient to cover all the costs of providing a United States observer aboard that vessel. The failure to pay any surcharge imposed under this paragraph shall be treated by the Secretary as a failure to pay the permit fee for such vessel under section 204 (b)(10).

"(4) PAYMENT OF COSTS.—The owner and operator of each fishing vessel to which an observer is assigned shall reimburse the United States for the total costs of placing the observer aboard, including training, salary, per diem, transportation of observers, and overhead costs.

"(5) While a United States observer is aboard a foreign fishing vessel as required under this subsection, such vessel shall display an insignia (in such form and such manner as the Secretary shall by regulation establish) that will indicate that such an observer is aboard.

"(6) TRAINING.—The Secretary shall provide United States observers and observer assistants such training as may be necessary.

"(7) TRANSPORTATION.—The Secretary of the department in which the Coast Guard is operating shall provide transportation for United States observers and observer assistants to and from the foreign fishing vessels with respect to which they are carrying out duties and functions provided for under this section.".

SEC. 312. EFFECTIVE DATE.

The amendment made by section 311 shall take effect October 1, 1980, and shall apply with respect to permits issued under section 204 of the Fishery Conservation and Management Act of 1976 after December 31, 1980.●

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a bill introduced by the Senator from Alaska (Mr. GRAVEL), establishing a 100-percent observer program on all foreign fishing vessels in the U.S. 200-mile fishery conservation zone, be jointly referred to the Committees on Commerce, Science, and Transportation and Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered

ADDITIONAL COSPONSORS

S. 336

At the request of Mr. MATHIAS, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 336, a bill to amend the Internal Revenue Code of 1954.

S. 1629

At the request of Mr. JACKSON, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 1629, a bill to amend section 9441 of title 10, United States Code, to provide for budgeting by the Secretary of Defense, the authorization of appropriations, and the use of those appropriated funds by the Secretary of the Air Force, for certain specified purposes to assist the Civil Air Patrol in providing services in connection with the noncombatant mission of the Air Force.

S. 1825

At the request of Mr. NELSON, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 1825, a bill to amend the Internal Revenue Code of 1954 to adjust the unified credit against estate and gift taxes to take into account the rate of inflation.

S. 2079

At the request of Mr. BAYH, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 2079, a bill to improve the administration of the patent and trademark laws by establishing the Patent and Trademark Office as an independent agency, and for other purposes.

S. 2220

At the request of Mr. NELSON, the Senator from New Mexico (Mr. SCHMITT) was added as a cosponsor of S. 2220, a bill to amend the Internal Revenue Code of 1954 to provide for the exclusion from the gross estate of a decedent of a portion of the value of certain interests in a farm or trade or business if the spouse or children of the decedent materially participate in such farm or trade or business.

S. 2441

At the request of Mr. BAYH, the Senator from Iowa (Mr. CULVER), the Senator from Arizona (Mr. DECONCINI), the Senator from Montana (Mr. BAUCUS), the Senator from Maryland (Mr. MATHIAS), the Senator from Kansas (Mr. DOLE), and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of S. 2441, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes.

S. 2511

At the request of Mr. BAYH, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 2511, a bill to amend the Civil Rights Act of 1957 to authorize appropriations for the U.S. Commission on Civil Rights for fiscal year 1981.

S. 2521

At the request of Mr. DOLE, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 2521, a bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of royalty owners under the crude oil windfall profit tax.

S. 2580

At the request of Mr. SCHWEIKER, the Senator from Idaho (Mr. CHURCH) and the Senator from New York (Mr. JAVITS) were added as cosponsors of S. 2580, a bill to amend the Immigration and Nationality Act to provide procedures for administrative correction of the dates of birth of certain naturalized citizens.

S. 2581

At the request of Mr. CHURCH, the Senator from Michigan (Mr. LEVIN) and the Senator from South Dakota (Mr. MCGOVERN) were added as cosponsors of S. 2581, a bill to amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

S. 2582

At the request of Mr. CHURCH, the Senator from South Dakota (Mr. MCGOVERN) and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 2582, a bill to provide for the settlement and payment of claims of civilian and military personnel against the United States for losses in connection with the evacuation of such personnel from a foreign country.

SENATE JOINT RESOLUTION 152

At the request of Mr. MATHIAS, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of Senate Joint Resolution 152, a joint resolution to authorize and request the President to designate the week of September 21 through 27, 1980, as "National Cystic Fibrosis Week."

SENATE JOINT RESOLUTION 159

At the request of Mr. DOLE, the Senator from Iowa (Mr. JEPSEN), the Senator from South Carolina (Mr. THURMOND), and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of Senate Joint Resolution 159, a joint resolution disapproving the action taken by the President under the Trade Expansion Act of 1962 in imposing a fee on imports of petroleum or petroleum products.

SENATE JOINT RESOLUTION 161

At the request of Mr. BENTSEN, the Senator from Maryland (Mr. MATHIAS), and the Senator from Nebraska (Mr. ZORINSKY) were added as cosponsors of Senate Joint Resolution 161, a joint resolution proposing an International Code of Business Conduct.

SENATE JOINT RESOLUTION 168

At the request of Mr. DOLE, the Senator from Pennsylvania (Mr. HEINZ). and the Senator from Illinois (Mr. PERCY) were added as cosponsors of Senate Joint Resolution 168, a joint resolution designating July 18, 1980, as "National POW-MIA Recognition Day."

SENATE CONCURRENT RESOLUTION 92

At the request of Mr. CHAFEE, the Senator from Indiana (Mr. BAYH), the Senator from Georgia (Mr. TALMADGE), the Senator from Iowa (Mr. JEPSEN), the Senator from New Mexico (Mr. DOMENICI), the Senator from Connecticut (Mr. WEICKER), and the Senator from Wyoming (Mr. SIMPSON) were added as cosponsors of Senate Concurrent Resolution 92, a concurrent resolution declaring that the Congress does not favor the withholding of income tax on interest and dividend payments.

SENATE RESOLUTION 405

At the request of Mr. PROXMIRE, the Senator from Arizona (Mr. DECONCINI), and the Senator from West Virginia (Mr. ROBERT C. BYRD) were added as cosponsors of Senate Resolution 405, a resolution expressing the sense of the Senate with respect to compliance by the Soviet Union with the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

SENATE RESOLUTION 414

At the request of Mr. STEWART, the Senator from Oklahoma (Mr. BOREN), the Senator from Alabama (Mr. HEFLIN), the Senator from Indiana (Mr. LUGAR), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. SARBANES), the Senator from Michigan (Mr. LEVIN), the Senator from Montana (Mr. BAUCUS), and the Senator from California (Mr. CRANSTON) were added as cosponsors of Senate Resolution 414, a resolution to commend the National Forensic League on its Golden Anniversary Tournament.

SENATE RESOLUTION 422

At the request of Mr. DOLE, the Senator from Alabama (Mr. STEWART) was added as a cosponsor of Senate Resolution 422, a resolution to proclaim National Circle K Week.

AMENDMENT NO. 1690

At the request of Mr. MATHIAS, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of amendment No. 1690 intended to be proposed to S. 1722, a bill to codify, revise, and reform title 18 of the United States Code; and for other purposes.

SENATE CONCURRENT RESOLUTION 93—SUBMISSION OF A CONCURRENT RESOLUTION RECOGNIZING THE CONGRESSIONAL OBLIGATION TO INSURE AN ADEQUATE STANDARD OF LIVING FOR THE ELDERLY

Mr. MOYNIHAN submitted the following concurrent resolution, which was referred to the Committee on Labor and Human Resources:

SENATE CONCURRENT RESOLUTION 93

Whereas Congress and the President have stated their intent to balance the budget; and

Whereas, if the budget were to be balanced at the expense of programs designed to aid the elderly, severe hardships would be experienced by our senior citizens who already have difficulty in making ends meet; and

Whereas one out of every four senior citizens lives below the poverty line; and

Whereas 30 percent of all senior citizens live in substandard housing and receive inadequate health care; and

Whereas in retirement the average senior citizen can expect to have an annual income of less than half what it was during his or her working years; and

Whereas with inflation the senior citizen's already insufficient income will buy less and less as he or she grows older; and

Whereas these same senior citizens can expect annual health care costs of $1,500—more than four times the costs for the average non-senior citizen; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That our senior citizens who spent their lives building America have the right to live out their remaining years in dignity, without the fear of having to choose between staying warm, eating, living in decent housing, or receiving adequate health care; and the Congress has the obligation to fund, and to seek continuously to improve, those programs which have been designed to ensure an adequate standard of living for the elderly.

● Mr. MOYNIHAN. Mr. President, the first concurrent budget resolution is now almost behind us. I am glad to see that most programs for the elderly have survived relatively unscathed, despite a veritable hail of proposals which would have, in effect, balanced the budget on their backs. But future budgets and other decisions pose similar threats to the well-being of our aged and retired citizens.

We must guard against cuts which would impose unbearable hardship on those persons and groups in the greatest need. We must not force our already hard-pressed senior citizens, many of them struggling under the double burden of reduced income and spiralling inflation, to choose between warmth and food, between housing and health care. We must not trample on the dignity and security our senior citizens have earned. We must reaffirm our commitment to the principle that the Federal Government should do all that is necessary to assure the financial security of our Nation's elderly. To this end, I am submitting a concurrent resolution reaffirming the obligation of Congress to insure an adequate standard of living for the elderly. This resolution is identical to the one being introduced in the House by my friend and colleague, Congressman CHARLES RANGEL of New York's 19th District.

I urge its rapid and favorable consideration.●

SENATE CONCURRENT RESOLUTION 94—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO A LIMITATION ON IMMIGRANTS FOR 1980

Mr. HUDDLESTON (for himself and Mr. BURDICK) submitted the following concurrent resolution which was referred to the Committee on the Judiciary:

S. CON. RES. 94

Whereas legal immigration into the United States is at the highest level in over fifty years, exceeding the total immigration level for all other free nations combined;

Whereas pressures to immigrate to the United States are enormous and growing steadily, fueled by dramatic population growth and inadequate economic expansion in foreign countries;

Whereas immigration pressures are further exacerbated by the policies of certain foreign governments which encourage or force the mass exodus of hundreds of thousands of their citizens, with the expectation that they will be admitted to the United States;

Whereas the expulsion of these unwanted and discontented citizens serves to support totalitarian regimes by reducing pressures for internal change and accommodation of human rights;

Whereas the United States cannot act as a safety valve for regimes that are oppressive or incapable of fostering an adequate standard of living for their people;

Whereas continued unchecked immigration to the United States will complicate and delay the solution of important national problems such as excessive Federal spending, inflation, energy shortages, and unemployment;

Whereas Congress is attempting to reduce Federal spending wherever possible in order to balance the budget, and such attempts will result in reductions in many programs which benefit the American people;

Whereas the direct cost to the American taxpayers for assistance to refugees will be at least $1,720,000,000 in fiscal year 1980 and $2,110,000,000 in fiscal year 1981;

Whereas increased admissions will cause these costs to escalate substantially; and

Whereas prior to the completion of the work of the Select Commission on Immigration and Refugee Policy, the United States should establish an interim policy on immigration levels: Now, therefore, be it

Resolved, by the Senate (the House of Representatives concurring) That it is the sense of the Congress that the United States shall not admit more than 650,000 immigrants, including refugees, in fiscal year 1980 and, that the President shall submit to the Congress an annual total immigration goal for the United States.

● Mr. HUDDLESTON. Mr. President, once again, with thousands of Cubans entering our country in flight from a repressive regime, we are confronted with the fact that neither the Congress nor the President has firm control over our immigration levels. Neither do we have control over the amount of taxpayer money that we will have to spend to screen, process, and resettle these new immigrants.

The fact is that Fidel Castro, the Marxist dictator of Cuba, with assistance from the Cuban exiles in Florida, has usurped U.S. immigration policy.

This country's tradition of opening its doors to oppressed people from throughout the world is well established and has

played a significant role in the development and strength of our Nation. However, even the most ardent supporter of our open-door policy concedes that there are limits to the number of immigrants and refugees we can accommodate without imposing serious and unacceptable burdens on our citizens.

The present Cuban refugee crisis and the plight of approximately 30,000 Haitians who have come to our country illegally points up the difficulties of our uncontrollable immigration policy and the problems it creates.

Fidel Castro's efforts to embarrass the Government of the United States as he rids his island kingdom of those discontented with his rule have brought us to a crisis stage. Yet this crisis is not the total problem. The real problem is hidden and has been growing virtually unnoticed for 15 years. It is time we did something about it.

The problem I am referring to is our unchecked immigration, growing at an unprecedented rate. We in this Congress have the distinction of serving our country at the time of the highest immigration in American history. Legal immigration was over 600,000 last year. Estimates of illegal immigration run between several hundred thousand to almost 2 million people yearly. Even in the peak years of immigration at the beginning of this century, immigration never topped 2 million persons per year.

"America is a nation of immigrants." We have all heard this phrase, and the stirring inscription on the Statue of Liberty:

> Give me your tired, your poor, your huddled masses yearning to be free.

And America is generous. We accept more refugees and more immigrants than all the other nations in the free world combined. Our response to the plight of the Indochinese refugees is characteristic: By the end of this year, we shall have accepted more than a half-million Indochinese refugees. No other country, save the People's Republic of China, has taken more than 100,000 for permanent settlement. America is, and will continue to be, the most generous country in the world.

But while we intend generosity, we should not allow ourselves to be taken advantage of, to be manipulated. And we cannot allow our laws, designed to provide for this generous refuge in an even-handed and fair manner, to be ignored. We cannot allow any group in our society to tell us that we dare not enforce the laws for them because they live above the demands of the law.

Our laws are necessary in immigration affairs, because the pressure to immigrate to the United States is so great. By accepting hundreds of thousands of immigrants, we have stimulated millions of people in their desperate desire to come to America. There are an estimated 14 million refugees worldwide. By the year 2000, 5 billion people will live in nations with abject poverty. Crushed by debt and energy costs, less developed countries cannot expand their economies fast enough to keep pace with their growing populations. Droughts and wars continue to displace millions.

Congress has responded to this pressure by increasing immigration ceilings. Courts have responded by restricting enforcement of the laws. Special interest groups have responded by insisting that their constituents receive preferential treatment. The result is that annual legal immigration has almost doubled since 1970. Illegal immigration has skyrocketed, and our ability to control it has withered.

Once an illegal immigrant enters this country, he is safe. Safe to displace Americans from jobs, safe to take housing, safe to use resources and social services, and safe to bring in his family and friends as future illegal immigrants. And safe to demonstrate in front of government buildings, as happened in Chicago.

We all pay for our toleration of such illegality. We pay for the shortage of energy; we pay for the unemployment of displaced U.S. workers. The Secretary of Labor, Ray Marshall, has said that, if only 2 million jobs held by illegal immigrants are freed, unemployment will drop below 4 percent. The Internal Revenue Service estimates that the untaxed income of illegal aliens may be as much as $6 billion.

We all pay, also, for refugees. A report done by the Department of State at my request showed that our costs for refugee assistance programs will be $1.7 billion in fiscal year 1980, and more than $2.1 billion in fiscal year 1981. Those figures were prepared before the administration announced plans to bring in thousands of additional refugees—and they were announced before Fidel Castro implemented plans to disrupt our refugee program. On May 6, 1979, the Washington Post estimated that the cost of this new wave of refugees from Cuba "could rise toward $1 billion or more." If this happens, the total cost of refugee assistance to the American taxpayers will be over $3 billion in 1981. Unfortunately, this assistance will not terminate quickly, but will go on for many years.

We have reached the point at which millions of foreign nationals are demanding immigration to the United States as a right. We are, deliberately and by inattention, weakening our ability to say "no" to those who break down our doors by force or by fraud.

We have lost control of immigration to this country. Our immigration policy is no longer set by Congress, or even set in Washington. Our policy is made in Tehran, in Havana, in Port au Prince, in Hanoi. Foreign governments have been quick to see and to use the opportunity presented by our loss of control, our lack of will to enforce our laws. Other nations are not willing to help us enforce our immigration laws when we show ourselves unwilling to exercise control. Mexico guards its southern border strictly and efficiently against illegal immigration, but leaves its northern border open for those who wish to emigrate to the United States. Canada, with a rational and controlled immigration system itself, has become a major waystation for South American and Caribbean illegal immigration to the United States.

The United States, for all its generosity, cannot accept all the people oppressive regimes want to be rid of. We must understand that the last country to send refugees in massive numbers will not be Vietnam, or Cambodia, or Haiti, or Cuba—that the potential immigrants to the United States are beyond counting. But we are not limitless in our resources, or in our ability to accept refugees and immigrants. We must have an enforced limit on immigration, and we must set it quickly. We must regain control of our immigration. Every passing month has shown that we can wait no longer.

Some may counsel delay or request special exceptions—and they will all have very good cases, very humane purposes. But we must be firm. We must set a limit, generous though it may be, and stick to it.

We can still be flexible and responsive within our immigration ceiling. If an emergency occurs, we can adjust our priorities and allocations within such a ceiling. But we must keep in mind our overall goal, and not become overwhelmed by every individual or group problem.

If we set a limit and stick to it, there will be less incentive for foreign governments to thrust their citizens into danger on the seas, into life-threatening crises. Other countries will be forced to respond to humanitarian calls for help, and not to leave the bulk of resettlement efforts to the United States.

I am today introducing a resolution to accomplish this. This resolution sets a total immigration level for this year of 650,000, twice the statutory level of our immigration preference system. Thus, we can accept refugees and immigrants of all types. But we must have that limit and we must stick to it.

The resolution would direct the President to submit to Congress a yearly total immigration goal for the United States. The goal can change from year to year to reflect our economic and employment needs, and to respond to humanitarian crises. But the goal must be set.

I do not take this step lightly, Mr. President. But the crisis brought to light by events in the Caribbean will not wait. The Federal advisory body on immigration and refugees is a year away from its report. Actions by the members of that commission show that even they are not waiting for the report before initiating major changes in immigration law. I propose this resolution as a modest, remedial step, to do what we can today to bring our immigration crisis back under some semblance of control until we can make the basic, major reforms necessary. I urge my colleagues to join me on this important resolution.●

SENATE RESOLUTION 431—ORIGINAL RESOLUTION REPORTED TO WAIVE CONGRESSIONAL BUDGET ACT

Mr. LONG, from the Committee on Finance, reported the following original resolution, which was referred to the Committee on the Budget:

SENATE RESOLUTION 431

Resolved, That (a) pursuant to section 303 (c) of the Congressional Budget Act of 1974, section 303(a) of such Act shall not apply with respect to the consideration in the Senate of the bill H.R. 3236 to amend title II of the Social Security Act to provide better work incentives and improved accountability in the disability insurance program, and for other purposes, or with respect to the consideration of the conference report on such bill; and

(b) That waiver of such section 303(a) is necessary in order to enable the Senate to consider this legislation the prompt enactment of which is important to the achievement of the budgetary goals for fiscal year 1981 included in the first concurrent budget resolution for that year as passed by the Senate; and

(c) That the waiver is required because completion of Congressional action on the first budget resolution is expected to be delayed beyond the May 15 date provided for in the Congressional Budget Act of 1974 and because the conference committee on H.R. 3236 found it necessary to modify certain effective dates in the bill because of the passage of time and because of the need to assure that the bill is consistent with the budgetary objectives of the Congress.

SENATE RESOLUTION 432—SUBMISSION OF A RESOLUTION WITH RESPECT TO TAXING OF SOCIAL SECURITY BENEFITS

Mr. NELSON (for himself, Mr. BAUCUS, Mr. BAYH, Mr. BOREN, Mr. BRADLEY, Mr. BUMPERS, Mr. HARRY F. BYRD, JR., Mr. CHAFEE, Mr. CHURCH, Mr. CULVER, Mr. DOLE, Mr. DURENBERGER, Mr. DURKIN, Mr. EAGLETON, Mr. GRAVEL, Mr. HART, Mr. HEINZ, Mr. HUDDLESTON, Mr. KENNEDY, Mr. LONG, Mr. MCGOVERN, Mr. MATSUNAGA, Mr. MELCHER, Mr. MOYNIHAN, Mr. PACKWOOD, Mr. PRESSLER, Mr. PRYOR, Mr. RANDOLPH, Mr. RIBICOFF, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. SASSER, Mr. STAFFORD, Mr. TALMADGE, and Mr. WALLOP) submitted the following resolution, which was referred to the Committee on Finance:

S. RES. 432

Whereas social security was established to protect the income of Americans against the serious economic risks that families face upon retirement, disability and death; and

Whereas social security provides a monthly payment to some thirty-five million beneficiaries; and

Whereas the 1979 Advisory Council on Social Security has recommended that half of social security benefits be included in taxable income for Federal income taxes; and

Whereas social security benefits are now exempt from federal taxation; and

Whereas for the people affected, taxing of social security benefits would be tantamount to a cut in benefit payments; and

Whereas 15 to 20 per centum of the elderly—even with social security—are today below the poverty level and all Americans are suffering the effects of inflation; and

Whereas estimates based on 1978 data indicate that taxing one-half of social security benefits would affect 10.6 million tax filing units of the 24.2 million individuals who received social security cash benefits; and

Whereas the estimated impact of this taxation of social security benefits would have increased the average tax liability of those tax units affected in 1968 by $350; and

Whereas the total estimated increase in federal tax collections in 1978 by the taxation of one-half of social security benefits would be $3.7 billion; and

Whereas the prospect of possible cuts has alarmed many older Americans and undermined the confidence of Americans in the integrity of the social security program; Now, therefore, be it

Resolved, That, it is the sense of the Senate that the Social Security Advisory Council's recommendation that one-half of social security benefits should be subject to taxation would adversely affect social security recipients and undermine the confidence of American workers in the social security programs, that social security benefits are and should remain exempt from federal taxation, and that the 96th Congress will not enact legislation to implement the Advisory Council's recommendation.

SENATE RESOLUTION 433—ORIGINAL RESOLUTION REPORTED TO WAIVE CONGRESSIONAL BUDGET ACT

Mr. CANNON, from the Committee on Commerce, Science, and Transportation, reported the following original resolution, which was referred to the Committee on the Budget:

S. RES. 433

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 6554. Such waiver is necessary because H.R. 6554 authorizes the enactment of new budget authority which would first become available in fiscal year 1980, and such bill was not reported on or before May 15, 1979, are required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

Section 4 of H.R. 6554 would amend the Maritime Appropriation Authorization Act for fiscal year 1980 (Public Law 96–112; 93 Stat. 847) to provide the necessary authorization for a fiscal year 1980 supplemental appropriation for the Department of Commerce to cover certain unforeseen expenses in the operating-differential subsidy program. Specifically, section 4 of H.R. 6554 would raise the authorization for this program for fiscal year 1980 from $256,208,000 to $300,515,000.

Operating-differential subsidy is paid to United States companies to enable them to operate U.S.-flag ships competitively in the United States foreign trade by generally offsetting the excess of United States ship operating costs over comparable foreign ship operating costs. Direct subsidies were first provided to United States operators under the Merchant Marine Act, 1936. The Merchant Marine Act of 1970, expanded the coverage of operating-differential subsidies to include bulk-carrier ships.

Due to the complexity of calculations under the operating subsidy formulas and the dynamic nature of several cost factors that enter into those calculations, vessels that participate in this program during any fiscal year are reimbursed at tentative rates for such fiscal year. Often final amounts paid to such participating vessels are not determined and paid for at least 18 months after the end of such fiscal year. Thus, even though the latest available data is used to prepare budget estimates for this program, the timing of the budget process requires that this data be used to forecast economic conditions that will prevail 1, 2, and 3 years from the date the budget estimates are prepared. The supplemental authorization to reflect the decline in the value of the dollar, changes in United States and foreign cost factors in certain maritime trades, and unforeseen developments in the United States-Soviet grain trade that occurred subsequent to the preparation of the fiscal year 1980 budget estimates.

AMENDMENTS SUBMITTED FOR PRINTING

SOFT DRINK INTERBRAND COMPETITION ACT—S. 598

AMENDMENTS NOS. 1762 THROUGH 1767

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted five amendments intended to be proposed by him to S. 598, a bill to clarify the circumstances under which territorial provisions in licenses to manufacture, distribute, and sell trademarked soft drink products are lawful under the antitrust laws.

AMENDMENT NO. 1768

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1760 intended to be proposed to S. 598, supra.

AMENDMENT NO. 1769

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1761 intended to be proposed to S. 598, supra.

AMENDMENT NO. 1770

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1762 intended to be proposed to S. 598, supra.

AMENDMENT NO. 1771

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1763 intended to be proposed to S. 598, supra.

AMENDMENT NO. 1772

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1764 intended to be proposed to S. 598, supra.

AMENDMENT NO. 1773

(Ordered to be printed and to lie on the table.)

Mr. METZENBAUM submitted an amendment intended to be proposed by him to amendment No. 1765 intended to be proposed to S. 598, supra.

NOTICES OF HEARINGS

SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will conduct a hearing on "Crime and Its Impact on Small Business."

The hearing will begin at 10 a.m., on Thursday, May 29, 1980, in room 424 of the Russell Senate Office Building.●

SELECT COMMITTEE ON SMALL BUSINESS

● Mr. NELSON. Mr. President, the Select Committee on Small Business will conduct a hearing on the Small Business Administration's veterans' assistance program.

The hearing will begin at 10 a.m., on Wednesday, June 4, 1980, in room 424 of the Russell Senate Office Building.●

ADDITIONAL STATEMENTS

THE AMERICAN INTELLIGENCE COMMUNITY

● Mr. GOLDWATER. Mr. President, today I would like to speak about a very important aspect of our national security, namely, the American intelligence community. In these days of worldwide turmoil and widespread anti-American sentiment, it is absolutely mandatory that we have in the field an efficient and functioning system for collecting and assessing the events that bear directly on our own strategic interests.

Now, if anyone is confused on this score it does not surprise me. We have been through an extended period wherein the intelligence agencies of our Government have been pictured more as enemies of the American people than they have as benefactors and necessary adjuncts to our national security. It is almost impossible these days to pick up a newspaper printed in our major cities without reading long diatribes against the intelligence gathering system of the United States and outlining alleged abuses they supposedly committed both here and overseas. For example, just 1 day's collection of such stories show the Los Angeles Times with a piece entitled "The Danger Can't Be Ignored," the St. Louis Post-Dispatch has an article entitled "The Issue of Force," the Washington Post headlines "Congress Closes On the CIA," and the New York Times advises its readers under a headline that reads "Retreat From Intelligence."

Now, it is important to keep in mind that all of these newspapers are editorially associated with the left wing branch of the political spectrum and it is a well known fact that the liberal press has never shown any marked sympathy for the collection and use of intelligence information, especially if such activity required the use of secret or clandestine methods. There seems to be a built-in abhorrence on the part of these publications for anything of a confidential nature, whether it be in the interests of protecting the American people or any other Government activity.

Now, as some of you know I have served on the Church committee to investigate intelligence activity and the present Senate Oversight Committee on Intelligence. In my humble opinion the Church committee went out of its way to do as much as it possibly could to destroy the CIA and all other intelligence agencies. Never did that committee keep in mind nor did the newspapers that reported on its activities keep in mind, the fact that everything they criticized about intelligence activity was done by those agencies on direct orders from the Presidents of the United States. Everything that the media regards as reprehensive in intelligence work has occured in the past two decades and all of it was approved by whoever happened to be occupying the White House at the time. The things that were done were done because the men elected to the highest office in the land decided they were necessary in the interests of the security of the American people.

Throughout this entire period of criticizing, berating and downgrading our intelligence agencies, the question of ultimate responsibility has been conveniently played down. The effect of all the public breastbeating has been to reduce the ability of our Government to gather needed intelligence and assess it properly. If you were able to look inside these agencies today you would find that through the efforts of the press and the Church committee, the sound, experienced older people in the intelligence business, have been eliminated and the long, slow process of training younger people is only now getting underway. The cost to this Nation in solid gathering and assessment of worldwide intelligence will be impossible to calculate.

At the present time, there is a great deal of criticism of Congress because we have been unable to come to an agreement on a 150-page intelligence charter that every single member of the Intelligence Committee knew from the beginning would not work. This whole business of a charter is long and involved and extremely difficult to understand. And, although I greatly admire the efforts of Senator HUDDLESTON, who worked for many months on this charter, I cannot see in it, what is so desperately needed to quickly give our intelligence community some degree of independence and protection so that it can move ahead immediately on the job or protecting American interests. In my opinion, we would be well advised to adopt quickly the succinct and easily understood bill introduced by Senator MOYNIHAN and the committee because they are brief and get to the guts of what I have been talking about. It is a step in the right direction and needs to be taken immediately. It limits the number of Members of Congress who would be able to obtain secret intelligence briefings and provides much needed protection for our intelligence agents in the field.

Frankly, I have always felt it was ridiculous and self-defeating to authorize multiple committees of Congress to have access to planned intelligence operations. Frankly, if I had the power I would do away with all intelligence oversight committees, because I feel intelligence is of such major importance to the United States that it should be operated only by people who know how to operate it and who understand it. There are very few Members of Congress with the kind of ability this requires. But, we do have a law and we have one committee in each House of Congress that is reasonably capable of performing a measure of oversight functions, so I am going to go along with the idea that we permit these two committees to examine intelligence activities because I believe this is the best we can do at the present time.

In conclusion, let me say that events in Iran, Afghanistan, Cuba and other trouble spots throughout the world are beginning to convince the American people and many Members of Congress of the absolute and vital need for a healthy intelligence community. I believe that even some elements of the liberal press are beginning to understand that you cannot go on forever heaping abuse on agencies and individuals whose job it is to protect this country without eventually doing grave damage to all of the American people.●

NATIONAL EMERGENCIES ACT

● Mr. CHURCH. Mr. President, today marks the end of 6 months since the President's declaration, on November 14, 1979, of a national emergency with respect to the situation in Iran. I bring this to the attention of my colleagues because of the responsibility imposed on the Congress by section 202(b) of the National Emergencies Act. That section requires that—

> Not later than six months after a national emergency is declared . . . , each House of Congress shall meet to consider a vote on a concurrent resolution to determine whether that emergency shall be terminated.

The purpose of this provision, as the Committee on Foreign Relations saw it, was to require the Congress on a periodic basis to consider the continued existence of the emergency in a manner appropriate to the degree of interest and controversy. Pursuant to this provision, the full committee discussed the matter at an open meeting on Thursday, May 8, reached its conclusion that a resolution to terminate was not warranted at this time, and agreed to send a letter to the President to inform him of the committee's action.

I believe, Mr. President, that it is important to make the record clear that the Senate has taken seriously its responsibility under this section of the act and has complied with the mandate imposed upon it. I ask that the attached committee correspondence with the President of the United States and with the majority and minority leaders of the Senate be printed in the RECORD.

Two letters follow. A third letter, identical to that sent to Senator BYRD, was sent to Senator BAKER, but is not reprinted.

The letters follow:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 9, 1980.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Last November 14, when you declared a national emergency to deal with the situation in Iran, it was the hope of all Americans that the crisis would rapidly and successfully come to an end. It remains our hope that your efforts will soon be successful in ending this unlawful detention of Americans, and the emergency which has ensued therefrom.

As you are aware, in cases where a national emergency continues for this length of time, Congress is mandated by law to consider whether or not the emergency should be terminated. Section 202(b) of the National Emergencies Act states that, "not later than six months after a national emergency is declared . . ., each House of Congress shall meet to consider a vote on a concurrent resolution to determine whether that emergency shall be terminated." No Senator has introduced such a resolution.

The Committee on Foreign Relations, acting in satisfaction of the duty imposed by section 202(b) of this Act, at a May 8, 1980 meeting considered whether or not the introduction of a concurrent resolution was warranted at this time. After due consider-

ation of the question, the Committee has determined that, because the causes for declaring a national emergency with respect to the situation in Iran continue to this day, no reason exists for the introduction and the Senate debate of a resolution to terminate the emergency.

With best regards,

Sincerely,

JACOB K. JAVITS,
Ranking Minority Member.
FRANK CHURCH,
Chairman.

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 9, 1980.

Hon. ROBERT C. BYRD,
Majority Leader, U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: We write to inform you of recent action taken by the Committee on Foreign Relations pursuant to the duty imposed by section 202(b) of the National Emergencies Act. Section 202(b) requires that "not later than six months after a national emergency is declared . . . , each House of Congress shall meet to consider a vote on a concurrent resolution to determine whether that emergency shall be terminated." To comply with this section the Committee considered the question of whether or not the introduction of a resolution to terminate the national emergency, declared on November 14, 1979 with respect to the situation in Iran, was called for by current circumstances, and concluded unanimously that it was not. We agreed to send the attached letter to the President informing him of this action.

Because no Senator to date has introduced a resolution to terminate the emergency, the Committee was faced with the question of whether or not section 202(b) required the Senate, or more particularly the Committee on Foreign Relations, to take some affirmative step on the question of termination of the emergency, in the absence of the introduction of such a resolution.

It was our belief that, if the Senate were to do nothing in the face of this provision, no legal consequence would have resulted. In other words, a failure of the Senate to "meet"—as provided for in the provision—does not terminate the national emergency, does not serve to limit the President's powers in the crisis, and does not interfere with any litigation concerning Iranian assets now in process—according to the consensus of Senate and Executive branch lawyers.

Instead, the issue, as the Committee saw it, was one of preserving the principle that Congress has the right, and the duty, to review the use of executive authority in times of national emergency. Because this is the first national emergency declared pursuant to this Act, how well the Senate complied with the intent, if not the letter, of this provision could be cited in the future as precedent.

Considering all these matters, the Committee interpreted section 202(b) to require the Congress to consider, in a manner appropriate to the degree of interest and controversy, whether or not the national emergency should be terminated. For this reason, the Committee discussed the matter at a meeting on Thursday, May 8, reached its conclusion that a resolution to terminate was not warranted at this time, and agreed to send the attached letter to the President to inform him of the Committee's action. It was our belief that this procedure upholds the intent of the statute that declarations of national emergencies be reviewed periodically by the Congress, establishes the precedent that the Senate takes seriously its responsibilities under the National Emergencies Act, and avoids the dangers of misinterpretation that could result from a Senate debate on terminating the national emergency undertaken for the sole purpose of complying with the form of the statute.

Sincerely,

JACOB K. JAVITS,
Ranking Minority Member.
FRANK CHURCH,
Chairman.●

ELIMINATE AND PREVENT FEDERAL REGIONALIZATION OF LOCAL, STATE, AND FEDERAL GOVERNMENTS

● Mr. GOLDWATER. Mr. President, a lot of concern is being felt these days about the division of Federal service throughout the country into regional systems. The fear of local and State officials is that this tendency will lead to centralization of power and authority which rightfully and constitutionally belong to local political subdivisions. Recently the House of Representatives of the Arizona State Legislature took note of this problem in adopting a concurrent memorial urging the Congress to eliminate and prevent Federal regionalization. I ask that the concurrent memorial be printed at this point in the RECORD.

The concurrent memorial follows:

HOUSE CONCURRENT MEMORIAL 2003

Whereas, the United States was divided into ten federal service regions in 1972 by presidential executive order 11647 and the states, encouraged by the promise of federal dollars or threat of the withdrawal of federal dollars, have further divided into planning and service districts; and

Whereas, the announced goal of regionalization of local, state and federal governments under federal regionalism is centralization of power and authority, which rightfully and constitutionally belongs to these several state governments, transference of custody of the public purse to appointed officials and usurpation of the rights and freedoms of citizens; and

Whereas, many authorities on constitutional law have declared that the federal regional concept is a direct violation of Article IV, Sections 3 and 4 and of the Tenth Amendment of the United States Constitution; and

Whereas, regional government, under whatever name, is a real and present danger to the freedom of person and property guaranteed to the people by the United States Constitution and to the sovereignty and proper interest of the people of this state.

Wherefore your memorialist, the House of Representatives of the State of Arizona, prays:

1. That the Congress of the United States take action to eliminate and prevent federal regionalism of local, state and federal governments.

2. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.●

STRATEGIC PETROLEUM RESERVE

● Mr. DOLE. Mr. President, last week during consideration of the budget resolution, myself and a number of my colleagues attempted to restore the needed funding to fill our strategic petroleum reserve. Unfortunately our attempts were unsuccessful and subsequently a vital link in our overall national security chain is still missing. The concern of this Senator and many others in this Chamber as to the administration's lack of commitment to our reserve program will not be alleviated by empty promises and rhetoric by Secretary Duncan and his assistants at the Department of Energy.

The retreat by the Carter administration from a strong commitment to our Nation's security interests because of pressure from foreign nations is unconscionable. The strategic petroleum reserve must be a vital component in any strategy aimed at reducing U.S. oil vulnerability. Without a viable reserve our entire economy and military strength could be rendered virtually impotent in time of a severe energy supply interruption. It is my belief that there is no justification for the anti-SPRO policy this administration has adopted and I want my colleagues to know that I will continue the fight to restore our strategic petroleum reserve to its proper place on our list of national priorities.

Mr. President, today's Wall Street Journal carried a very informative and enlightening exposé as to why our reserve program was halted, the efforts being made to make good our commitment to a strong reserve, and the importance a strategic petroleum reserve program has as tensions in the area of the Persian Gulf continue to mount. I commend the article, "Kowtowing on the Oil Reserve," by Walter S. Mossberg, to my colleagues and hope that this issue of critical importance pointed out by Mr. Mossberg does not escape their attention. I ask that the Wall Street Journal article be printed in the RECORD.

The article follows:

KOWTOWING ON THE OIL RESERVE

(By Walter S. Mossberg)

WASHINGTON.—For over a year now, the Carter administration, bowing to pressure from Saudi Arabia, Europe and Japan, has refrained from adding any oil to the U.S. strategic petroleum reserve.

As a result, the strategic reserve, the government's only readily usable store of the fuel needed to run the U.S. economy and supply American military forces, holds barely enough oil to keep the country in business for two weeks in the event of a halt in oil imports.

What's more, the White House and congressional budget committees have dropped from the new budget nearly all funds earmarked to buy oil for the reserve, should the U.S. want to start filling it again. The budget doesn't evision new purchases for the stockpile until mid-1981.

These policies have been pursued at the very time when world events, notably the kidnapping of Americans in Iran and the Soviet invasion of Afghanistan, are drawing the U.S. more deeply than ever into conflicts that threaten to disrupt the flow of oil from the Persian Gulf.

The President's willingness to be cowed by self-seeking foreign governments and to forgo the strategic stockpiling of oil could dangerously limit America's freedom of action, both diplomatic and military. It could turn out to be one of Mr. Carter's more serious foreign-policy mistakes.

REVIVING THE RESERVE

Recently, however, pressure has been rising in Congress, and in Mr. Carter's own Energy Department, to resume the filling of the reserve, regardless of the opposition abroad. A bipartisan group of conservative and liberal Senators, including Democrats Henry

Jackson of Washington and Bill Bradley of New Jersey and Republicans Robert Dole of Kansas and Mark Hatfield, of Oregon, is pressing various bills to revive the reserve. Other efforts are under way in the House, with the backing of that chamber's principal energy legislator, John Dingell, a Michigan Democrat.

Some of these measures would provide the necessary funds for further stockpiling. Others would order the resumption of oil purchases for the reserve. Still others would require that oil produced by federally owned oil fields at Elk Hills, Calif., be diverted to the reserve instead of being sold to oil companies.

Sen. Bradley charges that "we lack the political will" to fill the reserve, and Sen. Dole asks "If we kowtow to Saudi pressure on this, how can we realistically be expected to defend our own interests elsewhere?"

When President Carter took office in 1977, he set a goal of placing 250 million barrels in the reserve by the end of 1978, and one billion barrels by 1985. But his new Energy Department bungled the job, amassing just 70 million barrels by the end of 1978.

Early last year, when the Iranian revolution suddenly slashed world oil production, new purchases for the reserve were halted. Oil trickling in under prior contracts pushed the reserve's size to 92 million barrels, where it stands today.

By late last year, a small world oil surplus was developing, but the administration had erected added barriers to new purchases for the reserve. Last summer, it agreed at the Tokyo economic summit to consult with other industrial nations before resuming the stockpiling in order to avoid undue pressure on world supplies and prices.

In the fall, U.S. government sources revealed to this newspaper and others that Saudi Arabia was privately threatening to cut its oil production, pushing world prices higher, if purchases for the reserve were resumed.

The Saudi threat was prompting a U.S. agreement to "consult" on the issue. One high administration energy official says consultation with the Saudis has been needed because, if new U.S. stockpiling leads to a Saudi production cut, "you've kind of killed the golden goose. You've got to look at the expected consequences of your action."

But former Energy Secretary James Schlesinger, who left office last August, says ruefully "It was a mistake to have allowed the issue to become whether we could fill the reserve." He now wishes, he says, that in his final months of office a token flow of oil into the reserve had been maintained, just to preserve the stockpiling principle.

"The United States established the reserve for the national security," Mr. Schlesinger declares. "We do not provide a lien on the national security to any nation." The Saudi threat, he claims, was mainly a restatement of "ritualistic" opposition, and could safely have been ignored. By asking Saudi permission, he asserts, Saudi opposition was guaranteed.

Mr. Schlesinger's successor as Energy Secretary, Charles Duncan, last broached the issue with the Saudis in March, and was predictably rebuffed. He and his advisers have also floated a plan by which the Saudis would hold to high production rates while we resume stockpiling, in return for guarantees that the strategic reserve wouldn't be used against them. But that idea has been received coolly, both in Saudi Arabia and in the White House.

Mr. Duncan is now expected to urge President Carter to resume filling the reserve this summer, with oil either from Elk Hills or foreign sources. To help him make his case, he has hired Abram Chayes, an international law expert from Harvard, as an adviser.

In a recent interview, Mr. Chayes said "Obviously, it's desirable to encourage the Saudis to maintain high production, and to withhold any objection to, or even approve, our filling of the reserve. But those aren't necessarily preconditions to going ahead."

The debate over the issue is expected to be joined in late June or early July, when representatives of the Energy, Treasury and State Departments and the White House staff make a recommendation to the President.

That time period has been carefully selected to come after the scheduled early June meeting of OPEC and the late June summit meeting of Western leaders. The time coincides roughly with the date when new contracts would normally be let for commercial sale of oil from the Elk Hills Naval Oil Reserve.

"That will be a reasonable time to look at the issue anew," says a top administration official. "All of this stuff has got to be thought through again. It's entirely possible that the policy may change, but it's too early to tell."

Opposition to resumption of stockpiling is expected to come from the State Department, which may be fearful of upsetting the Saudis. The Saudi government insists its oil reserves can be considered as the West's strategic stockpile, and so the U.S. storage program isn't needed. Saudi officials complain that, since purchases for the U.S. stockpile add to demand and to world oil price pressures, they undercut Saudi efforts to moderate and unify OPEC's oil pricing. What's more, the Saudis say, they'd have little interest in maintaining high rates of production just so the U.S. could stockpile more oil.

The State Department may also argue that it's bad diplomacy to resume purchases for the reserve and thus add to world demand and prices, just when we're urging allied nations to boycott Iranian oil, a move that forces them to seek other supplies.

Some Treasury and Budget officials fear that spending $1.5 billion or $2 billion a year to buy oil for the reserve could wreck the balanced budget currently being pasted together in Congress. And, if oil from the Elk Hills field is placed in reserve instead of sold to oil companies, the budget will be hurt further by a $1 billion revenue loss.

The trouble with these arguments isn't just that they pale before the national-security need for an adequate oil stockpile. The trouble is that most are simply disingenuous.

Saudi Arabia for instance, despite its high-minded talk about moderation and order in oil pricing, really opposes the strategic reserve for one, obvious reason: A large U.S. oil stockpile would blunt or even negate the feudal kindom's only means of having a serious impact in world affairs—the threat to withhold its oil.

The Saudis have been notably unsuccessful lately at selling "moderation" in OPEC; even without U.S. stockpiling last year, world oil prices doubled. What's more, their current high production rate isn't being maintained solely to aid the West; it's also intended to shore up Saudi Arabia's fading power within OPEC. With or without American stockpiling, most U.S. oil analysts believe, internal political pressures will force the kingdom's rulers to cut daily oil output sooner or later.

Our European and Japanese allies themselves now possess bulging stockpiles of oil and oil products. Their inventories were amassed last year in a panicky buying spree that helped drive prices sky-high, while the U.S. was holding back.

As for the budget-balancing problems posed by a renewal of reserve oil purchases, Mr. Carter could quickly propose that the stockpiling be financed from receipts from his oil import fee, if it survives court challenges; the White House says it isn't now counting on the fee as a means of balancing the budget.

IMPACT ON DEMAND AND PRICES

By waiting so long to resume oil stockpiling, President Carter has, ironically, missed the best opportunity to ease the government back into buying oil with the minimum impact on demand and prices. World oil markets appear to be tightening with spot-market prices rising after several months in which supplies outran demand. Foreign governments are bound to argue that this is the worst time to start stockpiling again.

But the President's task this summer will be to brush aside all these arguments about the oil market and the budget. The main issue—maybe the only issue—before him, should be the nation's need for a secure emergency store of oil as the world heads into a period of struggle over the control of oil production, a struggle few now doubt will be dangerous and tough.

It will be interesting to see whether Jimmy Carter can summon up the purposefulness to order that the strategic reserve be filled again, over the opposition of contemptuous and jealous men in Arabia, Europe and Japan.●

NUCLEAR INDUSTRY WINS AWARD

● Mr. GRAVEL. Mr. President, I was pleased to see recently that the nuclear industry has won an award which I think it richly deserves. It is the 1979 Doublespeak Award, issued by the National Council of Teachers of English. As one who has been trying to debunk the pronouncements of nuclear advocates for the past decade, I think this group of language experts has performed an important public service, and I commend them for it.

In presenting the award, the National Council cited several examples of what Ralph Nader calls "nuclearspeak." I would like to note a few more:

First. "Spent fuel" means radioactive waste;

Second. "Health effects" means deaths;

Third. "Thermal enrichment" means thermal pollution;

Fourth. "Breach of containment" means leak of radioactive poison;

Fifth. "Benefit versus risk" means we do as we please, while you (involuntarily) suffer the risks; and

Sixth. "Let us put this in perspective" (when confronted with a difficult nuclear problem) means let us divert attention from the matter at hand to discuss something else.

It is encouraging to see polls which show that Americans are, increasingly, able to see through the doublespeak. Two-thirds now regularly say, when asked, that they do not want a nuclear plant in their neighborhood.

Mr. President, I hope that my colleagues will remember this award when they hear claims about "safe, necessary nuclear power" and not allow themselves to become victims of doublespeak. I request that the November 22, 1979, news release from the National Council, which is located at 1111 Kenyon Road, Urbana, Ill. 61801, announcing the award be printed in the RECORD.

The news release follows:

POWER INDUSTRY'S JARGON ABOUT THREE MILE ISLAND ACCIDENT GETS NCTE'S DOUBLESPEAK AWARD FOR 1979

SAN FRANCISCO, November 22.—The nuclear power industry was declared the winner of the 1979 Doublespeak Award this morning at the annual meeting of the National Council of Teachers of English at the San Francisco Hilton.

"Unfortunately, this past year has been a good year for doublespeak," said William Lutz, chairman of the NCTE Committee on Public Doublespeak. "The Committee received more nominations for its Doublespeak Award this year than any other year . . . The selection process was arduous." In the end, the nuclear power industry outdistanced all individual contenders, Lutz said, by inventing "a whole lexicon of jargon and euphemisms used before, during, and after the Three Mile Island accident and serving to downplay the dangers of nuclear accidents. An explosion is called 'energetic disassembly' and a fire, 'rapid oxidation.' A reactor accident is an 'event,' an 'incident,' an 'abnormal evolution,' a 'normal aberration' or a 'plant transient.'" All these terms, Lutz pointed out, were used by officials at Three Mile Island. "Plutonium contamination," the Doublespeak Committee chairman added, is "'infiltration,' or 'plutonium has taken up residence.'"

Lutz, a professor at Rutgers University, also scored the nuclear power industry's public relations campaign, launched against the film The China Syndrome before the Three Mile Island crisis. "Articles appeared in popular periodicals giving assurances of the astronomical odds against a major accident occurring at a nuclear power plant. Such an article defending nuclear power and attacking The China Syndrome appeared in the March 12, 1979 issue of Fortune magazine and was entitled 'Exorcising the Nightmare of Reactor Meltdowns.' Among those who wrote along the same lines as the nuclear power industry was columnist George F. Will, who in the April 2, 1979 issue of Newsweek, attacked the movie and stated, among other claims, that 'there is more cancer risk in sitting next to a smoker than next to a nuclear plant.'

"A hallmark of most of the articles defending nuclear power," Lutz said, "was the 1972 Rasmussen Report, whose methodology and statistical data have been questioned and partially discredited. Among other claims made in the Rasmussen Report is the estimate that 'an accident resulting in the early death by cancer of ten or more people could be expected only once in three million reactor-years.' After the Three Mile Island experience, the nuclear power industry might want to review some of the claims made in the Rasmussen Report and some of its own claims of safety and reliability."

The Committee on Public Doublespeak, made up of teachers and professors of English from throughout the U.S., gave second place for 1979 to Kentucky State Representative Dwight Wells, who on the statehouse floor, told news media reporters to tell Kentuckians only what they want to hear. The magazine Mother Jones quoted Representative Wells as saying, "When you start to write, read, or act, you can ask yourself, 'Is what I'm doing . . . uniting the people of Kentucky and helping them to stand and be great?' You are to the people of Kentucky what a parent is to a child. When the truth is harmful and detrimental to the people of Kentucky, you should not only not tell them the truth, but you have a duty to see they do not know the truth."

Colorado State Representative A.J. Spano came in third with a set of euphemisms meant to downplay Denver's rating as "the city with the second-dirtiest air in the nation." According to the Denver Post, Spano "introduced, and the House Transportation Committee passed last May, a bill to change the nomenclature of the state's air-quality scale. The level of pollutants called 'hazardous' by the federal government would now be called 'poor,' 'dangerous' would become 'acceptable,' 'very unhealthful' would become 'fair,' 'unhealthful' would become 'good,' and 'moderate' would become 'very good.'"

This year, Lutz announced, the Committee on Public Doublespeak voted to make a special award for the most conspicuous example of doublespeak from a foreign source. The committee cited General Joao Baptista Figueiredo, who on his election as Brazil's next president, told reporters, "I intend to open this country up to democracy, and anyone who is against that, I will jail, I will crush." Figueiredo's statement was quoted in the Washington Post.

In the running for this year's award for the most flagrant example of public doublespeak, Lutz said, were presidential assistants, drug companies, state legislators, a United States Senator, a U.S. Congressman, and various corporations.

"There was strong support for Hamilton Jordan's comment. 'I was thinking in contemporaneous terms.' According to Jack Anderson, Jordan made this statement when it was pointed out to him that his denial that the FBI had questioned him about his alleged involvement in the Robert Vesco case was false. His statement was in the grand tradition of Ron ('That statement is now inoperative.') Ziegler, a previous winner of the Doublespeak Award.

"Hamilton Jordan did not get the award. Nor did Congressman Richard Kelly (R-Fla.), who said: 'I think the free-enterprise system is absolutely too important to be left to the voluntary action of the marketplace . . .'"●

THE PROBLEM OF FEDERAL COERCION

● Mr. GOLDWATER. Mr. President, the whole problem of Federal coercion is one that is beginning to annoy many States. It is becoming increasingly the practice of the Federal Government to require States to enact laws to implement Federal policy by threatening to withhold Federal funds. This coercive activity amounts to indirectly imposing the will of the Federal Government upon States which should be free to pursue their own policies. This coercive power of the purse is being used to extend the authority of the Federal Government far beyond the powers delegated by the Constitution.

The Arizona Legislature recently adopted a concurrent resolution asking the Congress to convene a convention to propose an amendment to the Constitution which would prohibit the kind of coercive action I have just mentioned. I ask that the Arizona resolution be be printed in the RECORD at this time.

The concurrent resolution follows:

HOUSE CONCURRENT RESOLUTION 2001

Whereas, the powers delegated to the federal government by the United States Constitution are limited, and those powers not delegated to the federal government are reserved to the states; and

Whereas, it is becoming increasingly the practice of the federal government to require states to enact state laws to implement federal policies by threatening to withhold or withdraw federal funds for failure to do so; and

Whereas, the federal government has imposed upon the states many programs and obligations which require funding in excess of state means, thereby making the states subservient to and dependent upon the federal government for financial assistance; and

Whereas, through the coercive force of withdrawing or withholding federal funds, or the threat of withdrawing or withholding federal funds, the federal government is indirectly imposing its will upon the states and requiring implementation of federal policies which neither Congress nor the President nor any administrative agency is empowered to impose or implement directly; and

Whereas, this coercive power of the purse is being used to extend the power of the federal government over the states far beyond the powers delegated to the federal government by the United States Constitution; and

Whereas, the power of the federal government should be exercised directly by the enactment, implementation and enforcement of federal laws governing only those areas in which the federal government is empowered to act by the United States Constitution, and the federal government should be prohibited from usurping the authority of the states and imposing its will indirectly in those areas in which it has no power to act directly; and

Whereas, the federal government has imposed upon the states many programs and obligations which require state administration and such programs or other programs may lose federal financing if certain conditions attached to the program are not met.

Therefore be it resolved by the House of Representatives of the State of Arizona, the Senate concurring:

1. Pursuant to Article V of the Constitution of the United States, the Legislature of the State of Arizona petitions the Congress of the United States to call a convention for the purpose of proposing an amendment to the Constitution of the United States to prohibit the Congress, the President, and any agent or agency of the federal government, from withholding or withdrawing, or threatening to withhold or withdraw, any federal funds from any state as a means of requiring a state to implement federal policies which the Congress, the President or the agent or agency of the federal government has no power, express or implied, under the Constitution of the United States, to impose upon the States or implement its own action, and to limit permissible conditions of federal financing by the Congress, or the President, or any agent or agency of the federal government designed to obtain state administration of federal programs at the risk of losing federal funds for other programs if any or all conditions of the program are not met.

2. That the Secretary of State of the State of Arizona is directed to send a duly certified copy of this Resolution to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of Congress from the State of Arizona.●

LAXALT PROBES THE IRS

● Mr. LAXALT. Mr. President, ever since I was Governor of Nevada I have been deeply concerned about the activities of the Internal Revenue Service. That agency, in its constant pursuit of every tax dollar, has demonstrated a callous disregard of the rights and dignity of the American taxpayer. It has harassed and threatened hapless citizens—often beyond endurance. I have personally known innocent taxpayers who were financially and physically reduced to ruin by the zealots at the IRS.

Several times over the past few years, I have written the agency to express my concerns. Yet, far from improving their procedures, over the years the agency has gotten worse. More taxpayers have written in this year than ever before detailing even worse abuses. Although nationally the number of IRS audits are decreasing, Nevada remains singled out for special enforcement. The mentality in the agency can be characterized as "if you have anything to do with gambling, you are illegal." The entire State is suffering because of our cash economy.

For that reason, Senator SCHMITT and I recently held a special hearing to examine the activities of the IRS. I questioned Commissioner Kurtz on a number of subjects and conveyed to him the frustration and anger toward the IRS we feel in Nevada. I plan to use the hearings as a benchmark to evaluate future IRS performance. I expect improvement and will accept nothing less.

Mr. President, at the start of those hearings I submitted a statement which outlined my concerns with the IRS. Given the seriousness of the problems mentioned, I hope that all my colleagues will take the time to consider my views.●

ANOTHER SIDE TO HEALTH POLICY

● Mr. RIBICOFF. Mr. President, most of the day-to-day work of the Members of Congress covers broad policy issues, large-scale decisions on the way to spend Federal funds, and judgments about the value of one program over another. Sometimes we get a glimpse of the way these broader issues translate into the day-to-day lives of other individuals. In the case of health legislation and policy, these glimpses can be especially poignant. Recently a fine article by Natalie Davis Spingarn appeared in the Washington Post. Mrs. Spingarn, in her work and in her personal life, has seen both sides of the story of health policy, and her article does an excellent job of bringing these often opposing forces to life. It is vital that we on Capitol Hill not lose sight of the connection between legislation and its effect on individuals.

Mr. President, I ask that this article "A Cancer Patient's Never-Never Land" be printed in the RECORD.

The article follows:

[From the Washington Post, Apr. 27, 1980]

A CANCER PATIENT'S NEVER-NEVER LAND

(By Natalie Davis Spingarn)

In my work, I write, usually about health policy matters. I also serve as a hospital commissioner. In my life, I am a patient, a role which takes time—too much time. In all these capacities, I read a huge amount of boilerplate about health care.

Sometimes I get confused. I do not know which is the never-never land, the written word or the (I think) reality. The other night I struggled to stay awake while browsing through a document with the straight-faced title "Environmental Assessment of the Hospital Industry, 1979," published by the American Hospital Association. I read that changes in the age composition of the population—more older patients with chronic illness—would challenge the hospital industry to "expand its focus on 'caring' to supplement hospitals' traditional 'curing' function. This will involve greater attention to the emotional and psychological needs of patients and their families, especially chronically and terminally ill patients."

Caring vs. Curing. This terminology studs the literature especially the nursing literature. But are they really different?

I am lying still in my Washington hospital bed, minding my own business. Chronic, yes. Terminal, not yet. My room is par for the course—drab, colorless, a large TV set like an idol on the wall. A nurse comes in to check on me. She is young, Indian, no credit to Mrs. Gandhi.

"What's the matter with you?" she wants to know.

I tell her I have just had an episode of "true vertigo." But my basic ailment is metastatic breast cancer (which she could have seen on my chart.)

"Why?" she persists. She asks if I had been to the doctor for checkups before I fell ill. I reply in a strained voice that I had been checked every three months over a decade's time, but had gotten cancer anyway (exactly like my grandmother).

Not only did I see the doctor, I stopped smoking, did exercises, in other ways lived healthy.

Nothing stops her. My disease seems to her my fault. She makes no move toward me, even to inquire if I need anything, and observes that I should have talked to the doctor about avoiding its spread.

My head begins to ache, my patience to run out. I advise here that indeed I had talked to many specialists about avoiding spread. When she starts muttering about "fourth stages," I tell her firmly I would rather not discuss the matter any more. She leaves; I feel lousy.

I am in another hospital—Memorial Sloan-Kettering in New York City. Here extra effort is put into making things look, feel and taste cheerful—bright paintings, even tapestries grace lobbies and corridors painted orange, yellow, blue. Each bed has its own telephone and tiny TV set on an adjustable goose-neck arm; volunteers bring the new patient a vase containing a single pink carnation. The nutritionist works with my fussy, elderly roommate for 15 minutes, trying to find her a diet that is at once tasty, bland and Kosher. Later I am wheeled downstairs on a stretcher, Demerol-bleary. I wait to be admitted to the myelogram room. Someone gives me a lemon-stick to suck; I start to cry.

Two technicians rally round, jolly me, accept my pain. "This is the place to cry," one soothes, "not in your room where you have to keep a stiff upper lip for visitors." Then, skillfully: "Care to tell us what's the matter?"

I search my brain for an adequate answer. "All these awful things, and nothing seems to work."

"Nothing seems to work, or nothing seems to help?" she asks.

I perk up; after all, I have been helped. I feel better.

Back to the boilerplate. I read that the direction of national health policy is "toward reducing the capacity of the inpatient sector of the hospital industry in relation to the population in order to control costs." In other words, get those patients out of the hospital faster.

But neither I nor any of my friends have met those doctors who "overutilize" hospital beds, putting patients into the hospital too easily and keeping them there too long. I have found it hard to get past the close scrutiny of the peer review committee and into a hospital unless I was scheduled for an operation or *in extremis* (this is particularly true at Sloan-Kettering, a better mousetrap almost always filled to capacity). I have found it equally hard to stay in, and many of my friends and family have been sent home after three or four days, teetering and tottering—whether they've had a baby, a hernia operation, or experienced an accident or mugging.

In between hospital and home is a no man's land which the health care "system" has not been imaginative at filling. Sister Rosemary, a crackerjack Sloan-Kettering social worker, places me in an exception to this rule, "hospital housing." I have a comfortable apartment where my husband and children can visit and help me out, and I can easily walk the few blocks to the hospital for my daily radiation treatments. Even this arrangement has its Catch-22: though the price is right—about $40 a day as compared to my $400-a-day hospital bed—I would have been better off financially staying in the hospital, where my high-option Blue Cross insurance would have picked up the entire tab.

Back in Washington, I call the Visiting Nurse Association and a few similar agencies to see if I can get some extra help on the days when I have chemotherapy, when I feel terrible. But I cannot; I am not sick enough.

About 130 mostly elderly D.C. General Hospital patients have a different problem. They do not need the expensive "acute care" they get in the hospital. But they need some care and there are no nursing home beds open to them they can afford, so they stay on, getting what is technically described as "inappropriate" care and costing and the hospital some $10 million a year instead of the roughly $2.3 million their care would cost in nursing homes. Searching for solutions to help patients, hospital and taxpayers as chair of the D.C. General Commission's Planning and Development Committee, I find an HEW "swing bed" demonstration program used largely in rural areas. We are about to apply for a grant which would enable us to demonstrate that an inner city hospital can set aside a number of "swing" beds which could be used for either acute or sub-acute care as the need might be, and reimbursed accordingly. But we find the program has been so successful that it has been frozen while Congress considers whether to apply it nationally. Catch-22 again.

Great reams of computer printouts come in the mail from George Washington University Medical Center each month. The computer stands as the new arbiter; we patients are in its hands. I try to monitor its judgments. My husband and I have paid insurance premiums over the years, we deserve the benefits that are due us, but at the same time, we want to deal fairly with the insurers—and so help keep costs reasonable for everyone.

Sometimes we catch a mistake: A consultant enters his charge under the wrong code and the insurance company refuses to pay it. I complain; the doctor's secretary erases the charge and re-records it under a different code; months later it shows up correctly in the computer prints.

Sometimes we catch what seems to be a mistake. In January I get a bill for $125 for hospital care the previous September. I was in the hospital at that time, but I do not even remember meeting the doctor and cannot recall his name. Puzzled, I write the doctor that there must be some mistake. We correspond in vain; he says that he was "attending" on the neurology floor the month of my stay and his fee is in fact low. He knows I have only to give in and sign my insurance form and he will be paid.

The medical marketplace is unreal. My hospital bed costs—$242 a day in Washington, $400 in New York—are paper figures. There are buyers (us patients) and sellers (our hospitals, clinics, doctors and their aides), but we seldom face each other at the cash register. Dr. Thomas Fahey, my Sloan-Kettering doctor, prescribes a new drug for

me, tamoxifen, an anti-hormone developed in England. It costs about $100 a month at the time; my insurance will pick up 80 percent of the bill.

What do people who are uninsured (22 million) or underinsured (another 20 million) do? How about the nearly two-thirds of the poor not covered by Medicaid? I ask Dr. Fahey, a fine physician who worries about these questions too. He says he has a patient he wanted to put on tamoxifen. No way could she afford it; she lacked the insurance. Nevertheless, he sent her down to the pharmacy with a prescription, telling her he'd find a way to pay the bill (the same is true at George Washington or D.C. General—if there's no insurance, someone, usually the taxpayer, will foot the bill for what's needed, whether it be a CAT or expensive medication.) He feels we need a national health insurance plan covering "not nose jobs," but honest costs of catastrophic illness.

Back to the "Environmental Assessment." Regulation of the health care industry will increase and intensify, I read. Regulation will "become more politicized both in terms of greater conflict between regulators and the regulated and in terms of greater visibility of health care as a political and electoral issue. . . ."

My bones ache and pains wax and wane. As they wax, so do the news stories about the nontoxic drug interferon. A way has been found to synthesize this rare antiviral substance manufactured in the body; reports of its great potential as a cancer treatment abound. I read a congressional committee has returned the HEW secretary's budget to her, telling her to spend more on interferon.

I spend the day on the telephone, trying to find out what's what. Might interferon help me? If so, can I get some? The doctors are so unanimous in answering the first question that I don't bother with the second. They doubt interferon is for me. In fact, they have been disappointed in it. Thus far what success it has shown has been largely with lymph, not breast, cancers. One doctor says the only cancer center that has reported encouraging results is M. D. Anderson, in Houston, and he feels they are inclined to be positive about everything. A breast patient of his had gotten hold of some interferon and grown worse after interferon treatment. This might have been coincidence, but he doubts it.

Washington doctors have experience with the "politicization" of health issues. One tells me that Rep. Claude Pepper has experienced in his family the unpleasant toxic effects of chemotherapy; with passionate philanthropist Mary Lasker urging him on, he has been advocating more federal funding for interferon. Like the Congress, I am frustrated at not being able to legislate faster cancer treatment research results out of the scientists. But I agree with the poet-physician Lewis Thomas, Sloan-Kettering's chief, that laboratory researchers someday soon will, in their building-block way, uncover the mechanism at the root of cancer. I feel sad that it will probably not be in time for me.●

THE THREE-TIERED FARE SYSTEM FOR THE AIRLINE INDUSTRY

● Mr. CANNON. Mr. President, yesterday the Civil Aeronautics Board approved a new three-tiered fare system for the airline industry. This would allow airlines, effective today, to raise fares an unlimited amount for route distances of 200 miles or less; 50 percent above base for distances up to 400 miles; and 30 percent above base for distances over 400 miles.

I am immediately struck by the inherent discriminatory nature of this system based on distance with an obvious potential for the smaller communities of the country bearing the brunt of these increases. While I am generally in favor of increased fare flexibility, I am extremely skeptical of the discriminatory application of that flexibility. I have already announced hearings for next Tuesday, May 20, 1980, so that we can immediately look into this matter and encourage the Board to reconsider its action of yesterday.●

NUCLEAR SAFETY: THE BOTTOM LINE

● Mr. GRAVEL. Mr. President, there is hardly an issue which has been the subject of more reports, reviews, commissions, investigations, special inquiries, hearings, and so forth than the nuclear power safety issue. Yet rarely is much, if any, attention paid to the two words which say more about nuclear power safety than all the verbiage generated by the nuclear industry and the Government. Those two words are "Price-Anderson."

Under the Price-Anderson Act, passed in 1957 and renewed twice through 1987, financial damages can be collected by nuclear accident victims only up to a total of $560 million per accident, despite estimates that damages could be in the tens of billions of dollars. This limit on liability is both unfair and dangerous.

The $560 million limit on liability means that in a serious accident, injured parties might be able to collect only 3 or 4 cents on each dollar of damages. This violates the basic principle that those who cause damage should be held fully responsible for it. In effect, all of us—including those who oppose nuclear power—are being forced by this law to underwrite the nuclear industry's hazards.

Artificially unburdening nuclear power of one of its major drawbacks—the possibility of huge lawsuits—gives it an unfair advantage over all other competing energy sources, none of which enjoy this special protection.

Mr. President, in a free enterprise system the normal constraint on reckless activity is financial responsibility for the consequences of that activity. By removing that important concept from the nuclear industry, the Federal Government is encouraging recklessness. It hardly takes a nuclear engineer to understand that a company whose assets are fully exposed to liability lawsuits will be less likely to engage in reckless activity than one whose assets are artificially protected.

The nuclear industry and its defenders in Government have for many years insisted that nuclear power cannot survive without limited liability. It is paradoxical that on the one hand we are assured that nuclear disasters will never occur, but then we hear that a special law is needed to protect the assets of those who cause the disasters. If accidents are so unlikely, as loudly proclaimed in mountains of reports and advertisements, I would like to know why the nuclear promoters will not put their money where their mouths are and expose all their assets to suits after accidents that will never happen.

Mr. President, I think it is important to understand that not only through its actions does the nuclear industry express "no confidence" in its own safety claims, but so does the insurance industry. The insurance industry refuses to insure nuclear utilities for damages above the $560 million limit, and it will not even write insurance policies up to the $650 million limit. When insurers, who are necessarily society's best risk assessors, refuse to sell insurance it is good evidence they expect accidents to happen. We all know insurance companies like to collect premiums for insurance against claims they never will have to pay.

Additional evidence of lack of confidence by insurers lies in the fact that homeowners' policies specifically exclude nuclear plant damages.

Mr. President, as a strong advocate of the free enterprise system, and an ardent opponent of nuclear socialism, I think it is time to restore some realism to nuclear power. I have, therefore, introduced a bill to repeal Price-Anderson's limit on liability, S. 1082. I believe that by applying normal business prudence to nuclear matters we will do far more to improve nuclear safety than anything a bureaucracy such as the Nuclear Regulatory Commission may do.

I am pleased that the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Michigan (Mr. LEVIN) are cosponsors of S. 1082, and I hope that as other Senators hear from citizens angered by the inequity and recklessness of Price-Anderson they will join us as cosponsors of the bill.●

CONTROLLING WILD BURROS

● Mr. GOLDWATER. Mr. President, in my State of Arizona we have a growing problem with wild burros. The uncontrolled growth in the number of wild burros is now recognized as a threat to the survival of wildlife and livestock in some sections of the State. There is need for effective measures to control the size of these burro populations. Because of this problem the Arizona State Senate has recently passed a concurrent memorial urging the Congress to authorize the State of Arizona to implement measures to control wild burros. I ask that the Arizona memorial be printed at this point in the RECORD.

The memorial follows:

SENATE CONCURRENT MEMORIAL 1005

Whereas, in the period of time following the passage of the Wild Free-Roaming Horses and Burros Act by the Congress, these animals have expanded their numbers to such an extent as to cause considerable damage to the grazing and watering resources available to livestock and wildlife within the State of Arizona; and

Whereas, the uncontrolled growth in the number of wild burros in Arizona and the attendant overuse of life-sustaining resources is now recognized as a threat to the survival of wildlife and livestock in those areas where the burros are found; and

Whereas, in response to this situation many programs have been initiated, attempting to control the size of the burro

populations by transferring these animals to private lands with the "Adopt-a-Burro" program; and

Whereas, these methods are not only expensive, with an estimated average cost of eight hundred dollars per burro, but are also proving to be ineffective, to the extent that at least one burro herd in Arizona tripled its numbers since the passage of the Act; and

Whereas, there is growing concern in Arizona over these impacts and developments, with an increasing need to expand the activities to control these animals.

Wherefore your memorialist, the Senate of the State of Arizona, the House of Representatives concurring, prays:

1. That the Congress of the United States be advised of the support for alternative burro population control methods that exists in the Arizona Legislature.

2. That the Congress of the United States amend the Wild Free-Roaming Horses and Burros Act to allow officers of the Arizona Game and Fish Department to remove or take burros when, in the opinion of the Department as confirmed by the Game and Fish Department and in cooperation with the appropriate federal land management agency, it is necessary to reduce the number of burros in a given habitat or range, without penalty for such officers.

3. That the Congress of the United States direct and empower those federal agencies responsible for the management of land or land-based resources in the State of Arizona to act to control or otherwise reduce the size of burro populations when it is found that they are producing adverse impacts upon livestock or wildlife on federal lands, and that the Congress further provide the funds necessary for such actions by federal agencies.

4. That the Secretary of State of the State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the United States House of Representatives and to each Member of the Arizona Congressional Delegation.

THE RIGHT MAN FOR AN IMPORTANT JOB

● Mr. MATHIAS. Mr. President, it is a source of great personal satisfaction to me that Harlan Cleveland, one of the Nation's most distinguished public servants, has been named director of the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs. It is good to know that this living memorial to our beloved friend and colleague is in the care of one of our most thoughtful citizens and one who was a close personal friend of Hubert's.

Harlan Cleveland's remarks in accepting the appointment as director of the Hubert H. Humphrey Institute of Public Affairs reflect his appreciation of the qualities of mind and heart that made Hubert Humphrey such an extraordinary human being and his determination to make the Institute express the qualities of leadership which Hubert Humphrey embodied.

Mr. Cleveland spoke of Hubert's sense of personal responsibility for the situation as a whole. "He felt a personal responsibility," said Mr. Cleveland, "for growing more food, making useful goods, distributing wealth fairly, creating better jobs, combatting inflation, managing government, and insuring international peace. We need a million more like him, and American higher education is not doing enough about it."

Under Harlan Cleveland's skilled direction, I suspect the Hubert H. Humphrey Institute of Public Affairs will begin to fill that gap. I ask that the text of his statement to the University of Minnesota Board of Regents be printed in the RECORD at this point.

The statement follows:

STATEMENT BY HARLAN CLEVELAND

Madam Chairman, Members of the Board of Regents: I greatly appreciate your invitation to become Director of the University of Minnesota's Hubert H. Humphrey Institute of Public Affairs. I am thoroughly sold on the potential of the Institute, and impressed with the quality of support that is available for such an enterprise in this incomparable community called Minnesota.

To undertake this task in honor of Hubert Humphrey, and in the presence of Muriel Humphrey, is something almost inexpressibly special. I always thought of Hubert as a bustling bundle of practical compassion, blessed with an intellectual curiosity that embraced the world and even outer space, and blessed also with an infinite capacity for warmth and friendship. My wife Lois and I were among the many thousands of people who regarded him as a close personal friend. We never quite figured out how a person could have close personal friends numbered in the thousands.

Hubert Humphrey was that rare public official who could be a hero without needing a pedestal. Unlike some heroes I have known, he did not have a public face and a private face; rather, he was made of the same stuff all the way through. To serve in some sense as his surrogate, to act and help others learn to act as he would have acted in public and international affairs, is a one-of-a-kind opportunity. I eagerly accept it.

"Public Affairs" is not one more discipline, to be defined by a particular method of analysis. It is not a new profession. either, in the tradition of medicine and business and law. It is the public action, the public responsibility component of every profession.

"Public Affairs" focuses on how the general management of any society uses expert knowledge and specialized methods to make something happen. It is concerned with the politics of value and the values of politics. It does not mistake growth for progress, but asks "Growth for what? Growth for whom?" And it keeps asking the question, "How do you get everybody in on the act and still get some action?"

In "Public Affairs," research and analysis must above all be integrative. "Public Affairs" education means learning to think integratively. And right here is the chief bottleneck, I think, in our society of specialized achievement.

Both in universities and in the world of work, education and training are concentrated on producing first-rate specialists. We need them badly. But as we multiply the specialization of knowledge, we need even worse what we are not producing—the leaders who can "get it all together."

The ladder to leadership in our society is always expert excellence. But the practice of leadership is a different line of work, requiring different insights, different intellectual tools, different values, and different personal relationships.

If the central concern of an institute of "public affairs" is the reflective practice of leadership, the institute needs to work across the university with every discipline and profession, and outside the university with diverse local, national and international communities that are trying to clarify the purposes and develop the techniques for getting things done in the public interest.

Several years ago, perhaps with Hubert Humphrey as my subconscious model, I listed four attitudes as indispensable to the management of complexity:

The notion that crises are normal, tensions are promising, and complexity is fun;

A realization that paranoia and self-pity are reserved for people who don't want to be leaders;

The conviction that there must be some more upbeat outcome than would result from the sum of available expert advice; and

A sense of personal responsibility for the situation as a whole.

Hubert Humphrey was the very model of a situation-as-a-whole person. He felt a personal responsibility for growing more food, making useful goods, distributing wealth fairly, creating better jobs, combatting inflation, managing government and ensuring international peace. We need a million more like him, and American higher eduction is not doing nearly enough about it.

Minnesota has already done more than its share to sponsor innovation and provide quality leaders for America. By betting on the Hubert H. Humphrey Institute of Public Affairs, Minnesota is pioneering again—and I am looking forward to joining you on the frontier.●

ROBERT DIXON, JR.

● Mr. DANFORTH. Mr. President, recently the Nation lost a great constitutional scholar and Missouri a great citizen with the death of Robert Dixon, Jr., a former Assistant Attorney General of the United States and Daniel Noyes Kirby professor of law at Washington University in St. Louis. Renowed as an expert in the field of constitutional law, Professor Dixon was—without question—the leading scholar in the country on the subject of reapportionment. In 1968 he received the prestigious Woodrow Wilson Award for his treatise "Democratic Representation: Reapportionment in Law and Politics."

Last year I was fortunate to be able to call on him to testify in hearings on my proposal to end the gerrymandering of congressional districts. Later he provided counsel to my office in the debate over the legislative veto of FTC regulations, a subject to which he had given considerable study. Invariably he was generous in giving freely of his time. He will be sorely missed by my office and the legal community.

I ask that an article from the May 7 Washington Post, reporting his death, be printed at this point in the RECORD.

The article follows:

ROBERT G. DIXON JR. DIES; ASSISTANT IN 1973–74 TO U.S. ATTORNEY GENERAL

Robert G. Dixon Jr., 60, a former assistant attorney general of the United States and a leading authority on constitutional and administrative law, died of a heart attack Monday at Johns Hopkins Hospital in Baltimore. He was stricken while undergoing surgery for a circulatory disorder in one of his legs.

Mr. Dixon was assistant attorney general, office of legal counsel, from 1973 to 1974. He taught political science at the University of Maryland from 1949 to 1956 and was a professor of law at George Washington University from 1956 to 1975. He was Daniel Noyes Kirby Professor of Law at Washington University in St. Louis, at the time of his death. He taught at the University of Virginia Law School in Charlottesville as a visiting professor this spring.

Mr. Dixon was brought into the Justice Department by former attorney general Elliot L. Richardson. Among the things he

did there was conduct a study of the law of impeachment in view of the possibility that President Nixon would be tried by the Senate in connection with the Watergate scandal. He concluded that if a president tried to withhold evidence in such a trial "a constitutional confrontation of the highest magnitude would ensue."

But much of Mr. Dixon's career was devoted to the law of reapportioning legislative districts. His book, "Democratic Representation: Reapportionment in Law and Politics," won the Woodrow Wilson Foundation Book Award in 1968 and is considered a leading text on that subject.

Mr. Dixon also was an expert in administrative law and was a member of the Administrative Conference of the United States.

A native of Canajoharie, N.Y., Mr. Dixon earned bachelor's and doctoral degrees in political science at Syracuse University. He earned his law degree from George Washington University in 1956 and joined the faculty there in the same year. He lived in Rockville before moving to St. Louis.

In the course of his career, Mr. Dixon received fellowships from the Rockefeller and Ford foundations and the National Endowment for the Humanities. He received the George Washington University alumni Achievement Award in 1978.

Survivors include his wife, Claire, of St. Louis, and three daughters, Mrs. James Ryan of Charlottesville, Mrs. Walter Teagle of New York City, and Laurie Dixon of St. Louis.●

POLITICAL FREEDOM AND ECONOMIC WELL-BEING

● Mr. GRAVEL. Mr. President, it is widely remarked and commented on these days that America is in decline. We have "a crisis of confidence," it is said. America's submergence into the ocean of history is widely predicted and blamed on morale or morals, or the lack of them.

Can anyone this worried about decadence really be that decadent?

We do have problems—serious problems. But it is hardly because we've become a nation of quitters.

Quite the contrary: As a nation, we are looking for the same things today that we have looked for throughout our history—political freedom and economic well-being—"life, liberty, and the pursuit of happiness."

There was nothing wrong with these goals before, and nothing now; and however uncertain we may feel about ourselves, the rest of the world—including the people of the Communist countries—still looks to America as a land of freedom, opportunity and justice.

Not only are our goals laudable, but we are pursuing them with as much vigor and an even greater maturity than ever before.

It is within this context that I want to talk about what is wrong in America. Because I think there is indeed a serious problem—a structural flaw in our society that has been building for the last 50 years.

It is the nature of this structural flaw that we as people are more prone to use the tool of Government to solve problems which it should not or it cannot solve.

I think this flaw accounts very much for the sense of malaise that we have today. And the flaw is dangerous and insidious—even potentially fatal. But it is not—not yet—a question of dissipation or purpose lost. So far, it is only apprehension—and a strong case of frustration.

And who would not be frustrated? We do not seem to be able, these days, to get anything done. Our leaders are divided and want to take us in different directions. Even when we are pretty much in agreement (which is rare enough), we do not seem to be able to move. As a nation with day-to-day and week-to-week tasks, whether it is getting energy or grazing cattle, we seem to have fallen into some dream-like slow motion machine.

We cannot seem to make decisions. If we are not visibly floundering over a decision, then we are likely to be standing dead still, making no choice at all. Our society is too complex. We are awash with "data," afraid of "yes" and "no," and positively terrified of being wrong and of being held accountable.

I think that most Americans would recognize these traits as features of the malaise they feel about the country and its future. I think most of us, too, would concede that these are traits often associated with bureaucracy—bureaucracy of all kinds, public and private.

It is no coincidence. Our oversized Government is at the heart of the problems that are causing our "crisis of confidence." And the structural flaw that I have mentioned is the continued constituency of the American people for growing Government, even while we complain about its failure to solve the problems we have already consigned to it, and even when it has perpetuated or enlarged those problems.

I am not trying to set up Federal bureaucracies as scapegoats. I know them to be as competent and as diligent and as sensitive as their counterparts in the private sector. Nor would I dare denigrate the rightful exercise of our national environmental maturity through the use of Government. And the similar use of Government in guaranteeing that responsiveness and responsibility are shown by private industry for its manufacture, called consumerism.

I think it right for Government to seek the implantation of competition in our capitalistic model where none exists. And attention should be given to countering the centripetal force of wealth rather than the present Government inducement to its concentration.

Space will not let me deal with these areas where obviously Government ought to do something. Nor will it allow me to properly treat the even more obvious extremes of Government in their regulations as a result of inadequate checks and balances upon the Government itself.

The oft stated cliche "the least Government is the best Government" has never felt comfortable to me because I think that "the best Government is simply the best Government." It is a tool, use it when you need it and put it down if you do not.

By way of emphasis, there are things our Government ought to do, and things it ought not to do—and things it cannot do. Time only permits me to deal somewhat with the inappropriateness of asking Government to do what it ought not to do and what it cannot do.

It cannot give us a risk-free existence.

It cannot duplicate the independent creativity of thousands of individuals and small firms.

And it cannot replace the market system and decide for millions of people what is best for each, the way each can decide for himself.

It also cannot distribute the goods and products of the Nation as effectively, or even as fairly, as the private enterprise system, because it cannot duplicate for itself the incentive of profit and the discipline of loss or the freedom of the consumer-choice mechanism.

Yet we go to Government more and more, asking it to do all these things.

The Government can cause failure in some very creative ways. We have devised the Catch-22, a self-contradictory edict which usually boils down to this: "If you cannot do it, it must be done; if it can be done, you cannot do it." A particularly useful feature of the Catch-22, as we will see shortly, is that it can transfer the appearance of blame from Government to the individual or the company which failed to carry out the self-contradictory order.

Blameless, however, as the Government may try to hold itself, we still perceive it as a delayer, a strangler—and a failer. And yet back we go, again and again, asking for more.

In a curious way, Government even promotes its own growth and power by failing. The pattern is easy to see: If we gave a job to an agency and the job did not get done, then the agency must need more authority, or another agency to see that the first agency gets the job done—like the "Energy Mobilization Board."

Two hundred years ago, physicians were in the same trap—or rather, their patients were. The physician would bleed the patient, using leeches, in order to cure him. If the patient got worse, then he must need more leeches. If the patient died, then the conclusion was that they did not use enough leeches fast enough. The problem is in the premise, but the premise goes unexamined.

If, through its own action (and inaction), the Government causes failure in the private sector, then the Government seeks authority in the future to prevent just such failures as the one it caused.

Here is one example I am familiar with: the proposed Alaska natural gas pipeline.

This project is bogged down today in spite of its nearly universal support. A quarter of our Nation's reserves of natural gas are at Prudhoe Bay, and that gas must be released in order not to interfere with the production of Prudhoe oil (which constitutes more than one-third of the Nation's petroleum reserves). The Congress supports the project—it passed a law to "expedite" it. And the President supports the project—his policy, too, is "expedited handling." And, at this point, the project is delayed. In spite of the Government's support, the Government seems to be incapable of making decisions that would let the project move.

One series of decisions constitutes a classic Catch-22. By law, the pipeline

must be built with private financing and no Government guarantees. The oil companies are chided by the President because they will not financially back the gas pipeline when they are prohibited by law from owning any part of the line. Also the Federal Energy Regulatory Commission has indicated that the $2 billion cost for a conditioning plant cannot be passed on to the gas consumer, but must be absorbed by the oil companies, increasing their costs, thereby causing the oil consumers to pay more for oil, thereby subsidizing the gas consumers. "If you cannot do it, then it must be done." Catch-22.

We also have in the gas line case a ladder of failure that has elevated the Government to new power:

When the Alaska oil pipeline was built, Government requirements as well as long delays that were mostly the Government's fault combined to make the cost of that pipeline skyrocket—$1 to $8 billion. Having caused that cost overrun, the Government was then handed new authority by Congress to prevent future cost overruns. It can now regulate the equity return that the investors in the gas line will receive. The higher any cost overrun, the less they can receive, regardless of the fact that the Government may cause the overrun.

When all this fails and the pipeline cannot be built privately because of self-contradictory regulations, then the Government will undoubtedly step in with guarantees. And in the process, no doubt, its authority over the whole project—and over all future pipeline projects—will expand and the market will never be able to judge the economic efficacy of the largest "private" project in the history of the world.

And one more example: The Sohio pipeline through California. The company spent 5 years and $60 million trying to cut through the jungle of regulation and nondecision. They finally gave up, not only in frustration, but also because the economics dried up. And now that the Government has killed it, suddenly the Congress is looking at having the Government build the project in the face of poor economic risk. In any event, I doubt the Government could get the necessary construction permits from Government.

So, for the Government, nothing succeeds like failure. We must be true believers because we keep coming back for more. And we get it: Not more help, but more Government—and more failure.

One more item: The Alaska lands issue, known to those of us who are constantly involved in it as "(d)(2)." The expression "(d)(2)" comes from section 17(d)(2) of the Alaska Native Claims Settlement Act. It is the section that orders the Secretary of the Interior to withdraw lands in Alaska—up to 80 million acres—for possible designation as parks, refuges, national forest, and wild and scenic rivers.

This issue is motivated by the preservationist community, and has been taken on by the President as his No. 1 environmental goal. Representative MORRIS UDALL has brought about passage of a bill in the House of Representatives that would set aside upward of 120 million acres of land. This Federal land is so strategically located that its withdrawal would deny economic use of additional Federal lands, as well as State-owned and private lands, on the order of 100 million or more additional acres.

The proponents of this action have a set of cliches: "We are not going to make the same mistakes in Alaska that we have made before."

These claims are specious. Today there is more than sufficient environmental law already in place to protect Alaska. This bevy of environmental law that already exists assures that the mistakes of the past will not be repeated. No part of Alaska or the rest of the United States will be despoiled in the so-called rape, ruin, and run fashion. The laws guarantee that the full environmental impact will be known and weighed before future economic activities are undertaken.

Recognizing that protection already exists, then we can see the real purpose of superimposing additional layers of Government control and regulation on Alaska, at a cost of $1 billion: The purpose is not protection, but denial of any economic activity in the State. By creating bureaucratic barriers that cannot be reasonably penetrated by thoughtful and responsible economic actors, all economic action can be brought to a standstill.

The effort to lock up Alaska and to deny its many treasures to the American people seems to have acquired the force of a tidal wave. Not only did the House pass Congressman UDALL's bill by a large margin, but President Carter has already acted unilaterally to create 56 million acres of national monuments in Alaska. This is happening, I think, because more Americans do not understand its implications.

Alaska is indeed a treasure chest. In this chest, we have wilderness, parks, game refuges, recreational areas—and also urban development, oil and gas potential, mineral potential, great fisheries and forest resources, and more. For one small group—the preservationists—through the exercise of disproportionate political strength, to reach into this chest and take only the wilderness treasure and then slam the lid shut is arrogant beyond belief. They are acting to the detriment not only of those who have pioneered and made their homes in this unusual land, but also of all Americans and of their economic and recreational needs.

The actions of the President and the prospective withdrawals by the Congress would take from our Federal lands inventory millions of acres of potential oil and gas lands. Last December 1, the President misused the Antiquities Act to create 56 million acres of monuments-wilderness. This action has effectively withdrawn from an energy inventory 40 million acres of sedimentary basin. All this in an effort to bully the people of Alaska into the acceptance of a much larger congressional withdrawal. The recent House action would take from our energy inventory upward of 100 million acres of oil and gas sedimentary basins. To appreciate the significance of these figures, we should note that Prudhoe Bay contains more than a third of our oil and a quarter of our natural gas in just 190,000 acres.

Little wonder that we Alaskans feel ravaged by the Federal Government and overreact to those Cassandras of self-fulfilling prophecy who state there is no point in permitting the flow of capital to the oil and gas industry * * * "the oil and gas is not there to be found."

Today's clearest case of Government's "success through failure" is in energy. We are on the verge of nationalizing the energy industry, whether we call it that or not. And if success does come from failure in Government, then we should expect nothing less. Nowhere else have Government's failures been so spectacular. This country is going to continue to refuse to let a free market determine the proper economic time to bring on synthetic fuels. Instead, we are to withdraw billions in capital from the only sector in our economic system that can do anything to alleviate the energy crisis in the short term. Instead, we will funnel our economic decisions through the Government—in the process losing the vital discipline of the market—and wasting billions through Government incompetence.

The Presidential and congressional proposals that the Government should direct the development of synthetic oil is the watershed of socialization of the energy industry in this country. Elements of business and labor seem naive enough to accept the offered "partnership of government." But for those who understand that there never can be a partnership with a generically superior power, they will be bludgeoned into accepting this through the windfall profit tax.

The word "windfall" with respect to a tax on the oil industry was first characterized by Richard Nixon and was used by Gerald Ford, and now is used by Jimmy Carter. It is an unfortunate characterization because it is really not true, because it is a severance or excise tax on crude oil.

To quote Howard Ruff who recently testified before my Subcommittee on Energy:

> The windfall profits tax is a proposal by the politically astute to impress the economically ignorant.

"Windfall profit" is a cosmetic term to shift the blame that might possibly fall on Government to the energy industry for the energy crisis.

The use of this rhetoric does great violence to the American psyche, because it creates a perception that a major sector of the American industry has been grossly misbehaving, and that that sector must be controlled and punished by the Government in order to protect the American people. This misperception also discourages the American people from truly understanding the real nature of the energy crisis—a crisis of cost and of price.

Americans are prepared to sacrifice if need be to meet this crisis. But if it is only the oil companies that are the problem with their "price gouging" behavior * * * then why sacrifice, let the Government straighten out those oil

companies * * * that will take care of the crisis. Obviously, our political and media demagogery has been counterproductive to the proper realization of the energy crisis.

This American misperception as to the problem and fault also incapacitates our moderate political leaders because of their fear of going against a strongly held view of the electorate in trying to solve the problem * * * "everyone wants the tax and I have to vote for it even though I know it is wrong."

The American energy industry is enjoying no windfall profits. These supposed profits are the figment of the imagination of those who are intent upon demonstrating the failure of free enterprise so as to rationize a Government takeover. The American energy industry has acted no differently than any other sector of American enterprise, and their range of profits are within the average of the return on all enterprise. This fact is easily proven and would be easily understood if there were faith in the free enterprise system.

But because of a colossal national misperception, the Government is able to strike at the heart of the free enterprise system—in a word, going for the jugular on the neck of the golden goose.

Never mind that the oil company "windfall profits" do not exist—or that a higher price for a scarce commodity is the only way to increase its availability. It says a great deal about how far we have gone when people so easily accept and support the concept that the lifting of price controls after 5 years constitutes a "windfall profit" to a company rather than a 5-year denial of legitimate profits to that company.

As we turn again and again to Government for economic well-being—and wind up with failures—we undermine our other goal: individual political freedom.

And this road we are on does not lead only to economic inefficiency. If the Government can tax nonexistent windfall profits in the energy industry, can that same Government be far from collecting nonexistent profits from the rest of business which has no real constituency in this country?

We are ceding more and more power to our Government. So far, this power is being used negatively, intervening and interfering in the private sector, but not taking an active role. Obviously, we are afraid to unleash Government power in that way—and we should be.

But history makes it abundantly clear what will happen if we continue to relinquish power to a central government. Its appetite for more power will only grow—its musclebound paralysis will only frustrate the people and the Government itself all the more—feeding it more power and eventually the dam will break and this reservoir of power will sweep away our liberties.

If, by asking Government to do things it really cannot do, we are slipping backward from our national goals, then why do we persist in turning to Government? At bottom, I think, it is because people do not see their welfare protected anywhere else. The Government may be a bungler—and the people may see it—but in seeking their own security, they see no one else who protects them.

To most of us, security means income. If we have a paycheck, we have some security. Our Government does protect income. Americans may work in the private sector, but they live in the house of Government.

For the indigent, Government provides welfare. For those threatened by labor-saving technology, it tolerates "featherbedding." For those employed in failing corporations, it has soft loans and the Government contracts to keep the corporation floating. And at the end of the spectrum, we have the prospect of the Government as employer of last resort.

For the individual, whose economic security is his first responsibility, the Government consciously or subconsciously is his friend. The corporate sector will cast him aside if he has no productive mission to fulfull. And if he has no capital to earn him an income when his labor is not needed, he can only face the stark terror of economic insecurity.

Our citizens have no direct stake in our free enterprise system. They only have a stake in a job working for the free enterprise system. Capitalism is without a meaning constituency in our democracy.

Consider these figures:

Approximately 1 percent of Americans own 25 percent of America's wealth—5 percent own half its wealth. And that distribution has not changed appreciably during this century.

Little wonder that most people do not see their welfare in the free enterprise system—much less understand how they benefit from its natural efficiency. They barely care about the economy at all. They care about their jobs, their income, their economic security—and that is perfectly natural.

So how can people learn that free choice is generic to the market system? How do they learn that this is part and parcel of our larger goals—individual freedom and economic well-being?

Even though we are still pursuing our historic goals as a nation—our legitimate and laudable goals—and even though we are pursuing them as vigorously as ever, both for ourselves and for the rest of the world—we are doing so more and more by experimenting with socialism. This is self-delusion. Under an all-powerful central government, we will wind up with neither individual freedom nor economic well-being.

But if we are to turn back from the road to socialism, we are going to have to build a constituency for capitalism. It has little constituency today.

We must broaden the ownership of capital. When people own "a piece of the rock" and begin to receive dividends, their interest in the health of the private sector will grow dramatically.

I am talking about the ownership of the new capital that must be created in the future to meet our needs—not the confiscation of existing wealth.

And I am not suggesting that this ownership of capital wealth use the Government system for distributing income—that is, transfer payments—but rather use the corporate and capitalist system, without the participation of Government. Obviously, Government can and should act as the check on abuse and arbiter of justice in the undertaking.

The fatal flaw of socialism—in trying to share wealth more widely—is that it centralizes power in the Government without creating the checks and balances that impede Government's tendency toward oppression.

We need to find a way, or many ways, for our citizens to participate in the free enterprise system—to see it working for them—to see the market economy working for their freedom.

How can this be accomplished? I think some of the tools are in our hands now, but I do not doubt that others remain to be acquired, remain even to be invented.

We have a variety of profit-sharing plans. We have employee stock ownership plans and other theories by Louis Kelso.

But I think most importantly, we have the corporation itself. The corporate structure can be molded to the purposes of broader capital ownership and greater economic vigor, both at once. The corporation, after all, is a readymade tool for broad ownership.

In Alaska, the corporation has already been used for this purpose. In settling the aboriginal claims of the Alaska Natives in 1971, we took a novel approach. We ceded land to the Natives not in a reservation status, but rather in fee as an economic base—and, at the same time, we formed a dozen private, profit-oriented, regional Native corporations, giving the Alaska Natives the tool they needed in a modern economy to truly shape their own destiny.

In addition, there is now an effort to start a general stock ownership corporation, which would be owned essentially by all Alaskans. This was made possible by a tax amendment I authored last year removing the corporate income tax as an incentive to broaden capital ownership. The corporation would be chartered by the State legislature, but would be a private enterprise at arm's length from government that would invest in Alaska. This is a first effort. But it is a step toward making everyone truly and visibly the beneficiary of the economic system that has delivered the world's highest living standard—complete with the personal and political freedoms we cherish.

Some may say this is not sufficient solution nor immediate enough to halt this year's inflation or unemployment. I know of no quick fix to a problem two generations in the making. We will be lucky to correct our structural flaw in a decade. In addition to my suggestion to create a constituency for capitalism, what we can do today is fight, and tomorrow fight again, to move the government roadblocks out of the way of private enterprise so as to let business do what it does best—produce.

For me, the reason for this paper and I hope the reason for its reception whether by Democrat, Republican, liberal, moderate or conservative is—freedom.

I am not pessimistic about our future. If we can unleash our creative genius,

nothing can stop our greater maturity and its concomitant reward. The fact that we struggle and flail around in solving our problem is a sign of true health. Only through conflict can we change, and only through change can we improve.

It is from our present cauldron of conflict that our great Nation, and for that matter all people, can and will improve.●

MARYLAND'S SMALL BUSINESSMAN OF THE YEAR

● Mr. MATHIAS. Mr. President, as we mark the beginning of Small Business Week, I wish to draw my colleagues' attention to a distinguished citizen of the State of Maryland—John R. Laughlin, president and cofounder of the Digital Systems Corp. Recently, he has been selected by the Small Business Administration as Maryland's "Small Businessman of the Year." That is a high honor, and I am doubly proud to note that Mr. Laughlin is from my home county of Frederick.

From its earliest days, Maryland has been associated with advanced technology. It is, therefore, fitting that the SBA has recognized a man whose business centers around that centerpiece of the technological repertory—the computer. Just as the steam engine brought on the industrial revolution, and airplanes and telecommunications reduced the world to a neighborhood in my own lifetime, so now computers and information processing systems portend a third technological revolution that will likely surpass all earlier ones in sweep and consequence. John Laughlin's company is in the vanguard of this revolution, and his Galaxy 5 microcomputer, which he and his brother launched 5 years ago, is a recognized triumph in the great tradition of American invention.

I will not get into the nuts and bolts of Mr. Laughlin's enterprise—as a matter of fact I doubt if there are many nuts and bolts in the computer. But I think his success at a time of economic difficulty is a great tribute to his foresight as an inventor and businessman.

In 1968 over 300 high-technology firms were started: In 1978 none was. So it is plain that Mr. Laughlin was swimming against an ebbing tide when he started the Digital Systems Corp. in 1975. He had a good idea, and he stuck with it. Digital Systems has provided the State with over 100 jobs and outstanding service, and promises more of the same in the future. The history of this company should be an inspiration to all prospective small entrepreneurs. John Laughlin proves that you do not have to be an employee of a huge multinational corporation or a researcher at one of our major universities to participate in the tremendous technological adventure that is underway in the world today.

Throughout our history, this Nation has achieved greatness again and again because of the genius of men and women like John Laughlin, who successfully combine science and the marketplace. Even with the wonders of modern science at our disposal, the challenge of exploring and coming to grips with our universe is just as great to us as was the challenge of creating a new world in the wilderness to the men and women who arrived on Maryland's shores three and a half centuries ago in those two small ships, the *Ark* and the *Dove*. I am proud to hail John Laughlin as a distinguished contemporary explorer, as we honor him as Maryland's Small Businessman of the Year.●

THE MX MISSILE

● Mr. HATFIELD. Mr. President, in the past week we have been beleaguered recipients of the 30th major change in the design for basing the MX missile in a shall game concept in the Southwestern United States. The latest linear design—now known as the dragstrip—replaces the ill-fated racetrack scheme. I am quite certain that we will receive the same solid assurance from the Air Force that this—like the racetrack—will be the "final" solution to the problem of Minuteman vulnerability. I am equally certain that the new design will do absolutely nothing to mitigate the snowballing political and environmental opposition to the MX system, reduce the ultimate cost of this $50 to $75 billion project, lessen the window-of-vulnerability period during which the U.S. ICBM system will move toward a highly dangerous launch-on-warning strategic stance, or improve the likelihood that Soviet technological advances will not render the entire system vulnerable before it is fully deployed.

Yet in the face of these nearly intractable problems, the Department of Defense stubbornly continues a concerted campaign to discredit an alternative basing system, the shallow underwater mobile (SUM) concept, which appears to respond to all these concerns far more cheaply, effectively, and intelligently than any multiple protective shelter (MPS) concept.

The mot recent effort of high officials in the Department of Defense to unfairly discredit the SUM system lies in their official testimony before a congressional committee that the SUM system could be destroyed by huge tidal waves caused by a Soviet nuclear barrage bombing of the one-quarter million square miles of U.S. coastal waters, where SUM is to be deployed.

The fact is, Mr. President, that at the time they were telling congressional committees that the SUM system would be vulnerable to the Van Dorn effect, they were using as reference copies of the CONGRESSIONAL RECORD of November 9, 1979, in which the SUM system is described in full. In that description, I made amply plain that SUM would be deployed off the continental shelf in waters deeper than 400 feet. In that same RECORD, it was made plain by Drs. Drell and Garwin, designers of the SUM concept, that the Van Dorn effect had been fully anticipated and that the proposed deployment method was designed to completely vitiate the dangers of such nuclear tidal waves. Department of Defense officials privately agreed then that the Van Dorn effect was not a threat to SUM as it was proposed in the November 9, 1980, RECORD.

My colleagues might understand my sense of frustration when, 5 months later, it was reported that these same officials were testifying before Congress that SUM could be destroyed by the Van Dorn waves. Absolutely no mention was reportedly made of the proposed deployment scheme or of the body of scientific thought that totally refused the claims that these officials were making. This is a sad, but growingly typical, example of how a technically proficient, fiscally sound and strategically stabilizing alternative to the MX is not being given a fair hearing because of interdepartmental rivalries, and a growing fear that SUM might well be seen as a viable replacement for the inherent flaws in MPS basing.

I might add for the record that this testimony was followed by a Department of Defense study on SUM which rested on a substantial lack of technical information, and which drew conclusions against SUM from this insufficient data that were often highly exaggerated and, in some cases, probably false.

I ask that a recent article on the unsuccessful effort to discredit SUM be printed in the RECORD. I also request that a detailed response by Dr. Sidney Drell to the Department of Defense study of SUM be printed in the RECORD.

The material follows:

ATTACK OF THE ATOMIC TIDAL WAVE: SIGHTED S.U.M., SANK SAME

(By Bill Keller)

On March 25, the Defense Department dramatically disclosed in public one of the ghastly secrets of modern nuclear strategy. Testifying before a House subcommittee, Pentagon officials revealed that an enemy could barrage our coastal waters with nuclear warheads timed to explode under the ocean, creating an immense tidal wave. ("I can't tell you how big," a Pentagon PR man later confided in a hushed voice, "but it starts out at a height not unlike that of the Empire State Building.") This great breaker, called the "van Dorn effect" (after the Defense Department scientist who discovered its potential), would destroy all vessels in its path and, incidentally, smash coastal cities into so much driftwood.

It was an uncharacteristic performance for the Pentagon, not an organization famous for its dedication to the public's right to know the latest military secrets. In fact, the van Dorn effect was precisely the sort of secret you might expect the generals to want to keep, on the off chance the Soviets hadn't heard of it. But, as the hearings wore on, it became clear that our top defense planners had come to believe they had little choice but to reveal the secret in all its terrifying details. It was the only sure way to eliminate what they perceived as a threat to America's two most expensive nuclear weapons—the Trident submarine and the land-based MX missile. The threat was a new weapon, superior in many ways to anything the Pentagon was building; it was cheaper, more effective, and invulnerable. This was no time to worry about the Russians—Congress was talking about building small submarines.

SUB FOR A HERO

The threat had been present for decades, ever since we began putting our nuclear missiles to sea in subs. Lying in wait under the seas, the submarines could survive any nuclear exchange—for the simple reason that they would be virtually impossible to

find—and after the attack they could deliver their warheads to any point in the U.S.S.R.

The logic of the missile-carrying subs had always seemed to lend itself to a philosophy of "small is beautiful," at least to a minority in the defense establishment. They would trot out arguments like Lanchester's Law, which holds that if you have twice as many weapons, they need only to be one fourth as effective. Since the virtue of subs was that they were hard to track down, it followed that many small subs would be preferable to a few large ones. The fact that small submarines are easier to hide (they present smaller profiles to enemy sonar) seemed to strengthen the case. To military laymen—and I am certainly one—the idea has an obvious simplicity and appeal that is almost irresistible.

But it was not an idea that ever held much sway with Admiral Hyman Rickover. Rickover wanted submarines that could range the world, fast and deep, staying submerged for long periods without the need to refuel. That meant nuclear-powered submarines. And once you've decided to build your ship around a nuclear power plant, Rickover argued to a receptive Congress, you might as well go for economies of scale and load the thing to the gunwales. Under Rickover's guiding hand, each generation of subs got bigger, fancier, and fewer; the contracts to build them got less competitive and more expensive. First came Nautilus, then Polaris and Poseidon, and finally the masterpiece of the Rickover mentality, a self-contained, 24-missile, 240-warhead submersible fortress the size of the Washington monument called the Trident. In the early seventies, the decision was made: where there were 41 missile-carrying submarines in service, America's nuclear deterrent would be packed into a dozen of these $1.65-billion monsters.

Meanwhile, as the Navy was committing itself to the Trident, in defiance of Lanchester's Law, the Air Force was running into problems with its leg of the nuclear "triad," the land-based ICBMs. (The third leg of the triad consists of long-range bombers, mostly B-52s.) Soviet missiles were getting accurate enough to "theoretically" destroy the silos containing our Minuteman missiles. The Air Force requested a bigger missile with more warheads, known as the MX, so that whatever survived a Soviet attack could deliver a more crushing counterpunch.

There were, of course, those who questioned this widely publicized concept of "Minuteman vulnerability." To over-simplify, they pointed out (a) that what the Soviets can hit in theory, they've never had to hit in practice and probably couldn't, and (b) they could not afford the risk that we'd empty our silos as soon as the attacking missiles appeared on our radar screens, a maneuver called "launch on warning" or "launch or lose." Surprisingly, many military supporters of the MX, including several whom I have interviewed, agree with this critique: no real military need for the MX, except to bolster America's sagging confidence. Back in 1975, Senator John Culver, then a newcomer on the Armed Services Committee, listened to this argument about "psychological insurance" and suggested the Pentagon could save a hell of a lot of money by just hiring a good PR man. Everyone chuckled, and then Congress gave the Pentagon what it wanted. Congress was so impressed with the Russian threat, in fact, that it decreed the new missiles would somehow have to be made invulnerable. The Pentagon's job was to figure out how.

SCREEN DOORS

By 1978, this issue of ICBM invulnerability was the hottest subject in the field of weapons research, and it was chosen as the topic for a three-week summer study session of about 40 academic scientists and Pentagon advisers known as the Jason Group. Among the group's members is an IBM physicist and Harvard professor named Richard Garwin. Garwin is regarded as a little quirky by the military establishment. He once proposed a cheap defense system for missile sites which involved simply blowing up trenches full of ball bearings and scrap metal in the face of onrushing enemy missiles, sort of a Popular Mechanics Anti-Ballistic Missile. (The idea did not strike the Pentagon as . . . well, sufficiently military.) But Garwin is an acknowledged genius in the field of weapons systems, and the Pentagon is willing to pay for his ideas, maintain his access to classified material, and tolerate his creative eccentricities.

The more Garwin and his think-tank colleagues thought about the alternatives to the Minuteman, the more one alternative began to look extremely attractive. It was the alternative that Rickover had vetoed—the small submarine. At the end of the session, the Jason Group sent the Pentagon a secret paper on what they called the "water-based MX." The proposal looked so promising that they chose to spend the next summer's session refining it.

The idea was simple: take a fleet of little, diesel-powered, no-frills submarines—say 100 of them. Strap to either side a tube containing a missile. When the tube is released, it bobs to the surface and fires, and the missile is steered to its target by a combination of satellite and on-shore guidance systems. The missile would have all the accuracy and firepower of the MX—it could, in fact, be the same missile—with an added virtue that no land-based system could hope to achieve: the ability to hide in the quarter-of-a-million miles of water close to our shores.

The Jason Group picked out a small German submarine that could be modified for their purposes. About 160 feet long, weighing 450 tons, and carrying a crew of 15, each vessel is one-fortieth the size of a Trident, and would cost around $30 million to build. The group then developed (on paper) the communications and guidance systems it would need. They christened their baby SUM (for Shallow Underwater Mobile) and sent their study to the Pentagon, along with Garwin's arguments that SUM would be far cheaper, would have greater strategic value, and would create none of the environmental problems of the alternatives being considered by the Air Force.

Those alternatives did present quite a contrast to the Jason Group's thinking. Where SUM was simple, the Air Force had proposed, and then discarded, a series of grandiose, complex schemes for making a land-based MX missile a moving target. Eventually they settled on the now-familiar "racetrack" system, in which each missile is to be tucked under the skirts of a huge metal shield-on-wheels and driven around a 15-mile oval of heavy-duty road, pulling up at a series of 23 hardened concrete shelters and secretly depositing the missile in one. The Air Force plans 200 missiles, chugging around 100 racetracks, connected by 10,000 miles of road, and occupying, by conservative estimate, about 8,000 square miles of land in the desert valleys of the American Southwest. As for cost, the Air Force estimates a tidy $37 billion.

The Jason Group wasn't convinced. Richard Garwin felt it was an "open question" whether the SUM system was superior to the Navy's Trident—open, because it had never been thoroughly studied. But he had little doubt that SUM stood up as an alternative to the racetrack MX. In fact, he estimated that it would cost roughly half as much to have 100 little subs as to have 200 racetracks. And the subs (with two missiles each) could be deployed two to three years sooner.

The Air Force, which was making loud public noises about analyzing every possible alternative for the MX, had to give the Jason Group's plan some consideration. But not much. According to an Air Force official who was privy to ICBM planning at the highest levels, the SUM proposal was treated from the start as a nuisance. The Air Force wasn't about to hand over its prestigious leg of the sacred triad to the Navy; nor was it about to embark on a submarine program of its own. The official characterizes the Air Force's basic analysis like this: "Put some of our missiles underwater? You've got to be out of your mind."

In the Navy, SUM fared still worse, if that was possible. To an even greater extent than the Air Force, the Navy had already set its course in nuclear warfare—the Trident. ("Admiral Rickover told me in the 1960s that the Navy would never again build a non-nuclear-powered submarine," Garwin recalls.) So among the admirals the little sub sank as if it had screen doors. With the Trident eating up a huge share of the Navy budget, nobody was going to propose another strategic submarine. And then there was a more disturbing, unspoken thought; if SUM worked, if the MX missile really could be launched effectively from cheap, undetectable vessels lurking just off U.S. coasts, then who needed the mammoth, globe-girdling Trident? Troubling, indeed, for while by 1979 there were plenty of Navy officers who now wished the Trident program had never been started, none was ready to endorse an alternative that might sink the program in midstream.

"Oh, there were studies," said a former defense official, now a consultant, who was involved in the Pentagon's handling of the issue, "And every one was b---s---. Listen, I've never had a contract yet to study something where I didn't know what the outcome was supposed to be." As Garwin put in, more drily, in a recent paper, "organizations which derive most of their funds in contracts from the United States Air Force or United States Navy are reluctant to imperil their future by accepting modest study contracts whose success may expose to criticism or termination large programs important to their chief sponsors."

COMPARISON SHOPPING

So it was that the small submarine came to be viewed as a threat by the Navy, the Air Force, and the Pentagon. At first, however, it didn't seem like much to worry over. About the only thing it had going for it were the tireless lobbying efforts of Garwin, and the disturbing fact that it can apparently do everything the MX and Trident can do, more effectively, at a fraction of the cost.

There is, for example, the question of missile range. The big advantage of long-range nuclear subs is their ability to maneuver close to their targets. But the same improvements in range and accuracy that allow the Russians to threaten our silos have been applied to our own weapons, to the point where the newest family of Trident missiles will be capable of hitting Moscow from San Francisco Bay. "If the missile gets longer and longer in range, the submarine doesn't need much range at all, does it?" says Michael McGuire, a British expert in maritime and strategic studies (and a small sub advocate), now at the Brookings Institution.

Then there's Lanchester's law. Ever since America plunged into the nuclear sub business, Russia has invested a huge amount of baisc research on ways of tracking down and destroying our subs. Most likely, they haven't found a way to catch a Trident yet—at least that's what the experts say—but it stands to reason that we are making the game a whole lot easier for them by having all our underwater nuclear eggs in twelve Trident baskets. When you realize that the Tridents are easier to spot and easier to track than the Poseidon and Polaris subs we have used until now, it's not hard to understand the urgency of the Pentagon's desire to protect the other leg of the nuclear triad, the ICBMs.

Unfortunately for the Pentagon, the Air Force's chosen ICBM strategy, the "racetrack" MX, is so awesomely flawed that even

diehard hawks don't like it. It is hard to know where to begin listing its problems. Not counting its (current) $37-billion price tag, they include:

Resources: In a region perennially short of water, the military wants to dig deep wells and suck up 90 billion gallons over the next two decades—but the Pentagon is not sure that much water is there. If it is, much of it will be mixed with concrete (twice the amount poured into Hoover Dam) that is also in short supply. The project demands enough electricity for a new city of 180,000 people, and nobody yet knows where that is to come from either.

Environmentalists are worried about damage to the 8,000 square miles of land that will be affected by the project, ranchers are worried about grazing access, and city fathers are concerned about schools and sewers for the 14,000 missile operators and their families. (These groups will have ample oportunity to press their case in the courts—under the nine major and dozens of minor laws controlling federal land use—along with the Shoshone Indians who claim much of the land as their own.) Still, none of these concerns would justify blocking the project if we needed it—if it really did remove the threat of Russian nuclear attack. But it won't.

Arms control: For a project designed to accommodate the SALT II treaty (the shelter lids pop open for easy counting of missiles) the system is an arms controller's nightmare. The point of having 4,600 shelters is that the Soviets would exhaust their arsenal in search of our missiles. But if SALT II falls through, the Soviets can simply build many more warheads, in response to which the Pentagon plans to toss up more shelters, and so on in a wild game of nuclear leapfrog. It's a game they win, because they can build warheads faster than we can build shelters, and while they don't have to shoot their warheads at the MX, we can't shoot our shelters at anything.

Vulnerability: The whole fuss is about "ICBM vulnerability," we're told. But the General Accounting Office says it is "an unresolved issue" whether the military can really hide its missiles in this shellgame arrangement. A million pounds of equipment moving around a racetrack gives off noise, radiation, and about 30 other "signatures" that might make it easy for the Russians to pick the right shell. To guard against such detection, the Pentagon may have to cordon off thousands of extra square miles under tight security, which it has promised never to do.

In case the Russians get good at guessing, the system is also supposed to allow the missile, on its transporter, to "dash" from shelter to shelter even after the Russians have launched an attack. But Garwin points out that a Russian missile launched from an offshore submarine could hit the transporter (which "dashes" at 30 m.p.h.) before it had gotten even a quarter of the way around the racetrack. This, coupled with the possibility of future technology—such as the "real time" surveillance of racetracks by satellite during a nuclear war—leads Garwin to assert flatly that "by the time the first MX missile is operational in a racetrack configuration, the racetrack will be regarded as more vulnerable than the Minuteman silos are now."

THE HAWKS SQUAWK

These were troubling questions, all right, but not too troubling—because, as long as no one except the Jason Group was seriously proposing SUM as an alternative to the land-based MX, they might never have to be answered. The Pentagon could count on reactions like the one I heard from a senator's defense adviser: "The racetrack is screwy. It's unpopular. It's expensive. But what else is there?" And in the fall of 1979, most of the Senate's "doves," resigned to the need to buy off the critics of SALT with whatever form of MX they wanted, weren't wasting much energy looking for practical alternatives.

The small sub did find one advocate, in Senator Mark Hatfield. From the Pentagon's point of view, Hatfield was a near-ideal choice to be SUM champion. On defense matters, most senators defer to the "experts" on the committees governing military affairs. Occasionally a member of these committees might propose an idea the Pentagon doesn't like and succeed in having it adopted—but such proposals stand little chance if they come from one of the liberal members of the committees, like Gary Hart. They have almost no chance if they come from Mark Hatfield, who is not on the Armed Services Committee, and who is about as close as you'll get in the U.S. Senate to a genuine pacifist.

Still, Hatfield was a member of the Appropriations Committee, through which any money for the racetrack would have to pass. And he was, as they say, doing his homework—collecting material from Garwin, mastering tongue-twisters like "prompt hard target kill capability." The first sign of trouble came when Hatfield made a motion in the Appropriations Committee to strike the MX budget for the year and fund a full-scale study of SUM. The motion failed, but the vote was 15 to 9—too close for comfort, even if Hatfield's support was "soft" and his proposal got only 11 votes from the full Senate when the MX came up on the floor last November. (Instead, the Senate passed an amendment requiring the Air Force to keep its MX options open, which the Air Force has interpreted as meaning only land-based options.)

But there was more danger ahead. It wasn't senators like Hatfield, or the chance that SUM might actually win a surprise vote. It was senators like Paul Laxalt of Nevada and Jake Garn of Utah, and representatives like Utah's Gunn McKay—prominent "hawks" from the Western states where the racetrack complex was to be built. These men could normally be counted on as loyal supporters of Pentagon plans, and, indeed, they were firmly behind the MX missile itself. They were, however, feeling pressure from their constituents. The residents of Utah and Nevada had believed the Pentagon once before, when it said there was no danger of radiation exposure from above-ground atomic tests in the area. They were more skeptical this time, not so ready to accept a plan that would block off their land, drain their water, and disrupt their communities. It was disconcerting to see Garn lecture Defense Secretary Harold Brown about the erosion of popular support for the racetrack, or to see Laxalt and Garn pledge, in a joint statement, "We are more determined than ever to find an alternative to the racetrack basing mode. . . ."

SUM MEETS IRWIN ALLEN

And so the Pentagon, taking no chances, decided to act swiftly against the small sub threat. Quietly at first, in closed-door briefings, defense officials began telling the appropriate committees about the van Dorn effect. Later, when McKay, as chairman of the House Appropriations military construction subcommittee, decided a hearing was necessary to air the alternatives to the racetrack, the Pentagon decided to go public. William Perry, the Pentagon's undersecretary for research, and Seymour L. Zeiberg, deputy undersecretary for strategic systems, went before the McKay committee and testified, in graphic detail, how nuclear explosions in shallow water would ricochet off the ocean floor, creating the vast wave that would demolish any small vessel. "It would simply turn over a submarine and destroy it," said Perry. During a break in the hearings, Zeiberg confided to Washington Post reporter George C. Wilson that the Defense Nuclear Agency "had conducted exhaustive studies on underwater explosions, studies that the advocates of the coastal submarine did not know about." Wilson dutifully reported this information to his readers the next day, in an article headlined "Pentagon Gives a Picture of Tidal Assault on Subs." Later, for some lawmakers, there was a film illustrating the tidal wave's effects with the scale models used to depict similar calamities in disaster movies. As a finishing touch, the Defense Department hinted at an uncirculated report on SUM that had raised questions about its durability and cost.

When I talked with congressmen and their staffs after the tidal wave story had hit the papers, it was clear that the military's gamble had worked. One senator's aide, who had previously been interested in the small submarines, shook his head and muttered, "It's sort of Buck Rogers, but that damn van Dorn effect has got to be reckoned with." Over at the Pentagon, officials seemed as proud of their little revelation as if they had just bagged a brace of Soviet ICBMs.

There was just one potential cloud on the military horizon, which is that Garwin and his allies had answers to the doubts the Pentagon was now raising. The van Dorn effect? They had reckoned with that one last summer, when it was still a secret. They had, in fact, read the secret studies that Zeiberg revealed to the Post. And their answer had been simple: The van Dorn effect only applies to the shallow waters of the continental shelf. Off the East Coast, this underlip of the North American continent juts out an average of 50 miles, and in some places up to 200 miles. Off the West Coast, where coastal mountains plunge deep into the sea, there is hardly any shelf at all. All that the small submarine needs to do to avoid Russian-made tidal waves is slip out beyond the continental shelf, where even if the Russians decided to sink their arsenal into American waters, they could not hope to destroy more than a fraction of the submarines. And even if you assumed that the subs were "vulnerable" during the time they crossed the shelf going to and from port, they could still spend enough time at sea on their two-week tours of duty to more than match the land-based MX in terms of invulnerability. "In every technical and military respect," declares Kostas Tsipas, an MIT physicist and Jason Group member, "the van Dorn effect is irrelevant to the small submarines."

As for the uncirculated study which purported to show that an effective SUM would cost as much as the racetrack—Garwin had answers for that one too. For example, the study assumes that the bases for SUM will cost as much as bases for the nuclear Trident, despite the fact that small diesel subs do not need the Trident's deep-draft locks or the elaborate facilities to refit its nuclear power plants. The complex maintenance required by the Trident is the major reason why an estimated 50 percent of all Tridents will be out of commission at any given time (which means, remember, only six Tridents at sea)—yet the Pentagon applied the 50-percent figure to SUM's conventional subs, which can be expected to stay at sea for a far higher proportion of their time.

The Air Force knows these things. Perry and Zeiberg, the Pentagon officials who made the March 25 attack on SUM, know them too. Defense officials concede, for example—if pressed—that the van Dorn effect only really applies to the continental shelf. But they are making no great efforts to correct Perry's testimony.

And the van Dorn effect is still the first thing they throw at an inquiring reporter, or anyone else, who expresses some curiosity about SUM. If that doesn't work, of course, they still have other arguments in reserve. As one lieutenant colonel in the Air Force MX public affairs office summed them up:

"Once you get into these small submarines, you have to tell me the Navy's been doing the wrong thing for 30 years."

STANFORD UNIVERSITY,

Stanford, Calif., April 11, 1980.

Hon. JOHN SEIBERLING,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN SEIBERLING: Thank you for the opportunity to participate with Dr. Garwin in your informal hearing of Thursday, April 13 on the SUM and racetrack basing modes for the MX with Dr. Zeiberg, General Hecker, and other DOD officials and Air-Force officers. It was a useful exchange of views. It has also been exceedingly valuable to have had the opportunity, following our meeting, to study in detail the draft of the report," An Evaluation of the Shallow Underwater Missile (SUM) Concept," dated April 3, 1980 (henceforth referred to as the draft report), prepared by Dr. Zeiberg's office [Office of the Deputy Under Secretary of Defense for Research and Engineering (Strategic and Space Systems)].

I do not believe this draft report provides an adequate basis for the conclusion expressed by Dr. Zeiberg in Thursday's discussion that "there is no particular motivation to be interested in SUM." As the only currently existing DOD report on SUM, it also does not provide a valid basis for the Administration or the Congress to dismiss the SUM basing option. In this letter I wish to provide for the record, as you requested, my response to key statements made in the draft report and by Dr. Zeiberg in last Thursday's discusion which lack an apparent analytic basis. I believe that SUM *is* a promising option for meeting the growing U.S. concerns about survivability of our fixed land based ICBM's.

First, let me say I was pleased to hear from Dr. Zeiberg directly that the van Dorn, or surf zone effect, is irrelevant to the proposed SUM deployment. I hope we will hear no more of that allegation. I am also interested to hear him say that command, control, and communications (C^3) and accurate guidance are not viewed by him as special difficulties or inadequacies of the SUM concept. When we started our JASON study in 1978 these were the two aspects most frequently raised in support of retaining a survivable land based ICBM component of the U.S. strategic deterrent. Indeed, motivated by such concerns, our JASON study efforts of 1978 and 1979 heavily emphasized the development and description of robust C^3 and accurate guidance techniques.

I note that these factors are still occasionally raised in some quarters as drawbacks of SUM. For example, the official Air Force response (by Colonel Richard D. Osborn, USAF, Chief, Systems Liaison Division Office of Legislative Liaison, dated April 1, 1980) to Senator Hatfield's letter of January 29, 1980 to the former Secretary of the Air Force requesting Air Force comments on SUM states: "Operation in deeper water would also diminish the capacity for high confidence C^3 and weapon delivery accuracy." As described in our original proposal, SUM is intended to be deployed, for the major part, in deep water in an ocean band some 200 miles wide off the east and west coasts. Its near coastal deployment in these waters was designed specifically to enhance the technical feasibility of robust C^3 and of good guidance relying on a ground beacon system as well as on NAVSTAR satellites. This is not changed in our proposal, and it is not evident therefore that the Air Force and the Deputy Under Secretary of Defense for Research and Engineering are in full agreement with one another. On the basis of the ideas developed in the 1978 and 1979 JASON studies, I believe the SUM concept suffers no inadequacies or special difficulties with regard to robust reliable C^3 and good guidance. I have seen no analysis to suggest otherwise. I welcome Dr. Zeiberg's agreement on these particular issues. I suggest that it would be valuable to move ahead with detailed design studies of some of the C^3 and guidance ideas advanced in the JASON studies because they may prove to be of substantive value to our Poseidon/Trident forces, as well as to the proposed SUM deployment.

The basic case against SUM is summarized on page 2 of the draft report, which states:

"SUM is unlikely to be cheaper than MX; considerable technical advances have to be invoked to make it comparable to cost to MX (or Trident) type systems.

"SUM is unlikely to be available before the 1990's.

"SUM must operate in deep waters as a short range submarine with no apparent advantage over conventional submarines such as Trident. Therefore, substituting SUM for MX would represent an abandoning of the Triad in favor of a Dyad of bombers and submarines, not the creation of Quadrad."

I searched in vain for an analytic basis for arriving at the second and third of these three conclusions, but found none at all. Concerning the first conclusion about costs, I can only comment that the cost of the MX/racetrack weapon system is itself still, after extensive study, uncertain (see the report by the Comptroller General to the Congress, PSAD-80-29), and too little systems work has been done on SUM to permit it to be costed reliably. As the draft report comments on page 48, "The costs shown for SUM are not of budgetary quality and individual costs must be treated as such." Therefore, it is hard to make any definitive cost comparisons.

However, two observations on costs are relevant. First, let us accept the draft report's design of a fuel cell powered "minimum essential submarine" of 1100-ton presure hull displacement, loading 4 MX missiles. (This size is scaled by the requirement of a four-week mission duration and may, or may not, turn out to be preferable to our JASON report's "point design" of a 500-ton mini-sub loading 2 MX missiles). This means that 25 boats with 100 MX missiles are required on station in order to reproduce the same survivable megatonnage designed in the racetrack deployment of 200 MX missiles (against the projected Soviet threat as limited by SALT II). Given the minimum maintenance requirements for the small submarines and missile capsules and the fact that they are at all times near to their deployment areas, a force of 40 boats would seem fully adequate. However, the cost comparisons in Table V on page 49 are based on a force of 50 boats—i.e., on the assumption of only 50 percent duty cycle for the SUM force. This difference translates into a $2B savings in investment, plus operational savings. On the other hand, additional costs for naval equipment and operations are required to counter potential threats to the SUM boats will presumably be incurred thereby increasing the system costs.

"SUM is unlikely to be available before the 1990's."

Past experience shows that, if we are determined to, we should be able to initiate a SUM deployment well before the 1990's. Let us recall the history of the Polaris project: Less than 4 years were required to proceed from the existence of a nuclear powered atack submarine (SSN) in 1957 (first commissioned in 1955) to a deployed fleet ballistic missile boat (SSBN) in November 1960. Indeed, by the end of 1960, 4 years after initiation of the Polaris project, 2 SSBN's were on patrol and 12 were in various stages of outfitting or construction. Major technical accomplishments during that short period included solid fuel missiles with adequate thrust for a 1200 mile range and the technique for launching missiles from submerged submarines. The hull of an SSN was "cut open" and redesigned in this period to accommodate the 16-tube missile mid-section. The entire nuclear submarine revolution from the 1949 go-ahead given by the Chief of Naval Operations for the Nautilus to the deployment of the first Polaris SSBN boat in 1960 required only 11 years! The SUM system involves nothing like the major technological advances made in developing nuclear subamrines and solid fuel SLBM's. SUM is merely a realization of a concept presented in the STRAT-X study of 1967: encapsulated missiles as in the MX racetrack basing, secure C^3, good guidance accuracy, and integrated crew functions. It is a substantial change in operational concept, relying on large fuel cell propulsion systems, but only a modest advance in technology, including radio inertial guidance improvements. The allegation of SUM availability only by the 1990's is not only unsubstantiated by analyssis, it denies the capacity for our industrial and defense establishments to respond in a timely fashion to national needs. It is reported* that the first response to the challenge to deploy missiles at sea was also that initial deployment would require 10 years. (I am referring here to the original Navy proposal in the fall of 1955 to deploy a modified liquid-fueled Jupiter missile; it projected 1963 as the date for the first submarine launch of the missile and 1965 for initial SLBM deployment.) We proved then that with determined and committed leadership we can do much better. Is there no hope now? The SUM challenge is a very, very much more modest one than Polaris.

"SUM must operate in deep waters as a short-range submarine with no apparent advantage over conventional submarine such as Trident."

The differences between SUM and Trident with respect to ASW lie in three factors:

1. SUM is deployed closer to the U.S. shoreline and therefore in waters under more complete control of the U.S. Navy, with more shore-based assets available for operations against potentially threatening activities by Soviet ships.

2. SUM presents many new targets (from 30-40 boats) to tax Soviet anti-submarine warfare assets.

3. The SUM boats are small, move slowly, and can be designed to be very quiet, avoiding particularly noise generation due to pumps, heat exchangers, fast drive shafts, and the like in the current nuclear submarines.

Further analysis of the operational importance and significance of these factors for the SUM deployment relative to Trident is necessary and has been proposed by us. Indeed, the analysis of these issues should be pursued both by interested and qualified contractors and by technical experts (skeptics and enthusiasts). One appropriate mechanism for performing this analysis is the Office of Technology Assessment of the U.S. Congress.

I have additional specific comments on the draft report as follows: Section 2.1 discussed the Continental Shelf Sitter. This was not proposed as the basing for the SUM system because the available deployment area is too limited. This entire issue was clarified in the letter by Dr. Garwin and myself to Senator Hatfield that appeared in the Congressional Record (S16353, November 9, 1979). In particular, we also never proposed to "sit on the ocean bottom."

The discussion of existing diesel electric submarines was presented by SUM proponents as an exemplar and as a possible very rapid option in response to a request by Senator Hatfield. This is not the basic SUM proposal that we are advocating.

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*The Polaris System Development: Bureaucratic and Programmatic Success in Government, Harvey M. Sapolsky (Harvard University Press, 1972)

It is simply wrong to claim, as the draft report does first on page 2, that "substituting SUM for MX would represent an abandoning of the Triad in favor of a Dyad of bombers and submarines. . . ." The U.S. would still retain a force of some 800 Minutemen under SALT limits.

Finally, let me say that, as a technical man who has been involved in technical issues of U.S. national security for more than 20 years, I realize that it is not always possible to arrive at a good technical answer to every technical problem. I do believe that SUM is a promising basing option that avoids problems inherent in a multiple protective shelter deployment, such as the racetrack, which were emphasized in my letter to you of January 22, 1980 which I submitted as a statement for the record of your subcommittee hearings. However, I also believe that it has yet to be established that SUM is the best solution for the United States to the growing problem of vulnerability of our fixed land based ICBM's. We must do our best—especially in so vital a matter as U.S. national security and in so costly and huge a project where we cannot afford to do otherwise. I am confident that we can do better than the seriously flawed MX racetrack basing concept. I am convinced that the Administration has not been fully responsive to the request by the U.S. Congress that alternatives to a land based multiple protective shelter system be given full consideration. Such an analysis is greatly needed. If there are other implicit political, strategic, or service roles-and-missions issues, aside from straight technical ones, that are of preeminent importance in the ultimate choice of a basing by the U.S., these, too, should be explicitly presented, fully analyzed, and explained in the national discussions.

In the meantime, a judgment must be made as to the desirable pace for proceeding to solve the "Minuteman vulnerability" problem. If it is concluded that it is unacceptable to U.S. national security to further delay a decision on the go-ahead for a new survivable basing system, we still have another option. That is to immediately enhance the Trident force. As Dr. Zeiberg pointed out in our discussion, an additional Trident boat could be deployed by 1986 or 87 if we started on it at this time. This would add approximately 192 survivably based warheads to the U.S. deterrent assuming the deployment of the Trident I missile, although further enhancement of the sea based force with the Trident II is also a possibility in this time frame. Such an increase is comparable to what the entire first half of the racetrack deployment would add to the calculated survivable megatonnage against the Soviet threat as projected under the SALT II limits.

I hope these remarks are of use in your continuing deliberations.

Sincerely yours,

SIDNEY D. DRELL,
Professor and Deputy Director.●

SQUANDERING AMERICA'S TREASURE

● Mr. MATHIAS. Mr. President, for weeks now in committee and in the Chambers of both Houses of the Congress we have devoted much of our time and effort and thought to balancing the Federal budget. Earlier we agreed that, if we were ever to get a handle on inflation in this country, a balanced budget was the place to begin. I pledged myself to this effort and support the decisions necessary to reach the goal.

But as we seek to husband America's financial resources in order to bring inflation under control, let us not forget that we are squandering other American assets in the most profligate ways. The basic assets of any society are its people and particularly its children. As we conserve some assets we must take special care not to waste our human assets, our fundamental investment in the future.

I ask that the accompanying article be printed in the RECORD.

The article follows:

SOME SAD FACTS ABOUT AMERICA'S CHILDREN

(By Carl T. Rowan)

There I was worrying about the hostage situation in Iran when onto my desk came a disturbing report about millions of Americans who are hostages to poverty, ignorance and the unconcern of society.

The report is about children, and it recently was submitted to President Carter by the U.S. National Commission on the International Year of the Child.

Jean C. Young, commission chairperson, opened her letter to Mr. Carter with this blunt paragraph: "Childhood evokes for most of us images of joy, laughter and play; of bright healthy children surrounded by a warm and loving family. But the harsh realities of life for millions of children not only around the world but also here in the United States contrast starkly with those images."

If you care about what these children will bring to—or do to—America in their adulthood, ponder these "harsh realities":

One child out of six in the U.S. lives in poverty. One-fourth of our children are on Aid to Families With Dependent Children at some time before they grow up.

One million are victims of child abuse and neglect.

Almost 10 million children—one out of six—have no regular source of medical care; some 20 million under the age of 17—one out of every three—have never seen a dentist.

An estimated 500,000 to 750,000 children are growing up outside their homes, in foster, group and institutional care.

One million youngsters run away from home each year for reasons ranging from teen-age rebellion to unbearable living conditions.

Every year, more than 550,000 teen-agers become mothers; most are not ready to take on the responsibility of raising a child.

Almost three times as many youngsters committed suicide during 1977 as did in 1950. Since 1950, the suicide rate has tripled for 15- to 19-year-old boys and has more than doubled for boys between 10 and 14.

Nearly one out of every five 14- to 17-year-olds—5.3 million youngsters in all—have drinking problems.

Thirteen per cent of all 17-year-olds in school today are illiterate, and that percentage does not include dropouts.

Seventy-four thousand youngsters under age 18 are in prisons or correctional facilities.

The situation is even more desperate among minorities and the poor. The mortality rate of children aged 1 to 4 is 70 per cent higher among minority youngsters than among whites. One black or Hispanic child drops out of school for every two who graduate, and four American Indians drop out for every one who graduates.

Even those who do get an education face bleak futures: A young black college graduate has the same chance of being unemployed as does a white high school dropout, and a black high school graduate's chances of working are about equal to those of a white grade school dropout.

Granted, this is the negative picture of America's children. The majority of this country's 60 million youngsters lead whole, healthy lives, says the commission report. But as these figures so dramatically show, too many do not. And, except for the special burdens of the disadvantaged, problems affect children from all sectors of society—rich and poor, suburbs and cities, black and white.

The commission made several recommendations for changes in education, health care, juvenile justice, family support services.

According to news stories, when President Carter received the report, he did not indicate whether he intended to carry out any of those recommendations, but he did pledge that "This is not the end of our country's commitment to young people."

Let's hope not. For we must recognize the urgent need to do more for "hostage" children—whether we have children, are children, know children or simply care about the future of our country and the word.●

AMERICA IS THE SAUDI ARABIA OF COAL

● Mr. BAYH. Mr. President, on Monday, May 12, 1980, the report of the "World Coal Study, Coal—Bridge to the Future," was released. The World Coal Study (WOCOL) has been an international project involving over 80 people from 16 major coal-using and coal-producing countries. This important study was ably and surehandedly directed by its creator, Dr. Carrol Wilson of the Massachusetts Institute of Technology. Dr. Wilson is deserving of our highest praise and acclaim for conceiving the project and for his dedication to the timely completion of this ambitious task. The WOCOL report is a major milestone in the development of the essential details of a strategy to achieve energy independence: greater reliance on coal for domestic energy supplies and as an increasingly valuable export commodity.

At the first meeting of WOCOL held at Aspen, Colo., in October of 1978, the participants outlined the purpose of the study:

The World Coal Study is designed to be an action-oriented assessment of future prospects for coal. . . . Its objective is to examine the future needs for coal in the total energy system and to assess the prospects for expanding world coal production, utilization, and trade to meet these needs. . . . It will rely as much as possible on available and appropriate analysis performed by others. It will apply its own resources in areas where other satisfactory work is not available and it will undertake its own evaluation of possible coal development strategies. Environmental issues will be given special attention because of their importance in the expansion of the production of use of coal.

It is to Dr. Wilson's credit that the WOCOL report has achieved these aims, delivering to us an outline of what must be done to assure that enough energy is available at reasonable prices to meet the needs of our Nation. We must begin to work now to achieve the very promising news of the WOCOL report. Every day that our Nation remains dependent on expensive and scarce foreign petroleum, our national security is threatened. America is the Saudi Arabia of coal. Coal is the centerpiece of an effective strategy to achieve energy independence. I commend the WOCOL study personnel for their efforts and suggest that all of my colleagues in the Senate and the House of Representatives take their message to heart.

INDIANA COAL CONFERENCE

In my own State of Indiana we generate 98 percent of our electrical energy through coal-burning powerplants. We know what a valuable resource coal is. Last year Indiana produced 28 million tons of coal, but we could have produced 37 million tons with expanded markets. A major finding of the WOCOL report is that America has an enormous export potential for coal. Indeed, the report finds that world steam coal trade will have to increase tenfold to fifteenfold in the next 20 years to support reasonable economic growth. By the year 2000, coal could become America's largest single source of foreign exchange.

Because of these exciting possibilities, I have organized an Indiana Coal Export Conference to be held on June 20 in Evansville, Ind. Other sponsors of this day-long event will be the Chambers of Commerce of Terre Haute and Evansville, the United Mine Workers, and the Mining and Reclamation Council. The U.S. Department of Commerce is cooperating in organizing the program. Other agencies represented will include the Department of Energy, the Export-Import Bank of the United States, and the Department of Transportation. Also in the program will be coal operators with first-hand experience in coal exports and representatives from the major coal companies with operations in the State.

It is our hope that by bringing together coal producers, mine workers, financial experts, business representatives, Government officials and transportation planners we can have a useful discussion of the future development of Indiana coal resources and formulate strategies to expand the coal market—particularly for export. As the WOCOL report emphasizes, effective coalitions must be formed to apply firm and determined pressure toward our objective of seeing America achieve in fact that promise of being the Saudi Arabia of coal.

Mr. President, I ask that two articles discussing the WOCOL report be printed in the RECORD.

The articles follow:

[From the New York Times, May 13, 1980]

COAL AS KING; AMERICANS AS SAUDIS

Coal has a dirty reputation, and rightly so. Mining it kills thousands, scars landscapes and ruins waterways with acid drainage. Burning it pollutes the air, killing thousands more. No wonder that coal gave way to oil as the world's premier fuel—and no wonder that environmentalists have been wary of turning back to coal, no matter how plentiful. But now it seems clear that they, and all of us, had better take another look. Coal may be good for the world and especially good for America.

An internationally sponsored World Coal Study, issued yesterday after 18 months of work, offers a surprisingly upbeat prognosis for expanded coal use in the next two decades. The study contends that oil now costs so much that it is possible to spend heavily to clean up coal and still come out far ahead. And it predicts that coal can compete successfully against oil in export markets. The United States could becomes a "Saudi Arabia of coal exporters."

This is a rosy vision. But if it is even remotely accurate, the old image of coal is clearly wrong. Coal can fill the world's energy gap for at least two decades without threatening major environmental damage.

The central message of the report—compiled by Prof. Carroll Wilson of M.I.T. and experts from 16 countries that produce and use most of the world's coal—is that coal use must be tripled, and steam coal exports increased at least tenfold, if the world is to solve its immediate energy problems. What are the alternatives? Conservation alone cannot contribute enough. Nuclear power is meeting increasing resistance. Solar and other renewable energy sources cannot be developed and widely marketed until about the year 2000. So in the meantime most of the added energy needed for moderate economic growth must come from coal.

That can be accomplished, the report contends, without sacrificing health, safety and environmental protection. The reason: oil is now so expensive that it is economic to clean up coal. The cost of mining, transporting and burning coal in this country, even after applying the strictest environmental standards, is roughly $60 a ton; the equivalent amount of crude oil would cost about $165. That gives coal an enormous price advantage that could be used to meet even stricter environmental standards, if deemed necessary. And the price gap is getting bigger, not smaller.

Coal's greatest environmental threat is thought to be the "greenhouse effect"—the possibility that carbon dioxide produced by burning coal and other fossil fuels might cause catastrophic changes in global climates. On this danger, the Coal Study temporizes. It notes, rightly, that there are many uncertainties as to whether such changes will occur; even if they do, coal may not make much difference. If the effects do prove serious, the report says, coal combustion can be cut back. That seems a reasonable approach—if the world is really prepared to take the necessary control steps at the time.

The export potential for coal is often overlooked, even by the American coal industry itself. The United States has by far the biggest export potential, followed by Australia and South Africa. By the year 2000, coal could become America's largest single source of foreign exchange—not to mention a benefit of incalculable value: greatly lessening United States dependence on imported oil.

The World Coal Study is more upbeat than many previous reports on the potential for coal. But its projections are not outlandish. The goals can be reached through a 5 percent annual growth in coal production, a level that has been met in recent years. The study calls for a prompt start on building the transportation and equipment needed for a large expansion in coal use. It also seeks Government action to speed licensing, stabilize environmental standards and encourage investment. What a small price to pay, in both industry and Government, for shattering the oil cartel's domination of world energy.

STUDY ON COAL URGES TRIPLING OF WORLD USE

(By Joanne Omang)

The world will have to triple coal consumption between now and 2000 if any kind of real economic growth is to be sustained, according to a major energy study released yesterday.

Describing itself as "carefully optimistic," the World Coal Study organization of researchers from 16 countries concluded that enough coal is available and that it "can be mined, moved and used at the most stringent environmental protection standards and at acceptable costs" to accomplish the task.

The only hitch is that key decisions must be made now, before heavy demand begins, because of the time involved in setting up mines, rail lines and shipping facilities, the study said.

The two-volume report, entitled "Coal: Bridge to the Future," was coordinated by Dr. Carroll L. Wilson of the Massachusetts Institute of Technology and involved 38 high government and international corporation leaders.

Wilson directed a 1977 workshop on alternate energy strategies study that predicted recession would accompany reduced Middle East oil output in the early 1980s. "We were too optmistic," he said in an interview. "It's happening now, and at lower oil levels than we predicted."

The new report, Wilson said, shows there is a way out.

It involves major conservation efforts, marshaling of all other available energy resources and a 10- to 15-fold increase in world coal trade. "Without such a coal expansion the outlook is bleak," he said.

To maintain a modest 3 percent annual average growth rate worldwide, world oil exports would have to rise about 4 million barrels per day from the current 26-million-barrel level, the report estimated. Instead, exports are likely to drop to 22 million barrels per day because of growing internal demand or conservation policies in exporting countries.

Tar sands and heavy oil shales offer promise after 2000 but not before; natural gas will require building expensive, time-consuming facilities, and nuclear power is suffering from "political uncertainty" that is delaying new plant construction worldwide, the report said.

Conservation "may well become one of the world's largest energy 'sources'" over the next 20 years but cannot do the job alone, the study continued. Hydropower, alcohol fuels and solar energy along with other "alternative" energy sources will make a growing contribution, it said, but only really come into their own after 2000.

Until then the world must rely on coal, the study concluded.

In fact, where oil supplied two-thirds of the power for economic growth in developed countries during the last 20 years, coal can and should supply that much over the next 20, it said, with oil providing little or none of the economic growth.

This would require a total world increase in coal consumption from 2.5 billion metric tons this year to 6 billion or 7 billion tons by 2000, an annual growth rate of 4 to 4.5 percent, about the same rate as coal use grew during the 1950s, the study said. Reserves are ample, so vast they are "difficult to comprehend," totaling about 250 times the world 1977 production.

But it will take money, about $200 billion over the coming two decades for mining, transport, ports and ships, the study said, and $740 billion for construction and conversion of power plants. Government help will clearly be essential, not only in providing capital but also in smoothing licensing procedures, providing a stable investment climate and setting up believable environmental standards.

The researchers acknowledged that coal's environmental impact is one of its most controversial aspects. However, they said, crude oil at $35 a barrel means that coal can cost up to $165 per metric ton and still be cheaper. Right now, the study said, all environmental requirements on mining, reclamation, emissions and wastes can be met at an average of $35 a ton in Japan, for example, where controls are strict, and the total cost per ton is $80.

"It is likely that environmental concerns or control costs will preclude the development of certain sites or certain coal resources," the study said. "However, there are so many possible sites and resources remaining worldwide that such exclusion will not be a limiting factor to the expansion of coal use."

The only environmental impact of coal about which nothing can be done is a world-

wide buildup of carbon dioxide in the atmosphere. Researchers fear this could lead to a "greenhouse effect" that would warm the atmosphere, change the earth's climate patterns and disrupt the growing seasons.

The study acknowledged that coal puts out 25 percent more carbon dioxide than oil, but added, "most [researchers] expect that there are at least several decades to evaluate the carbon dioxide modification issue."●

COAL—BRIDGE TO THE FUTURE

● Mr. HUDDLESTON. Mr. President, on Monday, the very important and encouraging results of a major international coal study conducted by the Massachusetts Institute of Technology were released. The report, entitled "Coal—Bridge to the Future," concludes that coal can provide an impressive two-thirds of the added energy needed to fuel the world's economic growth over the next 20 years, and that "even if OPEC nations decide to hold down oil output indefinitely and the current slowdown in the expansion of nuclear power continues, the coal rich nations—spearheaded by the United States and Australia—can lead the way out of the present energy dilemma."

The report well documents exciting opportunities for the United States to use our vast resources of coal to help improve the world energy situation, end our own reckless dependence on foreign oil, and significantly brighten our balance-of-payments outlook in the process. But as the report's director, Dr. Carroll Wilson, wisely observed—

This is an optimistic message, but it is not a self-fulfilling prophesy.

We must have an immediate and unwavering commitment to coal use in this country, and that includes a commitment to overcome the unnecessary and counterproductive obstacles which currently keep coal from realizing its full potential.

The New York Times yesterday called Government action to speed licensing, stabilize environmental standards, and encourage investment "a small price to pay, in both industry and government, for shattering the oil cartel's domination of world energy." If we neglect to pay that small price, we will be admitting to ourselves and the world that we lack the resolve to meet the energy crisis head on.

I ask that a summary of the world coal study report and the New York Times editorial of May 1333 entitled "Coal as King; Americans as Saudis" be printed in the RECORD, and I urge my colleagues to give them careful consideration.

The material follows:

WORLD COAL STUDY REPORT

WASHINGTON, May 12.—Coal con provide two-thirds of the added energy needed to fuel the world's economic growth over the next 20 years.

Even if OPEC nations decide to hold down oil output indefinitely and the current slowdown in the expansion of nuclear power continues, the coal-rich nations—spearheaded by the United States and Australia—can lead the way out of the present energy dilemma by tripling world coal production and multiplying exports of steam coal 10–15 times.

This goal is attainable. It will require a 5 percent annual growth in the production of coal, which already provides a quarter of the world's energy—more than any other source except oil. But, it will require early commitments by coal users.

Without unacceptable increases in cost, this additional coal can be mined, transported and used in most areas of the world in conformity with high standards of health, safety and environmental protection by applying available technology.

If this goal is met, global energy problems can be faced with confidence. If it is not met, the world economic outlook is bleak.

There can no longer be any doubt that the world has reached the end of an era in its energy history. Increasing supplies of oil imports, the basis for three decades of unparalleled economic growth, will not be available.

Coupled with vigorous conservation and predictable increases in energy supplies from sources other than oil, coal can bridge the transition from the fading petroleum era to next century's renewable energy. Coal is the only fuel capable of doing this in large enough quantities within the time available.

Unique among nations, the United States has the opportunity with its enormous coal reserves, to break the world's energy stalemate by becoming the Saudi Arabia of coal exporters. Coal could become its largest single source of foreign exchange by the year 2000.

These carefully optimistic assessments are the conclusion of 38 persons holding key positions in governments and private and public institutions in 16 countries around the world. They were organized as the World Coal Study (WOCOL) by Professor Carroll L. Wilson of M.I.T. and worked together intensively for 18 months. Their report, Coal—Bridge to the Future, was released here today and simultaneously around the world by WOCOL country teams.

Professor Wilson is internationally known for organizing and directing the first comprehensive analysis of world energy to the end of the century, the Workshop on Alternative Energy Strategies (WAES). It also consisted of teams from 15 countries, some different from WOCOL. The WAES report in 1977, Energy: Global Prospects 1985–2000, became a landmark when it projected that world oil demand would outstrip supply by 1983 if OPEC nations decided to restrict oil production. Loss of Iran's exports and restricted output by other countries has brought us close to the ceiling in 1980.

The WOCOL project, launched in 1978, is unique among international studies. It is an action-oriented attempt to chart a practical course through the energy obstacles of the next two decades. WOCOL is the first major attempt to examine the requirements against the potential of coal-producing countries to meet them.

WOCOL teams first assembled their data and future projections for their own countries, which produce and use 60 percent of the world s coal and consume 75 percent of the world's energy. They combined these projections with information from other studies to make regional, and finally global estimates.

Major conclusions from the study—in addition to those above are:

World coal reserves are enormous. Technically and economically recoverable reserves are large enough to support 1977 production rates for another 250 years and are 5 times world proven oil reserves. Only 15 percent of these coal reserves would be used by year 2000 even under WOCOL projections of expanded coal use. New reserves are being discovered at a rapid rate.

Because prices of coal are likely to be based on costs, over the long term the present price advantage of coal over oil and gas is likely to increase.

The technology for mining, moving and using coal is well established and steadily improving.

The amount of capital needed to triple the production and use of coal and greatly expand world coal trade is well within the capacity of the world's capital markets.

"WOCOL's conclusions point a way out of the energy dilemma towards more world economic security over the next twenty years," Professor Wilson said in releasing the report. "This is an optimistic message, but it is not a self-fulfilling prophecy. The lead time between signing a contract for the output of a prospective new mine and using its coal hundreds or thousands of miles away in a new power plant can be as much as ten years. The potential bottlenecks in between are numerous. And at almost every step, government approvals have to be obtained.

"The price of delay at any one of these points can be disastrous: too little coal, too late. Time is our most valuable resource. It must be used as efficiently as energy."

World coal production in 1977 totaled about 2.5 billion tons of coal equivalent of which the U.S. produced nearly a quarter.[1] Coal production is highly concentrated. Eighty percent of the world production comes from eight countries, seven of which—United States, China, Poland, West Germany, United Kingdom, Australia and India—were represented by WOCOL teams.

Since 12 of the 16 WOCOL countries are members of the Organization for Economic Cooperation and Development (OECD) and account for 94 percent of OECD's coal production and 95 percent of its energy use, most of the detailed figures in the report are for the countries of the OECD.

The major coal use in the year 2000, as today, is projected to be in electric utilities, which now consume more than 60 percent of total coal. It is estimated that the rapid decline in the use of coal by industrial users will be reversed, particularly after 1985 when such use is projected to grow at 5–7 percent a year, perhaps quadrupling by 2000.

A substantial new coal market as feedstock for synthetic oil and gas plants could develop in the 1990's, the report says, particularly in the United States. Estimates by the WOCOL teams indicate that coal could supply as many as 65 large synfuel plants in the OECD producing the equivalent of 3 million barrels of oil/day by the year 2000.

The United States has by far the biggest potential for exporting coal (350 mtce), followed by Australia (200 mtce) and South Africa (100 mtce). This means that as coal import needs rise much above the capacity of other exporters the bulk of the additional exports will have to come from the United States.

One of the basic assumptions in the report is that conservation will become, over the next 20 years, "one of the world's largest energy 'sources'." WOCOL assigned it such a role, assuming in its projections a 25 percent reduction by 2000 in OECD energy input per unit of economic activity (GNP). This would reduce the amount of increased energy needed by almost as much as the threefold expansion of coal projected in the report.

The health, safety, and environment aspects of coal mining, transport and use were carefully scrutinized, country by country, by the WOCOL teams. These studies showed that by 1979 many countries had adopted detailed legislative and regulatory systems for controlling the environmental, health, and safety effects accompanying increased coal production and use.

With the exception of CO_2, according to the report, "the technology is available to meet these concerns and to comply with the most stringent of the current environmenal standards in each WOCOL country at costs

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[1] See the attached explanation of energy units.

that leave coal competitive with oil at mid-1979 prices in most areas." This conclusion applies with even more force today with oil prices that are more than 50 percent higher.

"Acid rain resulting from the long-range transport of emissions including those from coal burning is acute in some regions," the report stated, "and may require early actions by nations in such regions." Emission strategies and technologies are available and would be effective in controlling long-distance airborne pollution, but decisions on who pays the costs involved are complex because acid rain usually falls far from the source in distant regions or other countries.

In the United States, the Clean Air Act requires the installation of emission control equipment on all new coal-fired plants. Such standards will allow the expansion of coal use to occur with substantially reduced impact on existing air quality or acid rain conditions. Mr. Douglas Costle, Administrator of EPA in testimony on March 19 said "Existing (coal) power plants on average emit more than 80 pounds of sulfur dioxide for every ton of coal they burn. The new plants covered by our performance standard will produce on average only 12 pounds of sulfur dioxide for each ton of coal burned. Depending upon retirement schedules for existing plants, sulfur loadings will eventually be reduced even with a high level of economic growth."

In this country, therefore, concern about acid rain applies primarily to existing rather than new emission sources, Professor Wilson said. The key issues, he added, appear to be whether the problems associated with acid rain warrant the cost of retrofitting modern emission control technology on old plants or their early replacement, and who pays the cost.

WOCOL members concluded that the present knowledge of carbon dioxide effects on climate "does not justify delaying the expansion of coal use." The WOCOL members said that their finding is consistent with the authoritative statement on the carbon dioxide question issued by the World Climate Conference in 1979, which said:

The causes of climatic variations are becoming better understood, but uncertainty exists about many of them and their relative importance. Nevertheless, we can say with some confidence that the burning of fossil fuels, deforestation, and changes in land use have increased the amount of carbon dioxide in the atmosphere by about 15 percent during the last century and it is at present increasing at about 0.4 percent per year. . . . It is possible that some effects on a regional and global scale may be detectable before the end of this century and become significant before the middle of the next century. This time scale is similar to that required to redirect, if necessary, the operation of many aspects of the world economy, including agriculture and the production of energy.

Professor Wilson, who directed one of the earliest international studies on climate change, A Study of Man's Impact on Climate (1971) noted, in releasing the report, that the WOCOL studies provide some basis for optimism about the time scales of possible future problems from CO_2 buildup.

The World Coal Study projections, he said, imply a reduction in the rate of growth of energy-related CO_2 emissions of about 50 percent. This slowdown in the growth rate, he explained, results in part from the strong conservation assumptions built into the WOCOL projections, which lead to a corresponding reduction in the rate of growth of fossil energy use and thus of CO_2 emissions.

The members of the U.S. WOCOL team are: Thornton F. Bradshaw, President, Atlantic Richfield, Co.; Gordon R. Corey, Vice Chairman, Commonwealth Edison Co.; W. Kenneth Davis, Vice President, Bechtel Power Corp.; Pierre Gousseland, Chairman and Chief Executive Officer, AMAX Inc.; Prof. Robert C. Seamans, Jr., Dean, School of Engineering, M.I.T., and former Administrator, Energy Research & Development Administration (ERDA); Russell E. Train, President, World Wildlife Fund—U.S., and former Administrator, Environmental Protection Agency (EPA).

The other participants range from the director of a university institute of energy economics in West Germany, to the chairman of Britain's National Coal Board, the deputy general manager and director of a large Australian corporation, to the joint secretary of India's Ministry of Energy. Eight WOCOL members were also members of WAES, including the chairman of Japan's Economic Research Center, who resigned from WOCOL last November to become Foreign Minister of Japan.

COAL—Bridge to the Future is being published by Ballinger, a division of Harper & Row, and will be available tomorrow in bookstores around the world. Next month, Ballinger will publish a second volume—Future Coal Prospects: Country and Regional Assessments—which contains the full text of the comprehensive country studies by WOCOL teams in the 16 nations participating in the study as well as assessments for other regions of the world.

ENERGY UNITS

Throughout this report we have used the unit *mtce* or *million metric tons of coal equivalent* as our standard measure of coal and energy use. This measure is based on the conventional unit of a *ton of coal equivalent* (tce), which is defined as a metric ton (2,205 pounds) * of coal with a specific heating value (7,000 kcal/kg or 12,600 Btu/lb).

Coals vary significantly in heat content, and most coals have a heat content of less than 12,600 Btu/lb. For this reason more than 1 metric ton of coal is often required to produce the energy content of 1 tce. In this regard it is important to recognize that it is physical tons that must be mined, transported, and burned or processed. The table below indicates the conversion factors from 1 tce to physical tons of coal of various calorific contents. In terms of oil equivalences, 1 tce converts to 0.65 tons of oil equivalent (i.e., 1 toe=1.55 tce) and to 4.8 barrels of oil.

Conversion factors for coals of various calorific contents

Type of coal, typical calorific content, and quantity equivalent to 1 tce:

Bituminous, 12,000 Btu/lb, 1.05 tons.

Subbituminous, 9,000 Btu/lb, 1.4 tons.

Lignite, 7,000 Btu/lb 1.8 tons.

One mtce provides 27.78 trillion (10^{12}) Btu's of energy. The following table provides an illustration of the amounts of energy provided by various quantities of coal.

Illustrative scaling comparisons for various quantities of coal

Quality of coal and indicator of amount of energy provided:

2 mtce—Annual primary fuel requirement for a 1,000 MWe electric power plant if it operates at a 65 percent capacity factor and generates 5.7 billion kWh per year electricity.

5–7 mtce—Annual coal feedstock requirement for a 50,000 barrels per day synthetic liquids plant or a 250 million cubic feet per day synthetic gas facility.

34 mtce—Amount of energy provided by 1 exajoule (10^{18} joules).

76 mtce—Amount of energy supplied annually by 1 million barrels per day of oil.

100–140 mtce—Annual coal feedstock requirement for production of 1 mbdoe synthetic liquids.

Comparison of the costs of various types of fuel is complicated by differences among the costs of fuel supply/delivery/use systems, by variations in fuel use efficiencies, and by the quality characteristics of different fuel types. The table below shows the costs of several fuels that are equivalent, on a calorific (Btu) basis only without accounting for the above differences, with oil at three price levels—$20/barrel, $30/barrel, and $40/barrel. For example, the table shows that coal at $142/tce is equivalent on a Btu basis to oil at $30/barrel.

Cost of coal, natural gas, and heat that are equivalent to various oil prices

Fuel type	Oil price		
	$20 barrel	$30 barrel	$40 barrel
Coal ($ per tce)	$95	$142	$190
Natural gas ($ per thousand cf)	3.30	5.00	6.60
Heat ($ per million Btu)	3.40	5.10	6.80

COAL AS KING; AMERICANS AS SAUDIS

Coal has a dirty reputation, and rightly so. Mining it kills thousands, scars landscapes and ruins waterways with acid drainage. Burning it pollutes the air, killing thousands more. No wonder that coal gave way to oil as the world's premier fuel—and no wonder that environmentalists have been wary of turning back to coal, no matter how plentiful. But now it seems clear that they, and all of us, had better take another look. Coal may be good for the world and especially good for America.

An internationally sponsored World Coal Study, issued yesterday after 18 months of work, offers a surprisingly upbeat prognosis for expanded coal use in the next two decades. The study contends that oil now costs so much that it is possible to spend heavily to clean up coal and still come out far ahead. And it predicts that coal can compete successfully against oil in export markets. The United States could become a "Saudi Arabia of coal exporters."

This is a rosy vision. But if it is even remotely accurate, the old image of coal is clearly wrong. Coal can fill the world's energy gap for at least two decades without threatening major environmental damage.

The central message of the report—compiled by Prof. Carroll Wilson of M.I.T. and experts from 16 countries that produce and use most of the world's coal—is that coal use must be tripled, and steam coal exports increased at least tenfold, if the world is to solve its immediate energy problems. What are the alternatives? Conservation alone cannot contribute enough. Nuclear power is meeting increasing resistance. Solar and other renewable energy sources cannot be developed and widely marketed until about the year 2000. So in the meantime, most of the added energy needed for moderate economic growth must come from coal.

That can be accomplished, the report contends, without sacrificing health, safety and environmental protection. The reason: oil is now so expensive that it is economic to clean up coal. The cost of mining, transporting and burning coal in this country, even after applying the strictest environmental standards, is roughly $60 a ton; the equivalent amount of crude oil would cost about $165. That gives coal an enormous price advantage that could be used to meet even stricter environmental standards, if deemed necessary. And the price gap is getting bigger, not smaller.

Coal's greatest environmental threat is thought to be the "greenhouse effect"—the possibility that carbon dioxide produced by burning coal and other fossil fuels might cause catastrophic changes in global cli-

*A metric ton is 10 percent heavier than a short ton (2,000 pounds), the unit commonly used in the United States.

mates. On this danger, the Coal Study temporizes. It notes, rightly, that there are many uncertainties as to whether such changes will occur; even if they do, coal may not make much difference. If the effects do prove serious, the report says, coal combustion can be cut back. That seems a reasonable approach—*if* the world is really prepared to take the necessary control steps at the time.

The export potential for coal is often overlooked, even by the American coal industry itself. The United States has by far the biggest export potential, followed by Australia and South Africa. By the year 2000, coal could become America's largest single source of foreign exchange—not to mention a benefit of incalculable value: greatly lessening United States dependence on imported oil.

The World Coal Study is more upbeat than many previous reports on the potential for coal. But its projections are not outlandish. The goals can be reached through a 5 percent annual growth in coal production, a level that has been met in recent years. The study calls for a prompt start on building the transportation and equipment needed for a large expansion in coal use. It also seeks Government action to speed licensing, stabilize environmental standards and encourage investment. What a small price to pay, in both industry and Government, for shattering the oil cartel's domination of world energy.●

DEATH OF ROBERT J. NORTHERN

● Mr. HATFIELD. Mr. President, it is my sad duty to announce the death of Mr. Robert J. Northern, who for 30 years was an employee in the Senate Disbursing Office.

Jerry Northern came to the Senate in 1946. In a position of great care and responsibility, he was diligent, authoritative, and helpful. By reputation and practice, he reflected high credit upon himself and the institution he served.

Jerry Northern will be remembered as a man of broad intellectual capacity and great personal cheer. All those who had the privilege to know him mourn his passing and extend sympathy to his loved ones.●

U.S. STRATEGIC BALLISTIC MISSILE SUBMARINE INVULNERABILITY AND PROJECT ELF

● Mr. LEVIN. Mr. President, over the course of the past few months our colleague from New Hampshire, Senator HUMPHREY has addressed this body regarding the strategic nuclear balance between our country and the Soviet Union, and about what he sees as an urgency for the President to decide to deploy a proposed extremely low frequency (ELF) submarine communications system known as Project ELF.

Our colleague has stated that unless we deploy Project ELF immediately, the strategic ballistic missile submarines (SSBN's) which form the foundation of our nuclear deterrent will become increasingly vulnerable to Soviet antisubmarine warfare (ASW) forces.

I disagree with my colleague's statements and hope that neither the American people nor the Soviets misunderstand what actually is the real nature of the strategic balance and of the continuing invulnerability of our strategic ballistic missile submarines.

As a member of the Committee on Armed Services, I can report to the Senate, to our constituents who look to us to preserve our national security by our votes on the defense budget, and to our potential adversaries who might be wrongly encouraged to challenge us, that the overwhelming body of expert testimony before our committee for the past 2 years supports exactly the opposite conclusions as those reached by Senator HUMPHREY.

While we must conduct an appropriate modernization program to maintain and improve our enormously capable, flexible and powerful strategic nuclear forces, our present Triad remains a strong and viable deterrent and defense against Soviet nuclear aggression of nuclear blackmail.

Both the Secretary of Defense, Dr. Harold Brown, and the Pentagon's top scientist, Dr. William J. Perry, Under Secretary of Defense for Research and Engineering, have testified that, contrary to Senator HUMPHREY's assessment, this situation will continue throughout the 1980's—including the early period of the decade which some have erroneously referred to as the "window of vulnerability."

Doctor Brown, who has been connected with our nuclear weapons programs since almost their very beginning has stated that, even considering the hypothetical Soviet threat against our ICBM's before the MX is deployed, the Soviets could not gain political or military advantage. He stated:

> In 1985, our bomber and submarine force will be far more capable than today, and far more capable than the corresponding Soviet force.
>
> In 1985 the U.S. would have a range of devastating responses open to it were the Soviets to run the enormous risks of an attack on our ICBMs. It bears emphasizing, because it is so often ignored, that even after a total loss of Minuteman missiles, we would not face the dilemma of surrender by inaction or mutual suicide by an all-out attack on Soviet cities and industry, provoking an equivalent attack on ours. We would instead have surviving bomber and submarine forces still fully capable of selectively attacking military, economic, and control targets, thus negating any gain the Soviets might imagine they could attain by an attack on our ICBM force.
>
> In the aftermath of an attack on U.S. ICBMs, the remaining Soviet ICBMs would not be in sanctuary. Our ALCMs in surviving bombers would have the accuracy, numbers, and ability to penetrate defenses sufficient to allow us signficantly to reduce the residual Soviet ICBM force. The time for cruise missiles to arrive on target would be longer than the time for ICBMs to arrive, but that element of difference is only one among many factors in determining the balance.
>
> All these facts being true, the Soviets could not hope to gain political or diplomatic leverage from their advantage in a narrow area—ICBM vulnerability.

Dr. Perry specifically rejected Senator HUMPHREY's contention that we are strategically inferior to the U.S.S.R.

Second, there has been extensive and conclusive testimony from the Navy's top submarine admirals, from the Navy's top scientist, and from the General Accounting Office, that our SSBN's are invulnerable now and are expected to remain so through at least the next 10 years, despite the many billions the Soviets spend on antisubmarine warfare (ASW) research.

This assessment, I might add, refers to our ballistic missile submarines (SSBN's) using their present communications systems which Senator HUMPHREY considers so threatening and which ELF is intended to augment.

I have repeatedly pressed our Nation's top military and civilian defense officials about both the Soviet (ASW) threat and what role our present submarine communications systems play in increasing or reducing this threat.

This is because the Navy has justified the Project ELF system as less threatening to our SSBN's than present systems because it does not require these submarines to deploy a floating wire antenna at the surface or a towed buoy antenna between 12–40 feet below the surface, which in turn impose speed and depth restrictions on our missile submarines. Senator HUMPHREY has referred to this same justification repeatedly.

Last year, Rear Adm. Jeffrey C. Metzel, Jr., Director of the Antisubmarine Warfare Division of the Office of the Chief of Naval Operations reaffirmed the Navy's conclusion that the Soviets have not had a militarily significant return on their heavy investment in trying to counter U.S. submarines in the open ocean areas where our SSBN's operate.

I asked Admiral Metzel whether he agreed with the following two excerpts from the Chief of Naval Operations publication entitled "Understanding Soviet Naval Developments":

> Although they have expanded considerable resources in recent years on antisubmarine warfare including an intensive ASW research and development program the U.S. Navy's leaders do not believe that the Soviets have resolved the problem of locating a large number if nuclear-powered submarines on the high seas with a high degree of probability. This task becomes progressively more difficult as longer-range missiles become available to permit submarines to operate in much larger areas of ocean and still remain within range of their targets.

The admiral stated his agreement.

I want to underscore the Navy's conclusion that the Soviet ASW task "becomes progressively more difficult as long range missiles become available to permit submarines to operate in much larger areas of ocean and still remain within range of their targets."

This is exactly how we intend to greatly complicate Soviet ASW efforts, Mr. President—by deploying the new, much-longer range Trident missiles in our existing Poseidon and new Trident submarines. The new Trident boats, because of technological sound dampening advances in which our Navy excels and due to their increased size, which permits incorporation of more "quieting" techniques, also will be significantly more quiet than our Poseidon and Polaris SSBN's and certainly more quiet than Soviet submarines.

Since antisubmarine warfare is heavily dependent on sound detection, our quieting capabilities are a major advantage over the Soviet threat and a primary reason why our SSBN's will remain

virtually invulnerable in the foreseeable future.

Let me include in the RECORD here the exchange between Senator HUMPHREY and Vice Adm. Charles H. Griffiths, Deputy Chief of Naval Operations for Submarine Warfare, on April 2, 1980, because I think it is a very enlightening reaffirmation of how well our Navy is doing to maintain the present and future invulnerability of our SSBN's:

Senator HUMPHREY. I understand that one TRIDENT submarine provides the same capability as all 10 POLARIS submarines. However, by replacing the 10 POLARIS boats with the first TRIDENT boat, we are succumbing to a status quo mentality. Is our strategic posture vis-a-vis the Soviets already so good that we can afford not to improve it? Moreover, is one TRIDENT boat more survivable than 10 POLARIS boats?

Admiral GRIFFITHS. One TRIDENT submarine provides a strategic weapons capability greater than that provided by all 10 of the POLARIS SSBNs. Far from maintaining a status quo, we will continue to increase the sea launched ballistic missile force capability with each additional TRIDENT submarine entering the fleet. Moreover, we have already backfitted the more capable TRIDENT-I missile into three Atlantic based POSEIDON submarines and will backfit a total of 12 SSBNs with this missile. The greater range of this missile provides these ships with the increased survivability inherent in the resulting greatly increased operating area and permits these SSBNs to cover potential targets immediately upon departure from their base at Kings Bay, Georgia.

The TRIDENT submarines are built, not with a status quo mentality, but with growth room in the missile tubes to accommodate a future missile with much greater payload and accuracy and thus the capability to destroy hard targets. Additionally, the TRIDENT submarines are built to be much quieter and to have greater evasion capability than the POLARIS or POSEIDON SSBNs, as well as having the flexibility, through growth room, to install countermeasures if future threats develop.

Survivability of SSBNs is a function of individual submarine detectability and total patrol area size. Since TRIDENT detectability is significantly less than that of POLARIS, and the patrol area is of the order of ten times larger than that of POLARIS, the survivability of a TRIDENT force is much greater than that of a POLARIS force.

Admiral Griffiths last year even was able to state that "the delay in the ELF communications system has not impacted on the vulnerability of the present SSBN force."

The General Accounting Office last year, after many interviews with Navy intelligence, communications and submarine warfare experts gave at least five major reasons why Project ELF could not be justified, in its opinion:

First, because of the extensive duplication and reliability of existing systems the Navy uses to communicate with its submarines;

Second, because there is a high likelihood that submarine antennas and other receiving systems will not be detected and therefore, will not endanger the SSBN's;

Third, because SSBN's are "extremely survivable now and will continue to be survivable for the foreseeable future;"

Fourth, because of the limited applicability of Project ELF to attack submarine operations and missions, (a secondary Navy justification); and,

Fifth, Project ELF is no more survivable in a nuclear war than existing day-to-day submarine communications systems.

This year before the committee Vice Admiral Griffiths reported that the Soviet ASW threat had not improved since he was before us in 1979, and he said that already programed improvements to U.S. SSBN's, not including ELF, "will provide continued survivability."

I would like to insert the unclassified part of Admiral Griffiths' response to my question into the RECORD here to further demonstrate my point, along with a response from another top submarine admiral, Rear Adm. Robert H. Wertheim, the Navy's Director of Strategic Projects.

Admiral Wertheim, who is in charge of the Polaris/Poseidon submarine and missile programs and of the Trident missile program, also testified that there had been no improvement in Soviet ASW capabilities during the past year:

Senator LEVIN. Since your appearance before this Committee last year, has there been any change in the Soviet threat to our strategic ballistic missile submarines in term terms of greatly improved Soviet anti-submarine warfare capabilities?

Admiral GRIFFITHS. (S) There has been no change in our assessment of the Soviet threat to our strategic missile submarines. We continue to believe that Soviet anti-submarine warfare (ASW) force are not now an effective counter to U.S. SSBNs. We believe that Soviet ASW capabilities will improve, but that introduction of the TRIDENT missile and TRIDENT submarine with the corresponding expanded operating areas and improved acoustic quieting will provide continued survivability.

Senator LEVIN. Since your appearance before this Committee last January, has there been any change in the Soviet threat to our strategic ballistic missile submarines in terms of greatly improved Soviet anti-submarine warfare capabilities?

Admiral WERTHEIM. I am aware of no such change.

Admiral Griffiths also made it clear this year that the present communications systems are not now a threat to our SSBN's.

Furthermore, Mr. President, the Pentagon's top scientist, Dr. Perry, and the Navy's top scientist, Dr. David E. Mann, Assistant Secretary of the Navy for Research and Development, both testified this year that, contrary to Senator HUMPHREY's contention, we still have several years before we must start ELF deployment without decreasing the high survivability of our missile submarines.

Lastly, it was clear after this year's testimony that even if we have underestimated the progress the Soviets are making in ASW, it is highly unlikely that they could catch us by surprise and develop a significant threat to our SSBN's before we could develop appropriate and offsetting countermeasures.

Dr. Perry rebutted Senator HUMPHREY's "surprise breakthrough" contention by stating that we would have several years of warning because of our vigorous programs to monitor, predict and counter Soviet ASW efforts.

In summary, and contrary to my colleague from New Hampshire's statements, there has been no testimony before our Committee on Armed Services which supports a conclusion that the Soviet ASW threat is of a magnitude which justifies the type of decision to deploy ELF, that he is urging.

To the contrary, considering the hundreds of millions of scarce taxpayers dollars which would be required to deploy Project ELF, I believe that our responsibilities to the taxpayers warrant a much more responsible approach.

Such a more responsible approach would consider whether there are more capable alternatives to Project ELF which could be developed and deployed in advance of any potential Soviet ASW threat.

Congress and the President have a responsibility to seriously evaluate alternative ways to meet our defense needs so we can be confident that we are receiving the best national security return on our defense investments.

This is especially so in these perilous economic times, as we try to balance the Federal budget. That is why our committee's Research and Development Subcommittee has tentatively decided to allocate additional funding to investigate a possible Project ELF alternative known as the blue-green laser or "Strategic Laser Communications System."

If the technology develops as it could, we would be able to deploy a much more capable and survivable system than Project ELF and do so still within a timetable to beat a potential Soviet ASW threat.

Senator HUMPHREY apparently rejects a proper investigation into the feasibility of such a system in his haste to deploy ELF.

He claims that such a system may or may not be achievable by the year 2000, may only be able to reach SSBN's operating down to 300 feet, may not be able to penetrate clouds and seawater and will rely on vulnerable satellites.

Again, I must disagree with my colleague.

In part the present assessment of the potential for lasers for strategic submarine communications is quite different than it might have been 1 year ago when the Defense Department was resisting it as an innovative idea and a possible threat to Project ELF.

The blue-green laser communications is not some wild-eyed scheme which was concocted only recently. Four years ago, the basic principles of using such lasers for communications were articulated. Three years ago, the House Armed Services Committee recognized their potential and accelerated funding of an Air Force program to demonstrate by next year a prototype satellite and laser system which could be adapted for blue-green use.

Thus, we are not talking about some "pie in the sky" proposal as Senator HUMPHREY would have us believe by his statements.

This year, scientists within the Defense Department already have drafted a preliminary plan which would deploy a strategic laser communications system more capable and more survivable than

Project ELF well before the year 2000, contrary to Senator HUMPHREY's claims.

Not only could such laser signals penetrate through clouds and seawater well below 300 feet, but such a system imposes no speed or operating restrictions on our SSBN's. Even Project ELF would restrict SSBN depths and speeds, and has another operational constraint not possessed by the laser system—an ELF antenna must be deployed in a certain direction to receive signals. The laser system receives signals from all directions.

Most importantly, a laser system, because it could be more survivable and has faster, higher message volume transmitting capacities, would be able to transmit emergency action messages (EAMS) to our strategic forces during or after a nuclear attack, something ELF cannot do.

Through distant positioning, and redundance, such a laser system would not be vulnerable to a surprise attack by Soviet antisatellite capabilities, again contrary to Senator HUMPHREY's claim.

I would like to insert in the RECORD at this point a brief outline of the growth potential of the strategic laser communications system as drafted by Defense Department scientists.

The outline follows:

STRATEGIC LASER COMMUNICATION GROWTH POTENTIAL

The initial operational capabilities achieved by the deployment of first-generation Strategic Laser Communication (SLC) equipment afford substantial benefits in terms of increased survivability of the ballistic missile submarine force. While this initial capability would be comparable to that offered by the austere version of the Extremely Low Frequency (ELF) concept, SLC offers strong growth potential, which could be efficiently realized, to very high payoff systems. This growth is foreseeable in the areas of data rate upgrade, real-time flexibility, anti-jam capability and—perhaps most importantly—survivability.

Increasing the survivability of any Strategic Communications System impacts heavily on the effectiveness of our nation's strategic deterrence as it allows more carefully considered and flexible responses and greatly magnifies the enemy's problems in attempting pre-emptive action. The increased survivability could come in stages, the first of which would dramatically increase the time or effort required for communications neutralization, thus ruling out surprise as an element of attack. Further increases in survivability would provide continuing strategic command and control during and well after any attack.

Strategic laser communications offer a variety of means of decreasing vulnerability as technology matures and the system grows. The system of satellites would become more difficult to attack through redundancy, increasing orbital distances, quiet reserve satellites in maneuverable orbits and ultimately through active defense. Uplink stations would be made more survivable through replication and redundancy, transportable ground stations, hidden and hardened reserves, and airborne laser uplinks. Further advance could be achieved with the space laser system which could be stationed at five times synchronous altitude and which would require only small and portable microwave uplink stations. Even in the earliest stages, several hours would be required to neutralize the SLC system, resulting in total loss of surprise.

The proposed Strategic Laser Communication System also offers the unique ability to change from wide-area coverage at low data rate to high data rate in restricted areas. This operational flexibility, which cannot be achieved with any ELF System, could support tactical and special submarine operations and could allow timely communications with submarines in the event of emergencies. Further, there is a natural and efficient growth in system capacity to the point of achieving wide area coverage at higher data rates as well as growth to communicating with SSBN's in the Indian Ocean. This would permit rapid Emergency Action Message Transmission and eventually complete operational broadcasts permitting submarines to operate deep and undetectable at all times in all operating areas. Thus, the rapid and random scanning techniques envisioned combined with these high data rates and flexibility offer a unique anti-jam capability. The potential operational payoffs are therefore enormous in terms of our nation's security.

Mr. LEVIN. This more optimistic assessment of strategic laser communications potential is possible this year, Mr. President, because there have been significant, and in part unexpected, advances in laser and optical technology in the past year.

We are spending billions of dollars annually on laser technology throughout the Federal Government, and much of this research is complementary and mutually supporting, even though it all is not coordinated in a single program or directed toward the same goals.

For example, there is the high energy laser weapons work which I know my colleague from New Hampshire supports enthusiastically. Another example is the Air Force's program to develop airborne communications lasers. The Department of Energy is developing lasers in its inertial confinement fusion and isotope separation programs.

Defense Department scientists have reported to me that, since last year, we have made significant progress in three areas key to the development of a blue-green laser communications system:

DOD has made substantial strides in developing efficient lasers of sufficient power to support an initial, ground based approach for the system;

DOD has conducted cloud characterization studies in the heaviest cloud-cover region of the world and has discovered evidence that diffusion and weakening of a laser through such an atmosphere "is well within" what was expected and thus would not interfere with sending signals by a laser of the power contemplated for the system. In fact, DOD has discovered that less powerful lasers would be needed than previously thought; and

The Department of Energy has significantly advanced its research toward developing a space-based laser of the operating lifetime and power required for a blue-green communications system. Progress has been made earlier than expected, which holds out the prospect for reducing system development time.

These developments contradict Senator HUMPHREY's summary dismissal of the potential for the strategic laser communications system.

Finally, Mr. President, I would like to address Senator HUMPHREY's statements 2 days ago connecting improvements in the Navy's TACAMO communications aircraft with Project ELF. He said:

Well, perhaps we would not need to have such a large fleet of aircraft, and fly them to death if we had ELF. They could be held in reserve for post attack.

Mr. President, I must disagree again. The Navy yesterday reaffirmed to me that there is no direct connection between it and Project ELF.

The Navy stated that TACAMO is a program designed to transmit emergency action messages to SSBN's during and after a nuclear attack, and that at least one TACAMO aircraft is kept continuously airborne, which increases its flying hours, to assure its survivability in a nuclear exchange.

TACAMO aircraft rarely transmit messages during peacetime to avoid detection by the Soviets and only to test the system's reliability, the Navy said. The requirement to improve and augment the present TACAMO fleet stems from the fact that the current aircraft are aging and are less capable of carrying new, heavier communications equipment. Also, we need to procure a certain number of such aircraft to keep one each airborne continuously over the Atlantic and Pacific Oceans, not to perform communications missions which Project ELF could do.

On the other hand, Project ELF would be a peacetime, non-emergency action message system which would transmit to our SSBN's on a day-to-day basis—a vastly different system than TACAMO.

Mr. President, when I began this statement, I said I was concerned that the American people and the Soviet leaders not misunderstand the great strengths in our present strategic nuclear forces as well as the present and projected invulnerability of our fleet ballistic missile submarines.

I hope that the public and the Soviets give serious attention to the statements by our Nation's leading Navy and civilian defense experts which support my conclusions.

To summarize:

Our missile submarines are invulnerable to Soviet threats today, and they are projected to remain this way well into the foreseeable future.

There is no urgency to decide this year to deploy Project ELF, which is a peacetime only, low-message rate, less capable and less survivable communications system than we may be able to develop for improving our links to our missile submarines.

More capable, more survivable, wartime and higher message rate alternatives to Project ELF, such as the blue-green laser communications system, ought to be pursued aggressively to determine their potential before we make a decision to commit ourselves to a less capable ELF system.●

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may have until midnight tomorrow, Thursday, May 15, to file reports.

Mr. STEVENS. There is no objection.

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

ORDER FOR MESSAGE FROM HOUSE ON HOUSE JOINT RESOLUTION 318 TO BE HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as a message from the House of Representatives on House Joint Resolution 318 is received, it be held at the desk pending further disposition by the Senate.

Mr. STEVENS. There is no objection.

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

ORDER FOR STAR PRINT—S. 2134

Mr. ROBERT C. BYRD. Mr. President, because of a clerical oversight, S. 2134 when reported from the Committee on Environment and Public Works did not include the words specifying the fiscal year for which funds were authorized. To correct this error, I ask unanimous consent, on behalf of Mr. RANDOLPH, that S. 2134 be reprinted as a star print with the following addition:

On page 3, line 4 add the following words: "for fiscal year 1981" after "$645,000."

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

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will come in at 9 a.m. tomorrow morning, and under Senate rule XXII, after passage of 1 hour, the clerk will be directed to establish a quorum, after which the Senate will proceed to vote on the motion to invoke cloture on the bottling bill.

If that vote carries 60 votes, then the Senate will proceed to the consideration of that bill to the exclusion of all other business until action is completed on it.

Also, it is hoped that conferees can complete action on the food stamp appropriations bill tomorrow so that matter will not be left hanging over to Friday.

I expect several rollcall votes tomorrow.

RECESS TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in recess until the hour of 9 a.m. tomorrow morning.

The motion was agreed to and, at 9:26 p.m., the Senate recessed until tomorrow, Thursday, May 15, 1980, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate May 14, 1980:

DEPARTMENT OF STATE

Francis J. McNeil, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Costa Rica.

Theresa Ann Healy, of Virginia, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sierra Leone.

THE JUDICIARY

Carmen Consuelo Cerezo, of Puerto Rico, to be U.S. district judge for the district of Puerto Rico, vice a new position created by Public Law 95-486, approved October 20, 1978.

IN THE NAVY

The following-named rear admirals of the Reserve of the U.S. Navy for permanent promotion in the grade of rear admiral, in the line and staff corps, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

LINE

William Jewell Gilmore
Joseph L. Loughran
Herbert Marvin Bridge
Samuel Amspoker Cummins
Martin Joseph Andrew
Benamin J. Lehman
Philip Wesley Smith, Jr.
George William Lotzenhiser
James William Gray, Jr.
Donald Sebring Albright, Jr.
Carl August Brettschneider

MEDICAL CORPS

Harold Moser Voth
Matthias Henry Backer, Jr.
Park Weed Willis, III
John Robert Senior

SUPPLY CORPS

Dean Bearchell Seiler
William Alvin Armstrong
Frank James Allston

CHAPLAIN CORPS

Gerald Edwin Kuhn

CIVIL ENGINEER CORPS

Peter Ross Brown

JUDGE ADVOCATE GENERAL'S CORPS

Penrose Lucas Albright

DENTAL CORPS

Frank Hannum Anderson

EXTENSIONS OF REMARKS

HON. TOM BEVILL STRESSES NUCLEAR NEEDS

HON. RONNIE G. FLIPPO

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. FLIPPO. Mr. Speaker, my distinguished colleague from the Fourth Congressional District of Alabama, Mr. BEVILL, who is chairman of the Appropriations Subcommittee on Energy and Water Development, recently gave a speech to the American Nuclear Power Assembly here in Washington.

Since its content directly affects all of us in this time of energy shortage, I would like to share his remarks with our members:

REMARKS OF CONGRESSMAN TOM BEVILL

It's a pleasure for me to come before you today and tell you that I'm a strong believer in nuclear power. I'm proud of its many beneficial and safe accomplishments in bringing energy to the American consumer. I also realize that many challenges still face this dynamic industry, but they are challenges which will be overcome by American ingenuity teamed with the free enterprise system.

America is facing a severe problem today, which has made itself evident in almost every aspect of our lives. That problem is foreign oil. It has created severe economic problems for the United States, bringing skyrocketing inflation, which has bombarded the American consumer with high prices at every turn.

Purchasing foreign oil at artificially inflated prices has increased the deficit in our Nation's balance of trade payments. It has damaged our foreign policy, confounding an already complex situation. Also, increased costs for foreign oil have forced our military to reduce its expenditures for improvements in our armed forces, weakening our defense capabilities.

These hardships, and more, have been brought about, in large measure, by the selfish actions of the mid-east oil countries, and by America's unhealthy dependence on their oil.

This Nation must stop its dependence on foreign oil. We must move swiftly to other options for our energy production, and the only options technologically and economically feasible today are nuclear energy and coal.

I look to your dynamic and progressive industry to change the gloomy economic picture which foreign oil has painted for Americans. I look for your industry to break our dependence on foreign oil, and create an America which is energy self-sufficient; an America capable of producing its own energy safely, economically and in great abundance. I look for your industry to accomplish the safe and beneficial expansion of nuclear energy production.

Nuclear power holds tremendous potential to reduce our Nation's dependence on foreign oil. A typical 1000 mega-watt nuclear plant, operating at 65 percent capacity, will replace 9.8 million barrels of residual oil per year. The 72 reactors currently licensed, and the 120 plants under construction or on order will save this Nation 4.5 million barrels of oil per day. That means nuclear power could save one-half the foreign oil America is forced to import each day to meet its energy needs.

My calculations show that would save our country $50 billion a year in balance of trade payments, and inflation could be reduced. And America would not be dependent on the unstable Mid-east for nearly half the oil we use each day.

The necessity for increased use of nuclear energy is readily apparent. However, there are those who would say the accident at Three Mile Island was a death sentence for atomic power in the United States. My friends, you and I know that is not true. In fact, because of the events at Three Mile Island, nuclear energy has a much greater chance of being a constructive force for this Nation. The events at TMI riveted our attention on the importance of building safety into nuclear power plants and then insuring their safe operation. That is the only way to do it.

I said I'm a strong advocate of nuclear energy, and I am, and I make no apology for that. But I am an even stronger advocate of safety in the production of energy. We must build greater safeguards into the production of nuclear energy. The plants must be monitored closely at each step, from design through operations. And I know the nuclear energy industry well enough to believe that you want it to be the same way * * * safety first.

One of the greatest challenges the industry faces, however, is the abundance of misinformation in this country about nuclear energy. Recall, if you will, the extensive publicity at the recent NRC hearings in Pennsylvania concerning the cleanup of the damaged reactor at Three Mile Island. That hearing reflected a fear of nuclear power that has spread to many sections of the country.

In fact, the Kemeny Commission cited the loss of public confidence as one of the worst problems the nuclear power industry and its regulators face today. The knowledgeable experts tell us that the risks from nuclear power are small, indeed, when compared to the other risks Americans accept daily. But the industry must do a better job of educating the public about the advantages and safety of nuclear power production.

Americans need to be reminded that nuclear power plants have been operating safely for years in this country. In fact, there has not been one nuclear related death in more than 500 plant-years of operation in the United States. That is a tremendous record of safety, especially when one compares it to other industrial activities.

Nuclear power's safety record is a good one. But that does not mean the industry can rest on its laurels. Rather, it should continue to build more safety into the plants and their operation. And the public should hear the true story about the benefits and safety of nuclear power.

I am proud to come from a region of the country where nuclear power plays a major role in energy production. As Chairman of the Energy and Water Development Subcommittee, I have closely observed the Tennessee Valley Authority's nuclear power program, which is the largest in the country.

TVA has recognized the need for nuclear energy. And in my opinion their program shows a great deal of wise planning for efficiency, safety and public education. By the mid-1980's, about half of their generating capacity will be nuclear.

TVA currently has three nuclear reactors in operation, one in start-up and 13 additional reactors planned. It is also the first utility in the country to obtain a low-power license from the NRC since Three Mile Island. The license is for its Sequoyah plant in Tennessee. You people know that getting any kind of license from the NRC is a small miracle, in itself.

TVA is serious about nuclear power, and just as important, it is serious about safety and public acceptance. Alvin Weinburg, a founding father of the nuclear age, warned that if people reject nuclear power it will be rejected politically; not because people will actually be hurt, but because they will be scared out of their wits.

TVA is educating its consumers about the benefits of this great source of energy. I am impressed by their efforts to make people throughout the Tennessee Valley comfortable about nuclear power.

Their preeminence in the nuclear energy field imposes a special responsibility on TVA, and one which I believe they have accepted with great concern and a remarkable ability to succeed.

They have moved quickly to strengthen their safety efforts in the aftermath of TMI. Instead of waiting for the Federal regulators at the Nuclear Regulatory Commission to decide what should be done, TVA assumed its responsibility and moved ahead, immediately, on its own. TVA has taken several significant steps which make its nuclear program a yardstick for the Nation.

They have implemented an independent nuclear safety review staff, reporting to the TVA board. This review staff is, in effect, an in-house version of a functioning NRC. TVA has enhanced, what I am told is an already superior operator training program, and provided for improved emergency planning.

To insure additional safety, they tightened their levels of acceptable radiation exposure limits for their personnel. The utility also instituted design changes that will improve operator information and control capabilities at their plants.

They constructed a $20 million training facility near Chattanooga. There in addition to thorough classroom education, power plant operators spend hours in sophisticated control room simulators, which are exact reproductions of control rooms at actual TVA nuclear plants.

TVA Chairman David Freeman recently told me that he views TVA's training facility as being the best in the Nation. In fact, NRC sends its own people there to be trained.

TVA is not the only utility which has taken positive steps toward making nuclear power safe. The industry, as a whole, seems to have acted positively and decisively, without waiting for the foot-dragging NRC to slowly make up its mind about what actions were needed.

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

The actions include the establishment of the Nuclear Safety Analysis Center, the establishment of an independent Institute of Nuclear Power Operations to increase overall safety in the operation of nuclear power plants, and creation of a new insurance company, Nuclear Electric Insurance Limited, that provides partial protection from the financial impact of an extended outage of a plant, caused by an accident. This will be a great help in reducing the cost to consumers for alternate replacement power during such an outage.

The industry has developed a model emergency response plan to aid utilities in controlling a nuclear emergency.

The utilities also are expanding operator training programs to provide improved understanding of system operation, during both normal and unanticipated sequences.

The list of positive accomplishments for increased safety goes on. But what has the Nuclear Regulatory Commission accomplished in the same time? They have, basically, ceased movement. Frankly I am extremely disappointed with the conduct of this agency. The Nation has billions of dollars worth of investments in new nuclear power plants sitting idle, at great expense to the American public, because the NRC cannot get its act together and make licensing decisions.

Certainly, if there is a justifiable reason for not licensing a power plant, it should not be licensed. NRC's behavior since TMI has been a stereotype of bureaucratic inertia.

Seven reactors have been waiting final commission go-ahead for sometime, forcing costly delays on utilities and ratepayers, alike. Utilities are forced to purchase power rather than produce it.

TVA's Sequoyah plant, alone, could save that utility's ratepayers $10 million a month in lower power bills, but the NRC fails to act.

To date, NRC's lack of leadership has cost TVA customers $50 million in higher rates.

We have to break NRC away from its inaction. Their indecision must be brought to a halt, and progress must be made, for the good of our economy, for the good of our country and for the good of our people.

Together with these industry initiatives, we also need a Federal policy on energy supply that emphasizes the use of our only options available, nuclear energy and coal. Such a policy would enable the utilities to obtain required financial support to permit them to commit to nuclear plants, and it would help to enable the United States to become energy self-sufficient.

Predictability must be returned to the licensing process. Hopefully, we will not have to face a major world confrontation over the availability of oil before we focus attention on nuclear licensing practices.

The industry seems to be doing its job. High standards have been set.

We all know that a nuclear power plant is not just another generating station. The industry has many additional responsibilities imposed upon it with this dynamic form of energy. Thirty-five years ago President Harry Truman said atomic energy was "a new force, too revolutionary to consider in the framework of old ideas." That advice is sound yet today.

As advocates of this vital option of energy production, you are now challenged as never before to insure safety and instill in the public mind a confidence in the competent management of nuclear energy.

You may be assured that I will be working hard in the Congress toward meeting this challenge.●

SUPPLEMENTAL APPROPRIATIONS FOR THE FOOD STAMP PROGRAM

HON. JIM JEFFRIES

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. JEFFRIES. Mr. Speaker, with the passage today of the fiscal year 1981 supplemental appropriations for the food stamp program, I feel it is necessary for me to explain my vote on both House Joint Resolution 545 and S. 1309 which passed on May 8. I do not normally vote for such huge increases in Government programs, but because of the slumping economy and its effect on those Americans who are on fixed incomes and most especially our senior citizens, I voted in favor of both food stamp bills.

With the panic situation created by both the Department of Agriculture and the Committee on Agriculture, many of my constituents were becoming excessively alarmed over the future of the food stamp program after June 1. Such a pressure-packed atmosphere is not conducive to a rational or objective judgment on the merits of the legislation.

Simply increasing the funding for the food stamp program is putting a band-aid on the symptom of a much deeper problem which is the real reason why the food stamp program is running short of funds. We are all very familiar with the unexpectedly high increase both in the cost of food and in the number of participants. These two facts have mandated the need for additional funds. I am hopeful that with the increased funding, the real reasons for this need will not be pushed into the background. The reason, of course, is the skyrocketing inflation which is taking its heaviest toll against those on fixed incomes and especially our senior citizens. This inflation is caused by excessive Government spending and the failure of the Government to live within its means. The sagging economy is thrusting many previously self-sufficient people on to the welfare roles and of course many of these victims are the elderly.

It would seem unfair for Congress to allow countless thousands to be driven into the food stamp program without at least some effort to correct the conditions which are putting them there. That is the reason behind the bickering over whether or not to increase food stamp funding. Congress needs to turn its attention to providing real economic opportunities for our citizens instead of pursuing policies which are driving lower income groups into increasing dependence on Government welfare.●

A GOOD NEIGHBOR POLICY

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SANTINI. Mr. Speaker, mining companies have a responsibility to be concerned citizens in every community where they operate. Company officials, local officials, and residents can derive a sense of pride from working together for the betterment of their community.

Recently the Houston Oil & Minerals Corp. took a first step in promoting their good neighbor policy by offering their assistance in renovating a town park. Silver City, Nev., has a park in the center of town which is in need of landscaping and general improvements. In a letter to the chairman of the Park Renovation Committee, the Houston Oil & Minerals Corp. offers their help in this worthwhile project. I am placing the letter in the RECORD for my colleagues to read.

I commend and congratulate the Houston Oil & Minerals Corp. for taking this first step in becoming a good neighbor:

HOUSTON OIL & MINERALS CORP.,
April 28, 1980.

Mr. DAVID DECHRISTOFORO,
General Delivery, Post Office, Silver City, Nev.

DEAR MR. DECHRISTOFORO: I read in the Mason Valley News about your work as chairman of the renovation committee for the Silver City Town Park. The purpose of this letter is to offer our assistance in this worthy project.

The article mentioned that you need to bring in some fill dirt. Perhaps we can help you do this by using some of our trucks to haul the dirt and one of our tractors to spread the dirt. If some of the playground equipment needs repair, perhaps our welding equipment can be used to help you. If you would accept a contribution for the park renovation fund, perhaps that can be arranged with our corporate contribution committee.

We would welcome an opportunity to participate in this project. If you will allow us to do so, please let me know what help you might like from us and I will go forward from there.

Yours very truly,

ALLEN B. CLUCK,
Manager of Governmental Relations.

CHANGES PLANNED FOR SILVER CITY PARK

The Silver City Town Park, which consists of about two acres of ground in the center of town, will be undergoing some landscaping changes soon.

"We hope to come up with a master plan for the park," said David DeChristoforo, who chairs the park renovation committee, "and get to work on it this spring." DeChristoforo says a paved street, that doesn't exist on the town maps, runs right through the park, and another paved street runs below it.

Trees have been planted and forgotten, and some retaining walls have crumbled. "What we need to do essentially is to draw the master plan," said DeChristoforo, "and then terrace the whole park, and bring in

some fill dirt. That would make the ground a lot more usable." Right now the park sits on the side of a hill, and much of it is rocky soil.

DeChristoforo said that the town has about $5,000 in a fund, but there is a dispute as to where that money can be spent. Some say it has to go to putting a bathroom and kitchen in the Fire House and Town Hall, but others say it can go for the park.

"We do know that the money has to be spent before the next fiscal year," said DeChristoforo. "But the main problem right now is that everybody in town is either too busy dealing with Houston Oil and Minerals and their mine proposals, or the new schools for Dayton."●

CONGRESSIONAL YOUTH ADVISORY COUNCIL REPORT: CLARK COUNTY

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. BROWN of Ohio. Mr. Speaker, the Congressional Youth Advisory Council Committee, composed of students from Clark County, has completed its study in regard to the important issue of whether the general revenue sharing program should be continued. I would like to take this opportunity to share this information with my colleagues in the House.

Following is the report of the Clark County Committee:

CLARK COUNTY CYAC COMMITTEE

GENERAL REVENUE SHARING

The general revenue sharing legislation of 1972 provided $30.2 billion in permanent appropriations, to be derived from Federal personal income tax receipts, for distribution amoung State and local units of government during the five-year period beginning retroactively on January 1, 1972, and ending December 31, 1976. Under this law, these funds were to be paid automatically to qualifying State and local governing units on a quarterly basis without necessitating annual appropriation action by Congress.

Two-thirds of the $30.2 billion was to be paid directly to "general purpose" local units of government—counties, municipalities, townships, etc.—and had to be spent for any of the following high priority purposes: (1) ordinary and necessary maintenance and operating expenses for public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or aged, and financial administration; and (2) ordinary and necessary capital expenditures authorized by law. The remaining one-third of this total was to be distributed to State governments and could be spent for whatever purpose they considered the most urgent.

Complex formulas governed how much State and local governments received during each entitlement period and took into consideration such factors as the population, extent of urbanization, relative poverty, State personal income tax collections, and the general tax effort of these governmental units.

The primary Federal "strings" attached to this legislation, other than the requirement that local governments must spend their allocation among specified priority categories, were prohibitions on the use of any government's allotment in any way which would discriminate against an individual on the basis of race, color, national origin or sex or to match Federal grants received under other programs.

General Revenue Sharing was originally conceived as a way of sharing the progressive Federal income tax with State and local governments which traditionally have had to depend on more regressive taxes. Its major goal is to disburse Federal funds with minimal restrictions on use, permitting the local decision making process to determine the programs and activities where the money is most needed.

Intended to increase public involvement, the users of General Revenue Sharing funds must hold public hearings where citizens can suggest ways to spend to monies.

USES OF GENERAL REVENUE SHARING FUNDS

State uses

Nine states nationwide (HI, CA, WI, NY, MA, MS, UT, MI, RI) are heavily dependent on General Revenue Sharing compared to the nationwide average. These states are typified by higher welfare and state-subsidized program burdens. The District of Columbia receives the second largest share of GRS money nationwide. Nine others, notably Michigan, Pennsylvania, and Illinois, receive a large portion of the state budgets in GRS; all the above states receive significantly larger amounts of GRS funds than they contribute. The remainder of the States receive approximately the same or lesser amounts than they contribute.

Primary uses the states have for General Revenue Sharing funds include: education, welfare, capital improvements, and pension benefits. But in addition, States utilize GRS for state tax rebates. VT, AZ, IA used all of their GRS allocations for this purpose; Kansas uses more than a quarter of its allocation this way also. Other states periodically offer less, but similar programs.

Municipal and county uses

Municipal uses include salaries, printing, welfare and pension/workman's compensation programs. More than ⅔ of all GRS funds are used in this area, but local GRS funds can and are used for capital improvements.

THE COST

General Revenue Sharing—$30.2 billion dollars distributed nationwide—was envisioned as a return of tax money to allow the taxpayers to determine the use. However, to gain this right, $200 million must be spent to launder the funds through the Washington bureaucracy.

The question arises greater when governors cry for a cut in Federal spending, "but not in my state!" Many of these states offer only an expensive return of funds at the expense of the Federal budget.

RECOMMENDATION

It is the opinion of the Clark County Committee that the General Revenue Sharing program be continued, but with the following changes and conditions:

1. All state funding be eliminated; one-half of the funds be diverted to local GRS.

2. One-half of the total funding for a categoric grants be eliminated; the funds being diverted to broad and block grants.

3. GRS funds may no longer be used for tax rebates; tax cuts must be approved specifically by the Office of Revenue Sharing.

The committee submits the following reasons for adoption of our proposals.

1. States use of monies for tax rebates are self-defeating. The use of tax rebates from GRS costs the taxpayers a great deal. Instead of sending the funds through the Washington mill at the cost of over $200 million in interest alone, the money should just be a tax cut in the first place.

2. If the States were cut out of this program an excess of $10.2 billion could be cut from the Federal budget. In times when an inflation is rampant, we all can see the need for such budget cutting. This is not, however, meant to be interpreted as saying that this should be the only cut by Congress in the budget. If all committees on such Federal programs would follow the example of this committee and cut all such bills in similar ways then it would be with little pain and no tax increase that we could be back in the black.

3. Local communities (cities and counties) have become dependent on the money which they receive from this program. For this reason, these communities would be in serious financial trouble if this program was not renewed. This would cause increased tax burdens on the people of these communities and thus would cause no beneficial economic assistance to the people.

Mr. Speaker, all three of the recommendations were adopted by the full council following debate, with no amendments.●

RABBI HENRI E. FRONT

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. PATTERSON. Mr. Speaker, on Sunday, June 8, the congregation of the Temple Beth David of Orange County in Westminster, Calif., will join together to honor Rabbi Henri E. Front on the occasion of the 25th anniversary of his Rabbinic ordination. For a quarter of a century, this man has actively served his community and ministered his congregation.

Rabbi Front has provided moral leadership and direction for the Orange County Jewish community. His personal drive and individual stamina are reflected in his active participation in religious and secular organizations which have dealt with issues of concern to the community. He has personally touched many lives as a teacher, counselor, and rabbi and is held in high regard by those who have worked with him and been served by him.

Rabbi Front is to be commended for his years of service and dedication. He is to be thanked for the active leadership and direction he has provided to the Jewish community and the county in general. We are grateful to him for his commitment and dedication, and for his efforts to preserve the promise and the goals of our Nation and the Jewish community.

The congregation of the Temple Beth David is indeed fortunate to have such a capable and dedicated individual to serve as their rabbi, leader, and teacher, and I urge my colleagues to

join me and the members of that congregation in honoring Rabbi Henri Front for the 25 years of exemplary service he has devoted to his community.●

CAPITALISM—FREE ENTERPRISE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. COLLINS of Texas. Mr. Speaker, America has developed the greatest civilization in history by carrying the spirit of capitalism and free enterprise. Two centuries ago our country was a barren land. And yet, through the capitalism system Americans today own their homes and automobiles, enjoy television and air-conditioning, and take vacations around the country.

Today in the United States this growth momentum has come to a complete standstill. Instead of a country where the people are doing things for themselves, we have an expanding Federal centralization of power. More and more we see the Federal Government with excessive regulations and overloaded bureaucracy taking over our economic system. Today 43 cents out of every dollar goes for taxes to pay for government.

Americans realize we have more government than we want, more regulations than we need, and more taxes than we can afford to pay.

Time magazine has an excellent report on "Capitalism: Is it Working . . .?" This indepth report written by George M. Faber was penetrating and sound. Time asks whether in this age of economic anxiety could free enterprise surmount the problems of energy, inflation, and productivity. The conclusions were sound. Time magazine's story confirms the strength of capitalism and the free enterprise system.

This was a comprehensive report but I want you to review some of the key sections that were pointed out with clarity by Time magazine.

The report follows:

CAPITALISM—FREE ENTERPRISE

From 1948 to 1973, the productivity of American employees increased 2.9 percent annually, thus permitting steadily higher real wages and higher standards of living. Last year productivity dropped .9 percent. The real median income of American families jumped 64 percent from 1950 to 1970, but has crawled up by less than 1 percent a year in the past decade. Weekly real take-home pay has been declining for two years.

In the U.S., federal, state and local agencies in 1929 spent an amount equal to only 10 percent of the nation's total output; last year they spent 32 percent. Fifty years ago, government income-support payments to individuals were 3 percent of the total amount of wages and salaries; last year they had swollen to about 20 percent.

Typical was last year's pay settlement between Chrysler and its employees. At the same time that the company was asking for a fat federal loan guarantee, it agreed to raise the wages of some of the nation's best-paid workers from $60.24 a day to $76.96 over three years. Because both sides at the bargaining table assumed financial help would be coming from Washington, there was less pressure to make a significant sacrifice. It was left to Congress, as a condition for a federal loan guarantee, to force the union to accept a $463 million reduction in the wage package.

Rather than spending billions of tax dollars to clean up the air and water, authorities passed laws obliging companies to spend large sums to do the job. Such federal regulations, which came to 20,000 pages in 1970, swelled to 77,498 pages last year.

In a form of Gresham's Law, bad planning by government drives out good planning by private people. The new Rational Expectations school, led by the University of Chicago's Robert Lucas and the University of Minnesota's Thomas Sargent, emphasizes that government policy initiatives often do more harm than good, creating more inflation than economic growth.

When capitalism took root in the 18th century, religion exercised a strong influence within a rigid social structure. The principles of the new economic system coincided in large measure with those of religious faith. Free enterprise demanded sacrifice and delayed satisfaction in order to build savings as a source of investment funds. Limited consumption and hard work were required to create more capital and more consumption for the future. Self-denial and individual diligence in this life were signs of someone's virtue and even of salvation in the next life. Max Weber labeled this "the Protestant ethic."

Social spending is now by far the largest item in the national budget, amounting to $423.8 billion this year as compared with $145.1 billion for defense. But some well-intentioned Government spending, such as the $8.6 billion annual outlays for the heavily criticized Comprehensive Employment and Training Act (CETA), has created new bureaucracies rather than solving urban problems. Social expenditures have grown so rapidly that they have become a heavy load on a national economy that is growing only slowly.

Wage and price controls are an attractive temptation, supported, according to the latest public opinion polls, by a strong majority of the American public. But they remain fool's gold. Studies show that once mandatory price restraints are removed prices soar as high as or perhaps even higher than they would without any legal restrictions. Virtually all free-market economists, whether liberals or conservatives, reject mandatory controls as ultimately detrimental in fighting the causes of inflation. The real price of oil declined by 50 percent between 1950 and 1970.●

THE SPIRIT OF HELSINKI, VIGIL 1980: THE PLIGHT OF IGOR GUBERMAN

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. FAZIO. Mr. Speaker, it is an honor and a privilege to participate in "The Spirit of Helsinki, Vigil 1980" with so many of my colleagues. I would like to commend the gentleman from New Jersey, Mr. MAGUIRE, for the fine effort he has put forth in coordinating this worthwhile effort to bring the plight of the thousands of politically oppressed Soviet citizens to the attention of this body and the American people.

We are more concerned now than ever about the actions of the Soviet Union. We are concerned because of the blatant disregard for international law and national sovereignty recently demonstrated by the Soviet's invasion and suppression of Afghanistan. We are concerned because the military balance of power is more and more uncertain, and in many of the critical areas of the world such as the Persian Gulf the Soviet Union is assuming a more offensive posture. And, we are all concerned about the continued oppression of Soviet citizens because of their political and religious beliefs and actions. In fact, there is at the present time a systematic effort on the part of the Soviet regime to quell any and all dissidents through any means possible, including imprisonment on false grounds. This mass denial of all civil liberties is deplorable.

Igor Guberman is one such case. He was arrested on August 13, 1979, after having been summoned to the city of Dmitrov near Moscow. He was there under the false pretense of serving as a witness in another investigation. Soon thereafter he was arrested and escorted back to Moscow where his family's apartment was searched. Many books, manuscripts, drafts, and letters from friends in Israel were seized in search, along with two icons from Mr. Guberman's collection.

It was not until almost a month later that Igor Guberman's wife, Tatyana, was informed of the charges being levied against her husband. He was being charged with buying and selling stolen property, the icons, even though the two individuals convicted of stealing the objects denied that they had sold them to Mr. Guberman. Moreover, one of Mr. Guberman's colleagues informed him that KGB agents had offered a substantial payment to provide evidence against Mr. Guberman.

Mr. Guberman, an acknowledged expert in icons and medieval art, has pursued his hobby for many years. The criminal charges brought against him are not only untrue, but they conceal the true reason for this governmental harassment, which is Mr. Guberman's involvement with the underground journal, "Jews in the U.S.S.R.," and his refusal to join with the Soviet authorities in gathering information on the journal.

Clearly, the arrest of Igor Guberman was the product of a contrived set of circumstances to justify removing this outspoken dissident from the domestic scene. As has been pointed out time and time again, the Soviets tend to use the dissident movement to their own political benefit. When the slightest liberation of its emigration policies

or civil liberties will gain something substantive in return from the United States, they tend to widen the parameters of acceptance behavior and activity. When there is no discernable benefit to the State, or when the relations between the Soviet Union and the West are especially tense, the Soviet Government feels free to deal with the internal dissension with an iron hand. After all, they justify, United States-Soviet relations could not be any worse.

It is this contention that we must dispute. Relations can get worse if the Soviet Union continues to deliberately disregard the basic and accepted rights of the individual. The Soviets must understand that we include among those basic rights the right to emigrate, as stated in the Helsinki accord which they signed. This is not an agreement to only be adhered to when the Soviet Union chooses. This is a statement about the fundamental, and basic tenets which we as human beings hold dear. And, it is a document whose provisions should be honored by all nations all the time.

Therefore, I urge the Soviet Union to comply with the international conventions which they have signed and free Igor Guberman. We must continue our vigil until all refuseniks and prisoners of conscience are freed and we will.●

RETIRING TEACHERS OF GARDEN GROVE HONORED

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. PATTERSON. Mr. Speaker, each May, as the school year draws to a close, we are reminded of the important role our educational system plays in the development of the young men and women who will be the core of our society tomorrow. The responsibility for providing learning experiences, instilling the basic values of our society and, most importantly, generating enthusiasm about life and living, lies with our schools. The most critical element in making all of this happen is the faculty, that dedicated core of men and women who work daily toward the achievement of these goals.

On Friday, May 30, the Garden Grove Education Association will meet to pay tribute to 26 retiring teachers, men and women who dedicated their lives to working with our young people. It gives me great pleasure to join the California Teachers Association, the National Education Association, and the Garden Grove Education Association in honoring:

John O. Barnes, Bolsa Grande High School; Bob Blurton, McGarvin Intermediate School; Ken Boyce, Wakeham Elementary School; Orrell Cooper, Edgar Elementary School; Gene Gibson, Eisenhower Elementary School; Helen Grant, Newhope Elementary School; Charlotte Hollingsworth, Anthony Elementary School; Elizabeth Hoose, Hare Intermediate School; and Patricia Jackery, Rosita Elementary School.

Mary Legree, Lincoln Adult School; Joyce McMullin, Jordan Intermediate School; Henrietta Meyer, Stanley Elementary School; Dayle Provost, Garden Grove High School; Berna Stelson, Woodbury Elementary School; Shirley Strange, Bolsa Grande High School; Edna Talman, Edgar Elementary School; Peggy Toussaint, Marshall Elementary School; William Vanvorst, La Quinta High School; and Evelyn Vulliet, Post Elementary School.

Lee Walters, Anders Elementary School; Mary Wiley, Rancho Alamitos High School; Shirley Wolford, Walton Elementary School; Elizabeth Woods, Excelsior Elementary School; Alton Morse, Garden Grove Unified School District; Jean Carpenter, Bolsa Grande High School; and Nellie Burchfiel, Rancho Alamitos High School.

From kindergarten through senior year, these teachers have directed and contributed to the development of our children. They have earned our gratitude and our heartiest thanks. I ask my colleagues to join me in paying tribute to these fine individuals and to wish them fulfillment as they reflect on their teaching careers.●

COOPERATIVES HELP FAMILY FARMS SURVIVE

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. COELHO. Mr. Speaker, the past several months have occasioned considerable debate on Capitol Hill over the marketing practices of farmer cooperatives. For the RECORD, I include two editorials from the Fresno Bee on this issue.

The opposing view presented by Rich Rominger, director of the California Department of Food and Agriculture, makes a persuasive case for the special nature of these enterprises. I invite my colleagues to read these varying perspectives. It will be especially useful as Congress devotes its attention to this important concern:

THE GIANT CO-OPS

Since 1922 farmers who join together in marketing and promotion cooperatives have been largely exempt from federal anti-trust laws. They can fix prices, jointly advertise and jointly prepare food for market without interference from the Justice Department or the Federal Trade Commission (FTC), which enforce fair competition in other economic sectors. Only the Department of Agriculture has some authority to insure that prices are not, as a result, "unduly enhanced".

This immunity and the Department of Agriculture's special jurisdiction, however, are limited. The U.S. Supreme Court has ruled several times that while farmers are exempt from anti-trust laws when they form a cooperative, the cooperatives themselves are subject to the same rules against monopolies, predatory business practices and unfair restraints of trade as any other business. And the FTC and the Justice Department, the court has ruled, have every right to investigate such violations.

This distinction between the legal price-fixing of the farmers within the cooperatives and the illegal restraints of trade that the cooperatives themselves may be perpetrating on the industry as a whole was not spelled out clearly in federal law: It didn't seem necessary when the co-ops were small and struggling and their purpose was largely to give independent farmers some clout and unity in their dealings with big food processing corporations and grocery chains.

But since 1922, several farm co-ops have grown into big business themselves, controlling as much as 85 percent of their markets. Last year the Justice Department's task force on anti-trust laws found that some of these co-ops had gotten so powerful that consumers, other farmers and, in some cases, co-op members themselves were suffering the same ill-effects from large farm co-ops as from any other non-competitive business arrangement.

Thus, although the FTC was breaking important new ground it was within its rights when it recently began hearings against Sunkist, the co-op that controls 70 to 80 percent of the Western citrus market. The FTC charged Sunkist with monopolistic practices—controlling industry prices, wilfully eliminating competitors and other unfair practices—that exceed the price-fixing allowed by law.

Sunkist, in response, claimed that the FTC has no jurisdiction over cooperatives. And after losing its court battles over this question, it began lobbying Congress for a law that would eliminate the FTC's jurisdiction over all agricultural co-op issues and thus derail the pending case against Sunkist.

Sen. Alan Cranston of California is leading the effort in the Senate to quash the Sunkist case, on the dubious grounds that the Agriculture and Justice Departments are better able to understand an agricultural case than the FTC. But while agriculture may be central to California's economy—as Cranston points out in defense of his attempt to obstruct the FTC hearings—agricultural monopolies are as unhealthy for California and the nation's economy as any other monopoly.

Whether or not Sunkist, in the end, is found guilty of anti-trust violations, Cranston's efforts to help Sunkist come at the expense of consumers and even many farmers—not just because they might prevent a hearing on a crucial anti-trust issue, but also because they undermine the FTC, which has finally, under the Carter administration, begun to actively pursue anti-trust violators. The public interest would be better served by allowing the FTC to conduct its hearing against Sunkist than by allowing Sunkist to lobby itself beyond the reach of the law.

FARMERS DEPEND ON CO-OPS

(By R. E. Rominger, State Department of Food and Agriculture)

Your April 13 editorial attack on farmer cooperatives was no doubt applauded by the 50 food conglomerates who now control 60-70 percent of the American diet and whose marketing power is many times that of the nation's 7,600 farmer cooperatives. But it was very disappointing to the State's small farmers who depend on their democratically owned and run cooperatives for their very survival.

The editorial was titled "The Giant Co-ops"—a misleading label. If all 7,600 cooperatives in the United States were combined into one giant company it would be smaller

than either of the nation's two largest companies.

In 1977, the five largest cooperatives had combined sales only one-third the size of those of their five largest food industry competitors. Sunkist, which you specifically singled out as a "giant", wouldn't make the list of the largest 100 companies in the United States, or the top 200, or the top 300. In fact, Sunkist, which is the largest co-op in California, would rank 383 on the 1977 list of top U.S. corporations. Of the nearly 300 cooperatives in California only two others would make the top 1,000.

That the Federal Trade Commission doesn't understand agriculture is not as dubious a proposition as you might think. The FTC spent hundreds of thousands of dollars suing the California Milk Advisory Board for false advertising on the FTC theory that milk was dangerous to the health of many Californians. The case was thrown out by the FTC's own hearing officer, but not before the California farmers had spent nearly a half million dollars furnishing records and defending themselves in a case dragged out over seven years and ending in a marathon 67-day FTC hearing.

You specifically cite the FTC action against the Sunkist growers cooperative. Sunkist has over 6,000 grower members who farm an average of less than 40 acres of citrus. They do not control 70-80 percent of the Western market as you suggest. Rather they market 65 percent of the California/Arizona fresh orange crop, which is no more than they marketed when the Capper-Volstead Act was enacted in 1922. The FTC is alleging that Sunkist is bad because it is big. Congress has expressly stated that in the case of farmer cooperatives size alone is not bad and, as I have noted, Sunkist is hardly a food-processing giant when compared to its food-industry competitors.

What the Bee and the FTC have failed to appreciate is the legislative history and purpose behind allowing workers in the case of labor unions, and farmers in the case of cooperatives, to get together and ask for a common wage or price. Both these activities were violations of the Sherman Anti-trust Act as "price-fixing" until Congress clarified the act with Capper-Volstead for agriculture and the Wagner Act with respect to labor.

Congress correctly realized that to be effective, labor unions and farmer cooperatives had to be free from some anti-trust law restrictions. They also recognized that the balance could swing too far the other way and consequently gave the secretary of agriculture the power to control abuses by cooperatives. In 1922, the FTC wanted this power and the legislative history is clear that Congress didn't want them to have it. There is nothing sinister or dubious about asking Congress to reaffirm its original intention, especially where, as here, the FTC has decided to ignore that legislative history.

No one likes to be accused of trying to prevent the FTC from having its day in court, but the alternative is to spend millions of dollars defending a suit which we and many others think shouldn't have been filed in the first place. The grower members of Sunkist have already spent over $2 million defending this case. The FTC is spending taxpayer money. It is entirely appropriate for publicly elected officials to review this situation.

Farmer cooperatives provide the major mechanism for small farmers (and medium and large sized farmers as well) to compete against large corporate food processors. This fact is clearly borne out by noting that the farmer members of major California cooperatives marketing almonds, peaches, pears, walnuts, raisins and prunes in every case average less than 50 acres of the crop. Without farmer cooperatives these small family farmers face a very uncertain future. It was the recognition of this fact that led to the congressional action in 1922, and it is the recognition of the plight of the family farm that establishes the need for strong farmer cooperatives in 1980.●

H.R. 7144

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. JACOBS. Mr. Speaker, on April 23, 1980, I introduced H.R. 7144, "The Former Presidential Enough Is Enough and Taxpayers Relief Act of 1980."

This legislation seeks to limit the use of tax dollars for the care and feeding of former Presidents.

Unfortunately, I have detected an error in the bill, and so I am today introducing a corrected version of this proposal. The bill, in its correct form, is as follows:

THE FORMER PRESIDENTIAL ENOUGH IS ENOUGH AND TAXPAYERS RELIEF ACT OF 1980

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the total annual Government expenditures for the care and feeding of a former President shall not exceed ten times the poverty level income for one urban family of four.●

CUTTING THE COST OF HEALTH CARE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. HAMILTON. Mr. Speaker, I insert my Washington report for Wednesday, May 14, 1980, into the CONGRESSIONAL RECORD:

CUTTING THE COST OF HEALTH CARE

The rising cost of health care is a major domestic problem. Although it does not grab headlines in the way that some other domestic problems do, it touches virtually every American in every walk of life. Residents of the Ninth District are deeply concerned about it.

The nation's annual health care bill reached $192 billion in 1978, up from $27 billion in 1960. This 711 per cent rise was six times greater than the rise in overall consumer prices during the same period. About 9.1 per cent of the gross national product is now committed to health care, as opposed to 5.3 per cent in 1960. From the federal point of view, health care, while very important, is only one priority among many. There are limits on the resources that can be diverted to it. In meeting after meeting, constituents have made it clear to me that something must be done to hold health care costs down. Rather than ineffective and inequitable cost controls imposed by Washington, what is needed is an effort to modify current cost-increasing practices in the health care industry. The following are a few matters that should have our attention:

PREVENTING ILLNESS

A recent federal study estimated that a person's health is determined in large part by lifestyle and the environment, with heredity and the health care system playing a lesser role. Another federal study predicted that a reduction of up to 35 per cent in the mortality rate among different age groups could be achieved by 1990 if a greater emphasis were placed on preventing disease and injury. In spite of what these studies say, federal payments for treatment of illness have been 25 times greater than federal payments for prevention of illness. The savings from programs of preventive medicine are difficult to calculate with accuracy, but they could be substantial.

The development of healthier lifestyles through education and better programs of screening, environmental protection, and worker safety are important objectives of preventive medicine. Screening may be especially helpful. Programs for expectant mothers, infants, and adults have already been documented to be worthwhile. The main congressional action in this area was the recent House passage of the Child Health Assurance Act. If passed by the Senate, the bill will improve present Medicaid programs of pre- and post-natal screening, diagnosis, and testing.

INCREASING COMPETITION

As in any other sector of the economy, the cost of health care can be cut if competition is promoted. One alternative is the health maintenance organization (HMO) a group that hires physicians to render care to members who pay a fixed premium. HMOs may reduce costs significantly, and they have been successful in certain parts of the country. Another alternative, one which may be beneficial in rural America, is the independent practice association (IPA). IPAs are like HMOs, but the doctors who care for members do so under contract. A third alternative is variable cost insurance (VCI). VCI permits insurers to offer smaller premiums to policy holders who choose treatment in cost-effective facilities. Congress is looking into ways to further the growth of such options.

The so-called "consumer choice" bills could also increase competition. In general, these bills would limit the employer's tax-free contribution to his employees' health care plan. If an employee chose a plan more expensive than the employer's contribution, he would pay the difference, but if he chose a less expensive plan, he would be paid the difference. There would be a strong incentive for employees to "shop around" when selecting a plan.

ELIMINATING UNNECESSARY COSTS

One of the best ways to stretch the health care dollar is to spend it only when necessary. For example, many hospital patients can be treated just as well at lower cost in the home. Congress might encourage this less costly form of care by increasing payment for it under Medicare. Hospitals themselves can cut costs both by purchasing supplies in groups and by sharing services and facilities. The federal government should lead the way with the example of its practices in its own health care facilities.

There are other ways to economize with little or no sacrifice in the quality or availability of health care. Two federal agencies are studying the costs and benefits of high-

priced medical technology with an eye to recommending where savings might be made. A second opinion may help patients avoid unnecessary surgery, so another federal agency has begun an educational campaign to show the wisdom of "asking again." The use of physician extenders or paramedics may be yet another cost-effective measure, and Congress has recently displayed interest in it by allowing reimbursement under Medicare for the services of such people in rural clinics.

CUTTING REDTAPE

Government regulations have had a significant impact on the total cost of health care. It has been estimated that 40 per cent of all federal rules have to do with health care, and that last year alone there were 2,000 such rules affecting hospitals and doctors. A study in one state revealed that 25 per cent of all hospital costs may be attributable to government regulation, and that more than $35 may be spent each day for each patient to meet regulatory requirements.

I have co-sponsored several bills in Congress that address the problem of overregulation. One bill, a "sunset" measure, would require that all federal programs be reviewed at least once every ten years. A program would be terminated automatically unless reauthorized by Congress. Another bill, the "congressional veto," would permit Congress to examine proposed regulations and reject them if they appeared to be excessive. Yet another bill would demand that agencies analyze the economic impact of a proposed regulation to see if its benefits outweighed its costs.●

SOVIET JEWRY: THE STRUGGLE FOR FREEDOM

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. UDALL. Mr. Speaker, in 1978 I first committed myself to aiding the Fradkin family of Leningrad in their endeavor to obtain emigration visas from the U.S.S.R. Daniel Fradkin—Shoose Revoluts No. 45, Flat 140, Leningrad, R.S.F.S.R., U.S.S.R.—his wife and two children have been trying to leave the Soviet Union since 1972. I am deeply concerned not only with the extreme difficulties that the Fradkins face in acquiring exit visas, but also with the human injustice that Jews are continually subjected to now in the Soviet Union.

In the Universal Declaration of Human Rights of the Helsinki accords of 1975, the Soviet Union pledged to "facilitate freer movement and contracts * * * among persons * * *" in their nation. I believe that the U.S.S.R. has violated its word by denying hundreds of thousands of Jewish citizens the right to leave. The Soviet Union also agreed to "deal in a positive humanitarian spirit with applications of persons who wish to be reunited with members of their family." However, continued refusal of Soviet emigration authorities to freely issue exit visas to Jewish refuseniks and others who wish to emigrate demonstrates to me that the U.S.S.R. has deliberately decided not to abide by the accords and perhaps never intends to do so.

The Soviet Office of Visas and Registration—OVIR—refused to issue a visa to Mr. Fradkin, claiming that he had been exposed to secret Soviet information. I do not think this is a justifiable excuse. Daniel Fradkin was a mathematician in 1963, and clearly no information he was exposed to 17 years ago could be damaging to Soviet security if it were to be revealed.

Because OVIR would not grant emigration visas to the Fradkins, the past 8 years have been traumatic for them. As refuseniks, they have undergone public scorn and economic hardship, while as Jews they have undergone severe anti-Semitic propaganda and persecution because of their religion.

Mr. Speaker, the Fradkin family is just one of thousands of Jewish families who are being legally oppressed by the Soviet Government because of their religion. Jews in the U.S.S.R. are constantly denied the most basic human rights due to historic Soviet anti-Semitism. For example, all religious groups except Jews are permitted to manufacture their respective ritual objects. It is virtually prohibited, however, for Jews to make matzo, prayer shawls, or phylacteries. While Arabic, Latin, and Greek are taught through the university level, the teaching of Hebrew is forbidden. Jewish graves have been bulldozed in Kishinev and Odessa, but cemeteries of the other religious groups have been kept intact. This outrageous list of the unfair treatment of Jews goes on and on. I am distressed that even in 1980, after millions of lives have been lost fighting for tolerance of beliefs, religious persecution still exists in the Soviet Union. The Soviet Union, which professes to be a nation devoted to the advancement of the common man, is indulging in sheer hypocrisy with its treatment of Soviet Jews.

Recently, I received from the National Conference on Soviet Jews some alarming statistics concerning Jewish emigration from the Soviet Union in 1979. I am concerned about the problems that Jews have in obtaining emigration visas from the U.S.S.R. For example, between 1968 and 1979, 598,100 Soviet Jews were sent emigration visas from Israel but only 228,701, or less than one-half of these Jews obtained visas and reached Vienna. OVIR officials make it extremely difficult for Soviets to emigrate and refuse to accept applications from families with draft age sons or from families in which any member has not worked for 3 years in a state-directed job. And now, with 96,000 visa applications from Jews in the first 8 months of 1979, OVIR has started refusing applications on the arbitrary basis of "insufficient kinship of the invitee." As a result, visas issued by the Dutch Embassy—which represents Israel in the Soviet Union—decreased from 3,600 in November 1979, to just 3,300 in December 1979. In addition, 400 Kievian Jews were refused visas in the last week of January 1980, while only 29 received visas. During 1979, an average of 4,277 Soviet Jews emigrated per month, while the 1980 monthly average is down by 42 percent.

I believe that we must not ignore the atrocious Soviet treatment of its Jewish population. Rather, we, as responsible elected officials, must persist in fighting against persecution of the Soviet Jews. The State Department has been helpful in a variety of ways, and I hope that in working together, the Congress, the State Department, and the people of this Nation can aid the Soviet Jews in obtaining the freedom they so obviously deserve.●

LARRY HOLMES: ATHLETIC SKILLS AND CARING ABOUT PEOPLE

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. RITTER. Mr. Speaker, all American and world sports fans are well aware of the remarkable boxing skills of Larry Holmes, the undefeated heavyweight champion of the world. Larry lives in Easton, Pa., which is located in my district, and like millions of others, I have thrilled to watch his brilliant performances in the ring.

At the same time, Mr. Speaker, there is another side to Larry Holmes that fewer people ever see. The fact is that Larry is far more than a world champion boxer—he is a dedicated, compassionate, concerned citizen who cares deeply about his community and its people, particularly its young people. For Larry Holmes, father of three, knows from experience how vitally important it is that young people receive guidance and attention during their formative years as a way to channel their energies and skills into productive directions.

Two weeks ago, I had the privilege of joining Larry in his second annual "Run With the Champ," a 5-mile race held in Easton to raise funds for the local boys club. The race succeeded beyond everybody's best expectations, drawing 200 more entrants than it did last year and raising $3,150, more than double last year's total.

The day after the race, at a banquet raising funds for an orphanage for Greek children, I heard Larry Holmes talk about people caring for other people. The message was soft and simple but it jolted everyone—right in the heart.

All his life Larry has shown the kind of caring for others and courage that today make him such a respected citizen of the Lehigh Valley. Larry often says that "you can't forget where you come from. You can't forget the people who helped you." I've seen Larry with those people, sometimes by

the hundreds, ever patient, ever humble. He seems to love all of them.

As 1 of 12 children, he had to work to help support his family, yet all the while he found time to pursue his interest in sports and to develop his remarkable athletic skills. No doubt it was his own experiences growing up using local PAL and youth center facilities that gave Larry his concern for the benefits offered by such youth facilities. Today, that concern is helping to give other young people a chance to develop their minds and bodies for their own futures, much as Larry himself did years ago.

Mr. Speaker, Larry Holmes is an example to all of us that fame and professional success mean far more when combined with a sincere interest in other people, and a willingness to help build the futures of others. That is the attitude Larry Holmes brings to America and to the world as heavyweight champion. His home community deeply admires and appreciates his example. I'd like to add my own personal tribute to a man of great humility who is a real champion in more ways than one.●

DOCTOR OF PUBLIC ADMINISTRATION: NOVA UNIVERSITY

HON. EDWARD J. STACK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. STACK. Mr. Speaker, on behalf of all citizens concerned about the administration of government programs in this country, I want to alert my colleagues to current efforts being made by Nova University of Fort Lauderdale, Fla., to improve the caliber of public administrators at all levels of government.

We are all too aware of the crisis of confidence in our government, and in the public officials who administer the various programs we have established to protect and to serve effectively the citizens of this Nation. I think it is, therefore, particularly important that the institutions of higher education who address this mounting problem be recognized.

It is noteworthy that Nova University has pioneered a program which is in the vanguard and is specifically designed by some of the Nation's outstanding public administrators to meet this challenge facing public administration. This unique doctor of public administration program provides advanced professional education for working public administrators, and I would like to share with my colleagues the summary of a report of the board of governors of Nova University's Center for the Study of Administration, which remarks on this program.

The information follows:

ADVISORY BOARD MEETING, NOVA UNIVERSITY'S CENTER FOR THE STUDY OF ADMINISTRATION

Some of the nation's top public administrators met in Fort Lauderdale February 23 to evaluate, to praise, and to further strengthen a unique Doctor of Public Administration (DPA) program pioneered by Nova University, a program they had helped develop.

The group, the Advisory Board of Nova University's Center for the Study of Administration, included 18 members of the prestigious National Academy of Public Administration, including its chairman and its executive director.

An important function of the Board at this meeting was to consider a report of a task force on program review headed by Dr. York Willbern, Professor of Government at Indiana University and incoming Chairman of the Board.

"Our report was generally affirmative," said Dr. Willbern. "The committee felt the DPA program is a sound one, with a solid curriculum and a high quality national faculty. Our recommendations are essentially aimed at trying to preserve the integrity of the program, and to avoid attempting to do too many things at once."

The members of the Board reaffirmed their conviction that Nova's program, designed to provide advanced professional education for working public administrators, fulfills an important need.

"Conventional doctorate programs are primarily aimed at training college professors," explained Harvey Sherman, Director of Administration of the Port Authority of New York and New Jersey, and outgoing Chairman of the Board. "There is a great need for conceptual education in public administration for high level administrators, and very little that's presently available."

"Most public administrators come from specialized fields, and enter public service almost by accident," added Philip Rutledge, president of the National Institute of Public Management. "After a few years, they realize they should be thinking about larger problems and ideas. But by then, they're too busy to take two or three years off to go back to school to learn about them."

"At Nova, these people can come together on a regular basis with their peers, led by a faculty of academician/practitioners who have already come through the same hourglass they have," he continued. "I think Nova's key contribution is the chance it gives these people to move into the wide part of the hourglass to learn to deal with systems and ideas in imprecise areas and begin to synthesize them, which is the essence of management."

Nova's principal problem, the Board agreed, lies in getting the "educational establishment" to recognize and accept the validity, the quality and the demonstrable effectiveness of the practitioner's degree.

And yet, according to the Board, there are now some clear signs that the "educational establishment" may soon be following Nova's lead in setting up educational delivery systems that serve the needs of working professionals.

"This program has had an impact throughout the country," said Dr. Willbern. "It's affecting the thinking of higher education institutions. Now they are starting to think in these terms." Added Mr. Sherman, "I'm convinced that in 5-10 years, Nova's program will be copied by universities all across the country."

The general feeling of the Board is perhaps best expressed by Stephen B. Sweeney, Professor Emeritus of the University of Pennsylvania School of Local and State Government which he founded and headed for many years.

"This program has fascinated and challenged me right from the start," said Professor Sweeney. "Compared to any others that I know of, this is one of the best integrated, carefully balanced programs in the country, largely because of the breadth of its conceptualization and the quality of the people who are responsible for it—their broad experience, their dedication to the public service and its improvement, their high academic, intellectual and experiential caliber.

"It's the only program I know of, in almost any of the social science fields, where a candidate for a doctoral degree is involved in public service management and therefore knows in advance the nature and the extent of what he will have presented to him and what he will be expected to know at the end of the program. It's import can only be realized by people who have been involved in typical academic situations where course work is the product of a loosely integrated faculty of academicians, no matter how broadly they may be educated and dedicated. Nova's program from the start called for the integration of ideas and subject matter in a way present in few other programs anywhere.

"I feel its impact in all branches of public service is bound to be great—MUST be great—because it was initiated and carried out on a sound groundwork and framework for the future."

"I feel its impact in all branches of public service is bound to be great—MUST be great—because it was initiated and carried out on a sound groundwork and framework for the future."

Members of the Advisory Board of Nova University's Center for the Study of Administration are:

Dr. Guthrie S. Birkhead, Dean of the Maxwell School of Citizenship and Public Affairs, Syracuse University.

Andrew W. Bradley, Certified Public Accountant.

Alan L. Dean, Chairman, National Academy of Public Administration.

Lawrence P. Doss, Coopers and Lybrand, Detroit.

Dr. George H. Esser, Jr., Executive Director, National Academy of Public Administration.

Dr. Abraham S. Fischler (ex officio), President, Nova University.

Dr. Lyle C. Fitch, President, Institute of Public Administration.

Dr. Nesta Mabyn Gallas, Associate Dean for Graduate Studies, John Jay College of Criminal Justice, City College of New York.

Dr. James A. Graves, Professor, Department of Political Science, Kentucky State University.

Bertrand M. Harding, Consultant, Central Intelligence Agency, National Institute of Public Affairs.

Dr. Walter G. Held, Professor, Public Policy and Business Affairs, American University.

Mark E. Keane, Executive Director, International City Management Association.

Kent Mathewson, President, Metropolitan Fund.

James M. Mitchell, Senior Staff Associate, Advance Study Programs, The Brookings Institution.

Dr. John D. Montgomery, Professor, John F. Kennedy School of Government.

Dr. Thomas P. Murphy, Special Assistant to the Secretary, Department of Human Resources.

Dr. Emmette S. Redford, Asbel Smith Professor of Government & Public Affairs, University of Texas.

Mr. Philip J. Rutledge, President, National Institute of Public Management.

Dr. Alexander Schure (ex officio), President, New York Institute of Technology.

Harvey Sherman, Director of Administration, The Port Authority of New York & New Jersey.

Stephen B. Sweeney, Director Emeritus & Fels Professor, University of Pennsylvania.

Dr. John J. Theobald (ex officio), Dean, Graduate Studies, New York Institute of Technology.

E. Robert Turner, Consultant, RET Association.

Anne Marie Hauck Walsh, Senior Staff, Institute of Public Administration.

Mr. Graham W. Watt, Broward County Administrator.

Dr. York Willbern, Professor of Government, Indiana University.

Dona Wolf, Special Assistant to the Chairman, National Credit Union Administration.●

THE SOVIET ACADEMY OF SCIENCES AND ITS SOCIAL INSTITUTES—PART I

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. McDONALD. Mr. Speaker, after World War II, the U.S.S.R. developed a large system of institutes designed to study certain geographical areas and military strategy in order to provide assistance to the Central Committee of the Communist Party U.S.S.R. in expanding the boundaries of Marxism-Leninism. In some instances they appear to be patterned after some of America's think tanks. A better example than the Council on Foreign Relations might have been picked by the authors, William F. and Harriet Scott, in pointing out comparative institutions, in my view. The Council on Foreign Relations has been rather well known for its monolithic liberal and one world views since its beginning. However, as the authors point out, no diversity of opinion is permitted at the Soviet institutions, and their sole aim is the furtherance of world communism. However, since they have the appearance of scholarly institutions, their members are wined and dined by American foreign policy groups as though these people were dedicated scholars seeking truth and not the destruction of the Western civilization. I commend to the attention of my colleagues these articles which appeared in Air Force magazine in its March 1980 issue.

The articles follow:

THE SOVIET ACADEMY OF SCIENCES AND ITS SOCIAL INSTITUTES—PART I

The Academy of Sciences, USSR, has no exact counterpart in the United States. It is a lineal descendant of the Russian Academy of Science, founded by Peter the Great in St. Petersburg in 1724. The Presidium of the Academy and some of its institutes were moved to Moscow in 1933, where the Academy is under the direct control of the Council of Ministers. Its function, as is true of all institutions in the USSR, is to serve the interests of the state, which are synonymous with the interests of the Communist Party of the Soviet Union.

The more than 45,000 scientists and scholars of the Academy of Sciences are organized in four Sections, dealing respectively with physics and mathematical sciences, chemistry and biological sciences, earth sciences, and the social sciences. Within each Section are Departments concerned with specific disciplines, and under many of the Departments are still more specialized institutes.

Of particular interest to Americans who are concerned with political relations between the US and the USSR—especially the defense aspects of those relations—are two institutes that fall under the Department of Economics of the Academy's Social Sciences Section. They are the Institute of World Economy and International Relations (IMEMO), founded in 1956; and the Institute of the United States of America, founded in 1967 and redesignated the Institute of the United States of America and Canada (IUSA&C) in 1974. Members of those two institutes, particularly the latter, have had frequent contacts with US officials and other dignitaries associated with political/defense relationships. Institute members frequently visit and lecture in the US, and their articles appear not infrequently in prestigious US journals.

There is nothing sinister about these, and other institutes of the Soviet Academy of Sciences when one understands what they are and what they are not. They are not associations of independent scholars and scientists comparable to, for example, the Council on Foreign Relations in the US. They are instrumentalities of the Communist Party, dedicated to the service of the USSR.

Many Americans who have had personal contacts with officials of IMEMO and IUSA&C, either in the USSR or at home, regard them as reasonable men pursuing goals that are not identical to those of the U.S. but that lead to the same ultimate objective—a stable and peaceful world. These Soviet intellectuals are sometimes characterized as "doves" who are thought to be a counterweight to Soviet "hawks," particularly to the Soviet military. In fact, some of the most influential members of the institutes are military officers who are leading Soviet strategists and theoreticians; other members occupy high-level positions within the Party structure. The institutes are an illustration of the fusion of Party and state and of the Party's control and domination of elites, described by Cmdr. Steve Kime, USN, in the article beginning on page 54 of this issue. Their function is to play a major role in "the struggle for the victory of world socialist revolution." A primary means for achieving that victory, explained in a book published by IMEMO in 1965, is "to force the imperialists to general and complete disarmament."

THE RISE OF THE SOCIAL SCIENCE INSTITUTES

In 1966, Marshal V. D. Sokolovskiy and his frequent collaborator, General Major M. I. Cherednichenko, in a carefully timed article entitled "On Contemporary Military Strategy," wrote of the attention being given to military strategy in the United States. The Rand Corp. was described as an "original factor of military thought where engineers, mathematicians, physicists, philosophers, economists, astronomers, and so forth work. The mission of the corporation—the scientific working out of plans for thermonuclear war." They also cited the Hudson Institute and the International Institute for Strategic Studies in London as centers for strategic analysis.

To counter "the aggressive strategy of imperialism" the authors stressed the need for the Soviet Union "to work out the contemporary problems of strategy, both on the theoretical and on the practical plane. . . ." They wrote that "the working out of the theory of military strategy, in essence, represents specific social research." These two Soviet military strategists were advocating that something new be added to the Soviet Party-military structure.

Rarely does anything appear in the Soviet press without a purpose. Party Secretary Brezhnev in his address to the XXIII Party Congress in March 1966 criticized the work of the Soviet social sciences, and demanded improvement. the Sokolovskiy-Cherednichenko article obviously had been coordinated at the highest Party levels to ensure it would coincide with the Party Secretary's criticism. Their article had said:

As in other social sciences, the theory of military strategy is called on to expose pressing problems and tasks and to indicate the valid path of their solution, to serve as a scientific basis of Party policy in questions of protecting the country. It is fully understood that *the deficiencies of social sciences, being printed in our periodical press, are inherent in military strategy as well.* (Emphasis added.)

The Party's Central Committee took remedial action the following year, described in a resolution "On Measures for Further Developing the Social Sciences and Heightening Their Role in Communist Construction." It was noted that "in the era of transition from capitalism to socialism," both Marxist-Leninist theory and the role of the social sciences have become increasingly important. To this end:

• • • intensification of creative work in the sphere of theory is imperative to strengthen the political, economic, and cultural cooperation of the socialist countries and to determine the most effective ways and means *to secure the victory of socialism over capitalism.* (Emphasis added.)

In 1972, just after SALT I was signed, Vadim Zagladin, deputy head of the International Department of the Central Committee, wrote of actions that had been taken to improve the work of the social sciences. He listed the following research institutes as among those whose tasks had been broadened and clarified. The dates they were established are in brackets:

Institute of World Economy and International Relations (IMEMO) [1956].

Institute of Economy of the World Socialist Systems (IEMSS) [1960].

Institute of the Far East (IDV) [1966].

Institute of Oriental Studies (IVAN) [1930].

Institute of Africa (IA) [1959].

Institute of Latin America (ILA) [1961].

New institutes had been formed, also, including the Institute of the International Workers' Movement (IMRD) in 1968, the Institute of Scientific Information for the Social Sciences (INION) in 1969, and the Institute of the United States of America (IUSA) in 1967. As mentioned earlier, IUSA was redesignated the Institute of the United States of America and Canada (IUSA&C) in 1974.

The formation and growth of these Soviet research institutes has coincided with the buildup of the Soviet Armed Forces, and Soviet ability and willingness to project its military power and presence. The actual relationship between the institutes and the Soviet General Staff is a closely guarded secret. However, leading Soviet military strategists have held, and continue to hold, key assignments in the institutes.

THE INSTITUTES' INFLUENCE ON SOVIET POLICY

There is considerable speculation in the US about the role of the institutes in developing or influencing Soviet policy, but no general agreement on the degree or the nature of their influence. One index of their actual or potential importance lies in the linkage between senior officials of the institutes and the Kremlin power structure.

In June 1979, to take an example, a Scientific Council for Research on Problems of Peace and Disarmament was formed under the auspices of the Soviet Academy of Sciences and the State Committee for Science and Technology. The new council is headed by N. N. Inozemtsev, director of IMEMO. Members include Georgiy Arbatov, head of IUSA&C; Yevgeniy Primakov, head of the Institute of Oriental Studies; and Dzerman Gvishiani, Deputy Chairman of the State Committee for Science and Technology. The Council is to coordinate research in the USSR on peace and disarmament and *promote cooperation with foreign scientists.* (Emphasis added.)

The men named above have been working together for years, and have both direct and indirect ties with the top Kremlin leadership. With a few other key individuals, they form an "old-boy" network that appears to have a significant influence on Soviet foreign and defense policies.

Anatoliy Dobrynin, the Soviet Ambassador to the United States since 1962 and now dean of the Washington diplomatic corps, is a major figure in the Soviet power structure. He started as an aeronautical engineer, soon shifted to foreign affairs, and graduated from the Higher Diplomatic School in 1946. Until 1952 he worked in the Ministry of Foreign Affairs and taught at the prestigious Institute of International Relations (MGIMO). Since 1966 he has been a member of the Party's Central Committee.

One of Dobrynin's students at MGIMO was Nikolay Inozemtsev, who graduated in 1949. In 1966, as a result of the shakeup in the social sciences institutes. Inozemtsev was designated head of IMEMO. He is an Academician of the Academy of Sciences and since 1971 has been a Candidate Member of the Communist Party's Central Committee.

Georgiy Arbatov was another member of the MGIMO class of 1949. In 1964 he was cited as one of the primary authors of the Soviet textbook, "Fundamentals of Marxism-Leninism." In 1967 he was named head of the newly formed Institute of the USA and in 1976 became a Candidate Member of the Central Committee. Arbatov accompanied Brezhnev to Camp David during the Party General Secretary's visit to the United States. His articles have appeared in many Western publications, and he has been on network television programs in this country.

A third member of the MGIMO class of 1949 was Vadim Zagladin, now first deputy head of the International Department of the Central Committee. This department operates under the direction of Politburo Candidate Member and Party Secretary Boris Ponomarev. Zagladin has served on the editorial board of USA, Arbatov's monthly journal.

Dzerman Gvishiani, son-in-law of Premier Aleksey Kosygin, is a 1951 graduate of MGIMO. Since 1955 Gvishiani has worked in the influential State Committee on Science and Technology, and since 1965 has been its deputy chairman. He also heads a research laboratory in the Institute of Sociological Research, and recently was elected an Academician. Gvishiani chairs the Scientific Council of the Academy of Sciences on Social, Economic, and Ideological Problems of the Scientific-Technical Revolution, formed in 1972. He works closely with Inozemtsev and Arbatov.

A relative newcomer to the power scene is Yegeniy Primakov, who specializes in oriental studies. In the 1960s he was assigned as the deputy director of IMEMO. In the mid-1970s he was made director of the Academy of Sciences' Institute of Oriental Studies.●

SENSENBRENNER-VOLKMER AMENDMENT TO H.R. 5200

HON. F. JAMES SENSENBRENNER, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SENSENBRENNER. Mr. Speaker, I would like to insert as part of the RECORD a copy of a letter that was forwarded to me from Mr. Paul Lenz, mayor of Alton, Ill., in favor of the Sensenbrenner-Volkmer amendment to H.R. 5200, the Fair Housing Act Amendments of 1980:

OFFICE OF THE MAYOR,
Alton, Ill., May 12, 1980.

Mr. JOHN J. GUNTHER,
U.S. Conference of Mayors,
Washington, D.C.

DEAR SIR: I have read, with considerable dismay, your "Urgent" memo (copy enclosed) relative to the Fair Housing Amendments of 1980.

For the eleven years I've been Mayor of Alton the most difficult barriers I've faced, while trying to represent the interests of Alton citizens, have all been placed by bureaucratic agencies of the Federal Government. The time, talent, and money Alton has been forced to put forth because some person totally unfamiliar with our capabilities, sitting in Washington judging us, have been for the most part a total waste of taxpayers' monies. Needless to say, many cities have had similar experiences.

Is it any wonder then, when a bill is introduced in Congress providing for an Administrative Court, all cities must be shocked. Quoting Congressmen John W. Wydler and Ronald M. Mottl, "We believe that such an Administrative Court review of local zoning violates every principle of sound government because it puts the Federal Government directly into local affairs. Rarely has Congress considered such far-reaching national land-use legislation".

The U.S. Conference of Mayors is totally wrong in attempting to represent the municipalities of this country in legislative matters which defeat the very purpose for which those municipalities were created. If in fact the electorate of any municipality must be governed by an agency so remote that it has no input in the local election process and so self-opinionated that only it can judge the merits of the elected—then we have no need for local government. Incidentally, if that's the case, we also have no need for the U.S. Conference of Mayors.

While I compliment your organization for its lobbying efforts on our behalf, I find your position in this matter totally contrary to the purpose of your existence. As a Mayor of a City in Illinois where the people totally support the section of the State Constitution dealing with Home Rule, I will fully encourage our Congressmen to support the Sensenbrenner-Volkmer amendment. If you are truly representing local government interests, you will reverse your position.

Very truly yours,

PAUL A. LENZ,
Mayor of Alton.●

AMERICANISM ASSEMBLY IN WILLIAMSON, N.Y.

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. HORTON. Mr. Speaker, on May 2, 1980, I was a participant in a moving display of patriotism which culminated "Americanism Week," sponsored by the Williamson, N.Y., American Legion Post No. 394. Retired Army Col. James H. Clark, more than any other person was reponsible for this week of programs on patriotism, history of the flag, and celebration of our great American heritage.

On Friday, May 2, students, faculty, and citizens of Williamson, N.Y., gathered at the Williamson High School to participate in an Americanism assembly. The program included the Williamson High School band, under the direction of George Giroux, playing "America the Beautiful," massing of the colors, singing of "God Bless America" by the high school chorus, and a speech by retired Judge J. Willis Barrett. I was honored to present to Mike Madison, president of the student body, and Dana Wilbur, superintendent, an American flag which had been flown over our Nation's Capitol.

Those assembled were also moved and impressed by a speech on voter apathy by Timothy Urban. Timothy, a student at Williamson Central School, and a runner-up in the New York State oratorical contest sponsored by the American Legion, makes a number of important points about the nature of voter apathy and its potential consequences. Because America faces some of its most serious and pressing problems, I think his view that more Americans must involve themselves through the ballot box, is especially appropriate. I commend his speech to my colleagues. The text follows:

VOTER APATHY

(By Timothy Urban)

By 8:30 Monday morning, everybody must have their head shaved and be wearing their uniforms which will be handed out tonight at 8:00 sharp at the Town Hall. My troops will be coming around to each house Monday morning. Anyone found not following my orders will be imprisoned. Furthermore, I am raising your taxes, a mere forty percent, to help pay for my new summer

estate. Anyone who fails to comply with my orders will be shot.

This could be the condition of the United States in less than one hundred years at the current rate of voter decline. Many of the worlds most infamous dictators, such as Hitler and Mussolini, came to power because of voter apathy. They needed only the support of the few remaining voters to get into office. However, once in office they did as they pleased. If present trends continue, by the year 2079, only 4.4 percent of all the eligible voters will be exercising their privilege to vote. So you see, by not voting, we make it possible for a dictator to rise amongst you.

Just for a moment, let your mind wander back to the mid 1780's. Picture yourself sitting in a small, hard, uncomfortable wooden chair. You are in a large, hot, steamy, stuffy, room in Philadelphia. You and the other delegates are listening to a heated argument between Alexander Hamilton and Thomas Jefferson. The main crux of their argument is whether small farmers and private businessmen, people like us, should be allowed to vote.

Jefferson placed his faith in these people, believing them to be practical and sensible. Alexander Hamilton, however, had radically different views. He believed the common man was too ignorant to run his government. He favored the big businesses, these were the ones he wanted to have the power. Looking out today, we see that despite Jefferson's efforts, it is the big business which has most of the power. But if we aren't, then let's get out to those polls and prove to the rest of the world that we are capable of governing ourselves as Jefferson envisioned.

When the United States became an independent nation in 1776, the only voters in Federal elections were those white males who were 21 years of age or more. However, in 1870, the 15th Amendment to the Constitution was added. This Amendment states that, "The right of the United States citizens to vote shall not be denied or abridged on account of Race, Color or previous condition of servitude." This meant that any male, black, white, yellow or mixed had the right to vote. But, by instituting poll taxes, many people who had the right to vote simply could not afford it. Another practice that cut down even further the number of voters were the literacy tests. These required voters to have a sixth grade education, as evidence of literacy.

It was not until 1964 that the poll taxes were banned. And a year later, the literacy tests were abolished as a result of the Voting Rights Act of 1965. As a result of these two voting measures, the percentage of Southern Black voters rose from 25% in 1957, up to 65% in 1972.

The voting arena was open to women in 1920 with the enactment of the 19th Amendment. The passing of this opened the door to women who had hitherto been prevented from casting a ballot. Now all citizens who were 21 years or more could vote, and with the addition of the 26th Amendment in 1971, all citizens who were 18 or more could vote.

Thus, when studying the Constitution, we find four different amendments protecting our precious right to vote. Why is it then, that as time treads onward, fewer and fewer people are exercising their privilege to vote? State and local residency requirements have been relaxed. Registration in many areas have been simplified. No state has a registration deadline of more than fifty days before the elections. Many areas have postcard or election day registration. And some states, such as California, have even resorted to registering people in McDonald's, and other fast food restaurants.

A small minority of the nonvoters still complain that residency requirements have limited their participation. A survey by the University of California indicated that if election day registration was instituted nationally, the percentages would rise by 6 percent.

However, more surveys point to a growing sense of powerlessness—a feeling that one vote just doesn't make any difference, and that no matter which party wins the election, the result will be the same. Curtis B. Gans, codirector for the Study of the American Electorate states that, "What is occurring is a trend for which the term apathy is too mild a word. There are substantial numbers of Americans who are disenchanted with the political process, disgusted with their leaders, and disillusioned by the failure of both political parties to meet their needs. They are voting with their bottoms, sitting our elections in increasing numbers, as if to say, it just doesn't make any difference." Another voting expert, Austin Ranney of the American Enterprise Institute argues that there are a large number of positive refrainers who are generally satisfied with the way things are.

We the people of the United States are the ones who determine the future of this nation. It is up to us to prevent a tyranny from arising. Remember the saying of Abraham Lincoln, "The ballot is stronger than the bullet?" It is my sincere hope that by the wise use of our precious right to the ballot, which is preserved and supported in the United States Constitution, we may never have to use the bullet to defend our right to the ballot.●

RESOLUTIONS FOR DISAPPROVAL OF THE ADULT EDUCATION STATE-ADMINISTERED PROGRAM

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. GOODLING. Mr. Speaker, on April 3, 1980, the Commissioner of Education published in the Federal Register the final rules for the adult education State-administered program. Pursuant to the changes made in the Education Amendments of 1978—Public Law 95-561. These regulations far exceed the statutory authority which was established in the amendments to the Adult Education Act in that they require under subpart (b), section 166a.51, that a State educational agency "shall employ a competitive process" to determine the best possible combination of agencies, organizations, and institutions receiving grants under the State program.

Nowhere in the statute is there specific direction that the State be given the authority or be required to establish a competitive grant program.

Under section 306 of the act, as amended, the State must describe in its plan the procedures that it will use to insure that there will be adequate consultation, cooperation, and coordination among the State educational agency, the State manpower service councils, the State occupational information systems, and other agencies, organizations, and institutions in the State which operate employment training programs or other educational training programs for adults.

Section 306 also requires that the State describe the means by which the delivery of adult education services will be expanded through the use of agencies, institutions and organizations other than public school systems, such as business, labor unions, libraries, institutions of higher education, public health authorities, and antipoverty programs, and the community organizations.

Finally, section 306 requires that the State plan describe the means by which representatives of business and industry, labor unions, public and private educational agencies and institutions, churches, fraternal and volunteer organizations, community organizations, State and local manpower and training agencies, and representatives of special adult populations, including residents of rural areas, residents of urban areas with high rates of unemployment, adults with limited English, language skills, and institutionized adults and other entities in the State concerned with adult education have been involved in the development of the plan.

Nowhere in the Adult Education Act, as amended, is there specific reference to the fact that a State must establish a competitive process in determining who should receive the grants under the State-administered grant program. This is another example of excessive overregulation which reaches far beyond the intent of the Congress. It is clear that a State can survive the safeguards that there will be adequate consultation and involvement from all organizations interested in the adult basic education program, without requiring that the State alter its structure of administering these grants by establishing competitive grant process.

On this basis, I urge my colleagues to support this resolution of disapproval and request that the Office of Education rewrite this section so that it accurately reflects the intent of the Congress.●

THE SPIRIT OF HELSINKI, VIGIL 1980—IDA NUDEL EXEMPLIFIES THE SPIRIT OF HELSINKI

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. LENT. Mr. Speaker, I am honored and privileged to join in Vigil 1980, thus helping to center the attention of my colleagues on the importance of assisting the thousands of Soviet Jews who are cruelly persecuted solely for their efforts to seek the

freedom to practice their religion in the country of their choice.

The Soviet regime has been relentless in its oppression of the human rights of these unfortunate human beings. But the Soviet leaders have outdone themselves in their unsuccessful efforts to smother the noble spirit of Ida Nudel. And it is her plight that I want to direct to your attention today as a graphic illustration of the need for all of the support that we in this Chamber can provide.

Nearly a decade ago, the Soviet regime coldly refused Ida Nudel permission to emigrate to Israel, although her husband and her sister were given visas. This is a familiar and particularly cruel Kremlin tactic of separating families. The official reason given for denying Ida Nudel her visa was that she possessed "state secrets." What a travesty. Her work dealt with hygiene standards in food stores and control of infection in foods. Ida herself said, "The biggest secret I had was in knowing where the mice build their nests."

In the 9 years since that first denial, Ida Nudel has sought time and again to get her visa. Beyond that, with great compassion and courage, she did everything she could to assist other Soviet Jews attempting to emigrate. Her devoted efforts on behalf of these refuseniks and prisoners of conscience won her acclaim as the "Guardian Angel of Moscow" and the "Mother of the Prisoners."

These efforts also caused the Kremlin to intensify its persecution of this innocent woman. In 1978, the Soviets sentenced Ida Nudel to 4 years in exile in the bleak Siberian wasteland for the crime of displaying a banner from the balcony of her Moscow apartment which read: "KGB, Give Me My Visa."

This increased persecution only increased Ida Nudel's efforts for freedom. Despite her isolation and despite personal threats and even physical violence against her, she continued to demand that the Kremlin give her the visa. Since adopting her as my prisoner of conscience, I have written a letter each week to Soviet leaders demanding her freedom and have attempted, with limited success, to get our own Department of State more actively involved in efforts to free her.

But, recently I have learned that still further persecution is being inflicted upon this amazingly courageous woman. A new campaign of vilification has been launched through a poisonous, false article in a Siberian newspaper. Ida Nudel fears the campaign is designed to arouse against her the populace of the small Siberian village in which she is exiled.

I have protested this new persecution in a personal message to Soviet General Secretary Leonid Brezhnev—a protest in which, I am happy to report, 56 Members of the House have joined. We also are seeking more assistance from the Department of State.

But, with astonishing courage and determination, overcoming all thought of personal danger, Ida Nudel, herself, is fighting this libelous slander through the Soviet legal system. Ida told her sister: "I'm determined to go to court * * * I must deal with this stupid article * * * I might even get sentenced again myself, but that doesn't matter anymore."

Mr. Speaker, what a demonstration of indomitable spirit. Truly, Ida Nudel's brave and lonely struggle for freedom exemplifies the spirit of Helsinki and should inspire all of us who enjoy freedom to come to her assistance and to the assistance of the thousands of other Soviet Jews denied their human rights.

Let us in this Vigil 1980 send the Kremlin the unmistakable message that we who support the cause of human rights will never relax in our efforts until the Soviet Jews who desire religious freedom and who seek the free air of Israel gain those freedoms guaranteed so solemnly in Helsinki in 1975.●

INSTITUTE FOR POLICY STUDIES' INFLUENCE ON U.S. FOREIGN POLICY: PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. McDONALD. Mr. Speaker, we are continuing with the excellent examination of the operations of the Institute for Policy Studies—IPS—and its programs written by Dr. Rael Jean Isaac and which appeared in the publication of the National Committee on American Foreign Policy.

THE IPS EMPIRE

IPS has created its own empire, its own version of the multinational corporation. IPS established the Transnational Institute (TNI) because it recognized "that the social and political problems of the United States . . . are in fact part of larger global problems." More prosaically, IPS found a foreign-based operation a more convenient way to establish working contacts with a host of international "liberation" groups. The former head of TNI, Tariq Ali, could not even enter the United States: According to Newsweek of January 14, 1974, he has also been barred from entering France, India, Japan, Turkey, Thailand, Hong Kong, and Bolivia. IPS also has a Canadian affiliate. Within the United States there are now a substantial number of IPS subsidiaries, most with independent funding setups and interlocking staffs. Among them are the Foundation for National Progress, which publishes Mother Jones, a mass-circulation magazine that few realize is connected to IPS; the National Conference on Alternative State and Local Public Policy, which has attracted a large number of former new-left activists who have moved into the lower levels of government; the Institute for Neighborhood Studies; the Bay Area Institute, which controls the Pacific News Service, an allegedly "independent, nonprofit source of news and analysis"; the Cambridge Policy Studies Institute; and the Institute for Southern Studies, which, according to its own literature, "is systematically collecting, evaluating, and disseminating data on the operations of over 400 corporations in the South."

IPS RETURNS TO THE FEDERAL BUREAUCRACY

Many of the leading figures of IPS were originally government officials in responsible positions who left the government because they were disillusioned with prevailing policy assumptions. Under the Carter administration there has been a reverse movement, as individuals linked to IPS, its subsidiaries, and closely related groups (like the Center for National Security Studies and the North American Congress on Latin America) have moved into government, especially into the National Security Council, the Department of State (not surprisingly, they are attracted to the "human-rights" sector), and ACTION, which controls various social-action programs. It was presumably to this cadre that Senator Moynihan referred when he urged President Carter to demonstrate his seriousness about adopting a more realistic policy toward Soviet expansion by dismissing those of his appointees who held the reverse perspective and were responsible for implementing policy.

IPS CONQUERS LIBERAL MEDIA

The return of IPS to government is a symptom of the institute's greatest triumph: winning legitimacy. The institute has succeeded in reaching out to an audience beyond policymakers. It has established cooperative programs with leading universities. IPS now runs its own "Washington School," offering courses by present and former congressmen, Institute fellows, and government bureaucrats. IPS makes its own documentary films. IPS fellows have produced a veritable avalanche of publications, some published by IPS, many by major publishing houses. Although "progressive" journals are, of course, open to them, mainstream publications like Harpers, Atlantic, The New Republic, and many daily newspapers have published the essays of IPS fellows.

The most disturbing indication of IPS's increased legitimacy is that it has practically become an institutional columnist for The New York Times. For example, in the three-month period between March 1 and June 1, 1979, The New York Times published an article by Peter Weiss, five articles by Eqbal Ahmad, an article by Fred Halliday, and an article by Marcus Raskin. Not surprisingly, IPS staffers use the Times space to attack every United States ally in the third world, from Israel to Indonesia to Morocco, to glorify terrorist groups or countries that have openly gone over to the Soviet bloc, and to justify Soviet actions, including the invasion of Afghanistan. The Times identifies IPS simply as "a research organization based in Washington, D.C.," when it identifies it at all.

IPS AS SUPPORT SYSTEM FOR SOVIET POLICIES

This brings us to the most serious aspect of the institute's work, its role as a support system for Soviet policies. Brian Crozier, director of the Institute for the Study of Conflict, says bluntly that IPS is the "perfect intellectual front for Soviet activities that would be resisted if they were to originate openly from the KGB."[1]

In some cases this presumably is a conscious decision. Orlando Letelier, who directed IPS's Transnational Institute and was murdered by Chilean agents, was apparently a paid agent of Cuban intelligence, the

[1] "Power and National Security," National Review, February 2, 1979, p. 166.

DGI, which is tightly linked to the Soviet KGB. Letelier used his position at the institute to act as an "agent of influence" on Capitol Hill, as papers found in his briefcase at the time of his death make clear.[2]

And yet intent to promote the interests of foreign powers does not have to be assumed in order to explain what IPS does. If we take seriously the assumptions of Raskin's Being and Doing, the Soviet Union, scarcely an anarchist's paradise, is no better than the United States. The problem is that for IPS to have any hope of moving forward in "dismantling the national-security state" and inaugurating the perfect "reconstructed" society, it must allay fears about the Soviet Union. For if the Soviet Union were building up its own national-security system, we would need intelligence agencies, an army, advanced technology—the very things IPS wants to eliminate (the first two) or reduce (the third). IPS is forced to explain aggressive Soviet behavior in terms of the Soviets' perception of threat from the United States. In the IPS analysis, unilateral United States disarmament and acceptance of Soviet actions in Africa, Asia, Europe, or Latin America actually enhance United States security. By easing Soviet fears, such acceptance reduces the likelihood of further seemingly aggressive Soviet moves. Dismantling the national-security state thus becomes the best security option, ensuring the possibility of peaceful utopian collectivism in the land mass now organized as the United States.

But whatever motivation or mixture of motivations animates the fellows of the Institute for Policy Studies, what is important is that it is impossible to distinguish between the goals of such obvious Soviet fronts as the World Peace Council and the institute. Surely, when the intellectual-political history of the 1970s is written, not the least remarkable feature of the period will be that an institute openly avowing as its goal the dismantling of the state should have (1) convinced a sizable number of legislators to pursue legislation designed to do precisely that, (2) succeeded in obtaining the appointment of sympathizers to key government position, (3) managed to become an organization of trusted "experts" whose input into policy is considered to be serving the public interest, (4) won acceptance by "establishment" media as a source of a significant perspective on public policy.●

A TRIBUTE TO J. R. LIVESAY, CHAMPION OF THE FIRST AMENDMENT

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. DANIEL B. CRANE. Mr. Speaker, it is my pleasure to be acquainted with a gentleman whose reputation as a dedicated, professional broadcaster is known throughout the U.S. radio industry. His name is Ray Livesay, and I consider it my good fortune to have him as both a constituent and personal friend.

During this month of May, which is National Radio Month, Mr. Livesay will be celebrating the 30th anniversay of personally broadcasting a daily, 15-minute radio editorial commentary on radio station WLBH in Mattoon, Ill. This is an achievement which cannot be matched by anyone else in this country's broadcasting history, to the best I have been able to determine.

Most people would consider this singular achievement a full-time job and a very admirable contribution by one individual to the broadcasting industry. And, in reality it is, when one considers the research, preparation and delivery of over 7,800 15-minute editorial programs broadcast each day, Monday through Friday, for 30 years. However, this is not the case with Ray Livesay.

During his entire adult life, with the exception of a few years active duty in the U.S. Navy during World War II, Mr. Livesay has devoted full time to radio. Over the past 45 years, in addition to his 30 consecutive years of radio editorializing, Mr. Livesay has testified upon numerous occasions before congressional committees in both this House and the Senate concerning both national and international broadcast matters. He has been ever willing when asked to assist our U.S. State Department in negotiating international radio treaties. This has included negotiations with neighboring Mexico and, most recently, he accompanied members of the Federal Communications Commission and U.S. State Department to Buenos Aires, South America where representatives from 28 countries met to discuss possible future radio frequency allocations in the AM broadcast spectrum throughout region 2 which consists of North and South America.

For years, "Mr. Daytimer"—as he is referred to and known throughout broadcast circles large and small—has headed the Daytime Broadcasters Association—DBA—which represents the interests of this Nation's over 2,300 daytime radio stations, many of whom would like to serve their communities with local full-time broadcast service if given the opportunity.

Nationwide, his fellow broadcasters have demonstrated their confidence in his qualities of leadership by electing him to represent them on the National Association of Broadcasters board of directors four times, a total of 8 years. He is presently a director on the board of the National Radio Broadcasters Association and has served in this capacity for the past few years.

In his home State of Illinois, his fellow broadcasters who know him best—some of whom compete with him on a daily basis spoke louder than words when they named him Illinois Broadcaster of the Year in 1969—the very first year this prestigious award was ever presented to any Illinois broadcaster. He also was instrumental in founding the Illinois Broadcasters Association, and is a charter member and past president of the organization; Mr. Livesay is also a private pilot with over 4,500 hours of flying experience; he is an expert first class FCC License radio engineer; he has been a most active civic leader; for years he has served on the council of his local church and I could continue to elaborate.

However, the main point I wish to stress is this one man is a prime example of the type of individual who, during a lifetime of hard work, dedication to principle, loyalty, and honesty has made a tremendous contribution to broadcasting in these United States. He continues to give unstintingly of himself and of his talents in the cause of better broadcasting in America. I, as so many, highly admire and respect Ray Livesay's integrity, and I appreciate this opportunity to sincerely commend his meritorious and outstanding service. Ray Livesay is indeed a very rare individual who is a broadcasting legend in his own time.●

THE WOUNDS OF VIETNAM

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. WYLIE. Mr. Speaker, I am privileged to be a cosponsor of House Joint Resolution 431, which would authorize the construction of a Vietnam veterans' memorial here in the Nation's Capital. This idea was recently featured by James J. Kilpatrick in one of the most thoughtful pieces one of my favorite columnists has produced. I share that column with my colleagues, and invite those who have not yet joined the more than 190 Members of our body as cosponsors to do so.

The article follows:

THE WOUNDS OF VIETNAM

There were no parades when the veterans of Vietnam came drifting home. No bands, no speeches in the park, no heroes' welcome marked the end of a long war and a lost cause. For the most part, the survivors of Vietnam got the silent treatment: So you served in Vietnam? Forget it.

A decade after the war's end, this shameful experience may be in part redressed. Congress is about to complete action on a bill authorizing a memorial here in Washington to the 2.7 million who served in Vietnam, and especially to the 57,661 who died there. If ever a patriotic cause merited universal support, this is such a cause.

It is said that the war in Vietnam was the most unpopular war our nation has ever waged, and probably this is true. The Civil War claimed a heavier toll in dead and wounded, but it came to an honorable end. A thousand courthouse towns, North and South, erected statues to the Union and Confederate dead. Veterans of the Civil War had a certain standing in their communities.

Almost no one ever had a good word to say about our agony in Vietnam. In the beginning, many of us supported the commitment. It seemed an altogether moral and honorable act for the great and powerful United States to come to the aid of a small and almost defenseless ally.

But in time it became apparent that the Johnson administration's aimless purpose

[2] See "Information Digest," April 22, 1977, Accuracy in Media, AIM Report, February 1977, Part 2, and March 1977, Part 1, and Institution Analysis #9, "The New Left in Government: From Protest to Policy Making" of the Heritage Foundation, p. 36.

was to wage the war but not to win it. Even the small enthusiasm faded. And meanwhile, on college campuses across the nation, violence erupted. Thousands of young men turned into draft evaders; hundreds went to prison. This war was not "unpopular." This war was despised.

And perhaps the saddest aspect of the whole miserable experience came later, when hostility to the war somehow got transferred to the men who served in it. Veterans who used their G.I. benefits to take college courses tended to be shunned by their fellow students. An infamous colloquy made the rounds:

"How did you lose your arm?"

"Lost it in Vietnam."

"Serves you right."

No memorial ever can make up for this shabby treatment, but the current effort will try. The venture is largely the product of one man's determination. Jan C. Scruggs was wounded while fighting with the infantry in Vietnam in 1969 and 1970. He is now a specialist with the Department of Labor.

Last year he rounded up a small band of fellow veterans. They formed a nonprofit foundation to raise funds by public subscription to finance an appropriate memorial—not as a political statement of any sort, but simply as a symbol of reconciliation and remembrance.

Sen. Charles Mathias of Maryland went to work in the Senate. Two weeks ago he brought off a remarkable feat: All 100 members of the Senate came on his bill as cosponsors. The measure now is pending in the House, where John Paul Hammerschmidt of Arkansas is pushing for early action. By the end of this month authorization may be completed.

The sponsors do not envision anything very monumental. The bill would set aside two acres on the mall near the Lincoln Memorial. There would be a piece of sculpture, to be approved by the National Commission of Fine Arts. The area would be serenely landscaped. A memorial wall would bear the names of the dead.

No tax funds are sought for the memorial itself. The venture is essentially private, which is as it should be. Once the necessary funds are raised and the memorial is completed, the Park Service will take over maintenance and Scruggs' small foundation will go out of existence.

In the 16 years I have been writing this column, I don't believe I ever have urged contributions to a particular cause. I do now. Tax-deductible gifts should be made to the Vietnam Veterans Memorial Fund, 1025 Connecticut Avenue, N.W., Washington, D.C. 20036. The bitterness engendered by Vietnam may never be forgotten. The sacrifice at least should be remembered.●

MARGINS ON FUTURES CONTRACTS

HON. NEAL SMITH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SMITH of Iowa. Mr. Speaker, since the very visible activities of the Hunts in the silver market and the huge increase and decline in silver prices, there has been a renewed interest in the commodity futures markets, a recognition of their tremendous importance, and several new proposals relative to curbing abuses which do or could occur. I still think that the basic tools we need are provided in the Commodity Futures Trading Commission Act, of which I was the principal author, and that what we need now is a good independent commission with the financial and technical support necessary to properly implement that act. There is no satisfactory substitute for daily surveillance of the exchanges themselves. Primary responsibility must still remain with the exchanges but they, in my opinion, need to know that they are being watched and that if they fail to carry out their responsibilities to the public, there is an agency which can take action.

One of the recent proposals that has attained considerable attention has been related to setting margins on commodity contracts. It is understood that there was even consideration given to increasing margins as an anti-inflation action. This would have been inflationary instead of deflationary because it simply does not work the same as margin requirements for those buying common stock.

A recent statement relative to margins was made by Dr. Mark Powers at an April 21 luncheon sponsored by the Futures Industry Association. I stress that I do not agree with all of his conclusions; however, I think he does present forcefully a particular point of view and I do agree with a good many of the statements that he makes. I think his statement on this important subject is worthy of consideration of those who are interested in this subject matter and I include it in the RECORD so that others may have an opportunity to read it:

COMMODITY MARGINS—WHOSE RESPONSIBILITY

(By Dr. Mark J. Powers)

Thank you Mr. Stotler, ladies and gentlemen, Chairman Foley. I'm delighted to be with you here today to discuss a most timely topic namely who should have responsibility for the establishment of margins on commodity futures contracts. This topic arises out of the aftermath of the recent episode in silver futures trading. My purpose in discussing this issue with you today is to try to identify some of the issues that have arisen and to put them in the proper perspective.

As I thought about how to present my ideas today I thought the most useful way was to ask myself the questions I would ask if I were in your position as a legislative assistant or as an elected representative who needed to make a decision on these issues.

Let me turn to the questions:

QUESTION 1: HOW DO MARGINS WORK IN THE COMMODITIES MARKET?

When a customer enters into a futures contract either as a buyer or as a seller he must have on deposit with his broker a specified amount of money required by the exchange where the contract is traded. This deposit is called initial or original margin. The money belongs to the customer and is segregated from the funds of the broker. The broker in turn deposits these margins at the exchange clearinghouse. Each day the contracts carried with the exchange clearinghouse are marked-to-the-market and the margins on deposit are adjusted accordingly. This daily marking-to-the-market protects the financial integrity of the entire system permitting the margins on deposit to be kept small in relation to the value of the contracts.

The amount of margins required by the exchange varies from one commodity to another depending upon its price volatility. The exchanges have authority to adjust margins on short notice and raise or lower margins especially when prices are volatile.

Exchanges usually require higher initial margins on speculative accounts than on hedging accounts. The reason is that hedge accounts have a smaller financial exposure to price change because by definition the intent of hedging is to use the futures as an offset for risk on cash positions.

Margins are also lower on intramarket spread transactions (long one month short a different month in the same commodity contract). The risk exposure on intramarket spread positions is usually less than that on outright positions.

Maintenance margins

In addition to setting the minimum level for initial margins the exchange has set a minimum maintenance margin level for each commodity. This is the amount the customer must maintain in his account at all times. Generally it is about 75 percent of the initial margin. As long as the customers equity (his cash deposit in his account plus or minus his gain or loss in open trades) is not below the maintenance level no further margin level is required. However, if his equity drops below that level he must deposit sufficient funds to bring his margin back to the initial level.

Variation margin calls

Calls from the broker to the customer for additional funds to bring the equity back to initial margin levels are called variation margin calls.

Acceptable margin deposits

Cash is preferred as initial margin although T-bills may be permitted in particular situations.

Only cash is permitted for variation margin calls. These variation margin calls represent losses on futures positions.

By the same token variation margin credits belong to the customer. Futures trading is a zero sum activity. The daily profits of one trader come from daily losses of other traders and this money is transferred daily to and from the clearinghouse and to and from the individual customer accounts.

QUESTION 2: WHAT IS THE PURPOSE OF COMMODITY MARGINS AND HOW DO COMMODITY MARGINS DIFFER FROM SECURITY MARGINS?

The purpose of commodity margins (the word margin is a misnomer they really should be called security deposits) is to act as a good faith guarantee that the individual who entered into the commodity futures transaction will perform his duties as called for under the terms of the contract. These security deposits are not down payments. Both the buyer and the seller are asked to post these funds. Their purpose is to secure the financial integrity of the transaction.

The purpose of Federal Reserve margin on securities is to prevent excessive use of credit. When someone purchases stock on margin there is an actual transfer of property rights. The seller is paid in full for the stock he has sold to the buyer. If the buyer does not have sufficient funds to pay for the stock in full he borrows the rest through his margin account. Thus, net purchases of stock on margins generate credit and add to the national money supply.

Stock margin requirements have three effects. They limit credit, they limit the volume of purchase on credit, and they limit

the individual level of borrowing for purposes of purchasing securities.

The use of margin by the Federal Reserve is a selective instrument in credit controls. It supplements the other powers they have. They can raise margins without tightening other credit. Generally they have raised margins when prices increase and seldom have they had margins below 50 percent.

In the case of commodity transactions no credit is created and no property rights are transferred. Both parties to a transaction have entered into a promise that at a later date they will transfer property rights to the actual commodity. In the meantime both sides have been asked to post a security deposit at the exchange to affirm the contractual obligations they have undertaken.

QUESTION 3: WHO HAS RESPONSIBILITY NOW FOR COMMODITY MARGINS?

The exchanges have responsibility for establishing commodity margins and for changing them from time to time. Congress has reaffirmed the wisdom of this arrangement a number of times through the years. Each time when the issue has been addressed Congress has determined that it is in the best interest of the public for the exchanges to retain control over the establishment of commodity futures margins.

However, the emergency powers of the CFTC have been construed as giving the CFTC authority to establish margins when the CFTC declares an emergency in the market. They have used that power once in the fall of 1977 when they established a 100 percent margin on November potatoes.

QUESTION 4: WHAT IS THE OBJECTIVE OF THOSE WHO WOULD REMOVE THE RESPONSIBILITY OF SETTING MARGINS FROM THE EXCHANGES AND TRANSFER THAT POWER TO AN AGENCY OF THE FEDERAL GOVERNMENT?

From all that I have been able to discern in talking to various people interested in this issue and reading newspaper reports it seems that there may be several objectives that various groups believe might be accomplished.

Some feel that placing margin control with a governmental agency would help to control inflation. They believe that low margins cause excessive speculation and that excessive speculation is an engine of inflation. They would use margins to affect the price level. If they thought prices were too high they would adjust margins accordingly. In reality no one knows what constitutes excess speculation. More importantly commodity prices are not the engine of inflation; they measure the heat of the engine.

Some feel that the objective would be to reduce price fluctuations in the prices of the various commodities. I know of no evidence that suggests that higher margins actually reduces price fluctuations. Indeed in the short run I rather suspect that higher margins may be closely associated with wider price fluctuations as people who are affected by those changes in margin scramble to reduce or eliminate their market positions.

Some feel the objective of changing the responsibility for setting margins is to limit participation in the futures markets. The assumption here is that a government agency would establish margins at a higher level than those established by the exchanges. Certainly experience and common sense suggests that higher margins would reduce the participation in the markets.

Some feel the purpose would be to protect brokerage houses from overextending themselves in carrying customer positions. In my view, if that is a real fear, the use of margins to accomplish such an objective is the wrong tool.

When all of the objectives are boiled down they come down to two fundamental points. First, that government established margins would be higher than those established by the exchanges and, second, that the fundamental purpose of margins would not be to protect the financial integrity of the price discovery institutions. Rather, they would be used to influence prices or people's desire to do business.

QUESTION 5: IS SUCH A CHANGE IN THE LOCUS OF MARGIN RESPONSIBILITY REALLY IN THE PUBLIC INTEREST?

To answer this question one needs to look at the costs and the benefits of a change from the private establishment of margins to public establishment. Let's turn our attention first to the cost side.

Costs

1. Margins established at higher levels than those necessary to maintain the financial integrity of the futures system will tend to raise the costs of marketing our products. Thus the objective of those that would raise margins in order to help fight inflation would not be met. High margins increase the cost of hedging. There is an interest cost for margin money posted with the broker. The higher the margin the higher this opportunity cost. There is also an execution cost associated with commodity transactions. Execution cost is measured by the spread between the bid and the ask prices and the size of that spread is directly related to the amount of participation in the market. High margins result in reduced participation in the markets, wider spreads and higher hedging costs. These higher hedging costs get passed back to producers in the form of lower prices or forward to consumers in the form of higher prices. The size of these costs is difficult to know, but the direction of the change is not difficult to discern.

A disruption of the marketing system

A second major cost that would emanate from a change in the margining system has to do with the tremendous disruption there would be to our marketing and distribution system.

The marketing system that has evolved for agricultural products over the last hundred years is a system that closely integrates the price discovery process of the futures market into the pricing in the cash system. If the markets should become less liquid and hedging should become much more expensive it is very likely that many of the institutional arrangements that have evolved over the years will be altered significantly. Many of the forward contracting devices that have been established by local grain elevators and major meat packing firms will be discontinued or made less available to small operators. The cost of marketing agricultural products will increase accordingly. The overall cost to the economy could be enormous.

Although it is difficult to know at this stage precisely what would be the overall impact it is highly likely that the very large firms will benefit most. The smaller firms will find it much more difficult to compete simply because it will be too costly for them to use the futures market as a means of efficiently managing their risk. Many of the forward contracting and forward pricing devices that currently exist in agriculture exist only because the risks associated with those institutional arrangements can be laid off efficiently and at low cost through the commodity futures markets.

Administrative costs

A third cost that must be considered are the costs associated with administering margins. There are approximately 64 different contracts listed on the exchanges. Most exchanges make a distinction in their margining policy between hedgers and speculators. Further most exchanges make distinctions between spread transactions and outright positions in the market. When one considers the various combinations and permutations of margins for these different contracts it becomes obvious that there are several hundred different margins that must be established. It is virtually impossible to establish these margins through a pre-established formula.

The establishment of margins is not solely a science. It does require some art. No governmental agency no matter how responsible or how enlightened, and there are some that are both responsible and enlightened, will be sufficiently responsive to the needs of the marketplace to make the decisions on margin frequently enough or fast enough. Further, the data necessary to make correct decisions on margins does not at present reside with any governmental agency. The exchanges are in a much better position, have faster access to the data (on volume, open interest size and ownership of positions, cash market activity, etc.) and a better understanding of the meaning of the data to make responsive and necessary changes in margins.

Benefits

When I turn to the benefit side of this equation I'm hard pressed to find very many benefits that would accrue to the public. At best I believe regulators and elected representatives might get some degree of comfort from knowing that they have control over margins. Such control would be a security blanket for them but a very costly, tattered and torn blanket. It would provide a false sense of security.

Certainly I see no benefit to consumers in providing margin control to a governmental agency. I see no benefit to producers and I see no benefit to the price discovery process. Indeed, I think the price discovery process would be less efficient than it is under the current system.

QUESTION 6: WHO IS BEST EQUIPPED TO HANDLE THE SETTING OF MARGINS AND WHAT IS THEIR RECORD?

In my view exchanges have better and faster access to the correct data and to the expertise for interpreting that data than any governmental agency could ever hope to have. Exchanges have proven, if past history is any guide, that they can and will raise margins when it is necessary to do so in order to protect the financial integrity of the marketplace. The record also suggests that when exchanges have raised margins participation in the marketplace and the total volume of trading did decrease. This is precisely as one should expect and indeed is quite in line with some of the objectives voiced by proponents of giving margin control to the government. But the fundamental objective of the exchanges in raising of margins was not to affect prices or to reduce price fluctuations or to limit participation, it was to protect the financial integrity of the price discovery institutions. The reduced participation was a result not an objective.

The government agencies simply cannot be responsive in a timely fashion. Further, they will be very reluctant to lower margins when it is appropriate.

QUESTION 7: WHAT DID WE LEARN ABOUT MARGIN CONTROL FROM THE RECENT SILVER SITUATION?

It would be naive and foolish of me to stand here and suggest that all was well in

the commodity futures industry and that there were no problems in the industry during the recent run-up and subsequent collapse of silver futures prices. Judging from the reports I've read the industry was very close to some very major problems during the collapse of silver prices. And these problems threatened to spill over into other areas of the financial community. So there can be no denying that potential problems did exist and through fast action and good judgment and most importantly a very resilient and capable futures system a disaster was diverted.

But the question remains. "Would the imposition of higher margins or the control of margins by another agency have made any difference?" In my view the answer is a resounding "no". Margins were raised regularly and to very high levels by the exchanges. Some individual brokerage houses raised margins faster and higher than did the exchanges. The result was that participation in the market dropped but prices continued upward and became more volatile. The market became extremely thin.

The problems that arose and that most people seem to have focused on centered around questions of business judgment—judgments made by particular brokerage houses with respect to the size and extent of the business those houses wished to conduct with particular individuals. In hindsight, it seems relatively easy to point out that several houses over-extended themselves and became too involved with a few customers given the capital of the brokerage house. I see no evidence or suggestion that changing the margining system or raising margins would have had any impact on this aspect of the problem.

It is dangerous and fruitless to believe that we can legislate good business judgment. We cannot. We however, take a look at business practices within the industry and the rules and regulations of the exchanges governing the capital requirements of its members and the concentration of positions carried by members with a given amount of capital. Focusing attention in this area will strengthen the entire commodity brokerage industry and in the long run help protect the integrity of the futures system.

QUESTION 8: SHOULD ANY DISTINCTIONS BE MADE BETWEEN MARGIN CONTROL FOR AGRICULTURAL COMMODITIES AND FINANCIAL FUTURES?

The answer is no. The answers given above relate equally to financial futures. The financial futures markets are used for hedging. They do contribute to the information processes and they do help strengthen our capital intermediation service system. Although there are other ways of hedging than through futures, the financial community finds that the futures is a more efficient and less costly means of hedging than through the matching and adjustment of cash positions.

QUESTION 9: WHY NOT GIVE THE FED STANDBY AUTHORITY TO SET MARGINS ON FINANCIAL FUTURES WHEN THEY FEEL IT APPROPRIATE?

As noted above, the CFTC already believes it has that type of emergency power. To also give the authority to the Fed would create added uncertainty as to when, how, and under what criteria the power would be used. Further, standby authority is like being a little bit pregnant. If a government agency has standby authority, someone someday will find an excuse to use it. Given the objectives that many proponents wish to achieve through the margin control, the likelihood is that such authority would be used for some other reason than to maintain the financial integrity of the price discovery institutions. Once the authority is used it will become an additional factor of market uncertainty but not a natural one.

QUESTION 10: SINCE SECURITY OPTIONS ARE MORE SIMILAR TO FUTURES CONTRACTS THAN TO SECURITIES, DO THE ARGUMENTS POSED ABOVE SUGGEST THAT THE FED SHOULD NOT HAVE CONTROL OF THE MARGIN REQUIREMENTS FOR MARGINED SECURITY OPTIONS?

No. A major difference between the trading in security options and futures contracts is that those companies on which options are traded do not have their revenues or costs of doing business affected by the level of margins set by the Fed. Exactly the opposite is the case in futures. As the margins are increased the costs of marketing a bushel of corn or underwriting a bond issue goes up. A delicate balance needs to be kept between providing low cost efficient hedging and price discovery while maintaining the financial integrity of the system.

In summary, I believe the proper place for margin control to rest is with the exchanges. Their past record shows they are responsible and responsive in this area. That is not to suggest that the exchanges do not have an affirmative duty to continue to strive to improve the capital structure of the industry and the system of margining.●

IN SUPPORT FOR SECTION 5 OF THE FEDERAL TRADE COMMISSION IMPROVEMENTS ACT OF 1980

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

Mr. MITCHELL of Maryland. Mr. Speaker, I would like to express my support for section 5 of H.R. 2313, the Federal Trade Commission Improvements Act of 1980. This measure will be considered by the full House in the coming weeks.

In passing section 5 of H.R. 2313, we are removing from the Federal Trade Commission's rulemaking jurisdiction, all matters relating to the business of insurance, including any health insurance plans regulated by State law such as indemnity plans, prepaid health plans, health maintenance organizations, and foundations for medical care.

I am pleased to note that section 5 will end a threat posed by a recent FTC rulemaking proceeding to the Monumental health plan, an important community service in the district. As the Members are no doubt aware, access of inner-city residents to quality health care services is frequently limited severely. Few physicians have their offices in these areas, and other health services are frequently also lacking.

Fortunately for my constituents, the Monumental health plan is providing comprehensive care on a prepaid basis in the community. As a prepaid health plan, it involves the patient in an integrated package of preventive medicine, treatment for illnesses, and health maintenance. Because many of the plan's physicians and staff are also from the inner city, they have a special awareness of the unique medical needs of my constituents.

The recent FTC proposed rule concerning physician control of Blue Shield and other open panel prepayment plans threatened the very existence of Monumental health plan and all other similarly organized plans in which community based physicians control the plan's policies.

I believe the FTC staff was mistaken in applying its analysis to plans of Monumental's type. Despite what I find to be substantial clear evidence that plans like Monumental increase competition in the health care services market, the FTC staff felt that those plans were anticompetitive. I am pleased, therefore, that today's bill will remove the cloud created by the FTC rulemaking proceeding and allow Monumental and other prepaid health plans to continue to serve their communities in a responsible manner.

THREE VIEWS ON NUCLEAR WAR

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. BROWN of California. Mr. Speaker, as we debate the fiscal year 1981 defense budget, and the side issues of defense policy, foreign policy, and SALT treaties, it is useful to consider the core of all this debate—which is the role of nuclear weapons and nuclear war.

Recently I came upon a deceptively simple editorial in Chemical & Engineering News which consisted solely of three letters. Without further comment, I commend these three letters to my colleagues:

[From the Chemical & Engineering News, May 5, 1980]

FEBRUARY 10, 1980.

TO PRESIDENT CARTER AND CHAIRMAN BREZHNEV: As physicians, scientists, and concerned citizens, alarmed by an international political climate that increasingly presents nuclear war as a "rational" possibility, we are impelled to renew a warning, based on medical and scientific analyses, that:

Nuclear war, even a "limited" one, would result in death, injury, and disease on a scale that has no precedent in the history of human existence;

Medical "disaster planning" for a nuclear war is meaningless. There is no possible effective medical response. Most hospitals would be destroyed, most medical personnel dead or injured, most supplies unavailable. Most "survivors" would die;

There is no effective civil defense. The blast, thermal and radiation effects would kill even those in shelters, and the fallout would reach those who had been evacated;

Recovery from nuclear war would be impossible. The economic, ecologic, and social fabric on which human life depends would be destroyed in the U.S., the U.S.S.R., and much of the rest of the world;

In sum, there can be no winners in a nuclear war. Worldwide fallout would contaminate much of the globe for generations and atmospheric effects would severely damage all living things.

Therefore, in the interests of protecting life, we appeal to you to: Defuse the current tensions between our countries, ban the use of all nuclear weapons, and recognize the threat posed by the very existence of our enormous nuclear arsenals, and begin dismantling them.

We urge you to meet with us to discuss the medical consequences of nuclear war. We urge all physicians in the U.S. and the U.S.S.R. to join us in this appeal.

PHYSICIANS FOR SOCIAL RESPONSIBILITY.

MARCH 20, 1980.

TO PHYSICIANS FOR SOCIAL RESPONSIBILITY: I have studied your statement "Danger—Nuclear War" and I fully share your concern as scientists for the fate of mankind in connection with the danger of nuclear war. Since the time when the atomic energy was first used for military purposes the Soviet Union consistently stands for banning these and all other weapons of mass destruction and annihilation.

The U.S. scientists can substantially contribute to the explanation of disastrous consequences for mankind of a nuclear conflict between the U.S.A. and the U.S.S.R. which would inevitably assume a global scale. Such explanation will further strengthen the will and activity of those who come out for stopping the arms race, for maintaining normal relations between all the countries including, of course, the U.S.A. and the U.S.S.R. You may rest assured that your humane and noble activities aimed at preventing nuclear war will meet with understanding and support in the Soviet Union. With best wishes of success,

LEONID BREZHNEV.

APRIL 25, 1980.

TO PHYSICIANS FOR SOCIAL RESPONSIBILITY: Your statement on the danger of nuclear war is a grim reminder of the almost incalculable price the world would pay in the event of nuclear conflagration. By describing so forcefully the terrible human costs of nuclear catastrophe, you have made a valuable contribution to its prevention.

The task of preventing nuclear war is the responsibility of all the nations of the earth. But it is a special challenge to the wisdom and statesmanship of the two nuclear superpowers, the United States and the Soviet Union. In a period of heightened tensions, it is all the more important to have reliable constraints on the competition in nuclear arms. Equitable and verifiable limitations and reductions in nuclear arsenals are crucial—not only to the national security policy of the U.S., but also to the peace and stability of the world. Our efforts to stop the proliferation of nuclear weapons are crucial as well. Again, I welcome your service to the cause of nuclear sanity and to public understanding of this vital subject.

JIMMY CARTER.●

FEDERAL LENDING OVERSIGHT AND CONTROL ACT

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. BETHUNE. Mr. Speaker, I have introduced a bill to impose controls over Federal credit activities—Federal loans and loan guarantees. My bill, the Federal Lending Oversight and Control Act, consists of two parts: part I, to impose an annual ceiling on overall Federal credit; and part II, to make way for tighter tests and controls on Federal credit assistance programs and a better understanding of how they affect the economy.

There is widespread agreement on the need for lending oversight and I am encouraged that Congress is setting targets in the first budget resolution for the amount of Federal credit that can be extended. My bill would insure that targets and ceilings for Federal credit would be incorporated into the congressional budget process—as are Federal spending programs. They both affect the economy, so they both should be understood and controlled annually by Congress.

During the course of the Chrysler bailout legislation, the White House, OMB, the Federal Reserve, the Congressional Budget Office, Budget Committee Chairman BOB GIAIMO, Budget Committee member NORM MINETA, the House Banking Subcommittee on Economic Stabilization, the Federal Reserve, and economist Alan Greenspan all expressed concern over the lack of controls and understanding of Federal credit programs.

A tightening up of credit programs is imperative because this largely unknown, but mighty sector of the Government till is growing more rapidly than any other form of Government assistance. According to CBO, outstanding credit may soon reach a level of almost $500 billion. Despite this increasing activity, Congress is only beginning to set limits on Federal lending and has no systematic method for reviewing the makeup of credit activity, no way of knowing how effective credit programs are, or how they are affecting the economy.

Mr. Speaker, I was astounded last year when Congress pushed through a $1.5 billion Federal loan guarantee program for Chrysler. How many more programs like this where the Federal Government assumes full risk of default—will quickly become law without a clear understanding of their effect on the economy? That is why I have introduced this bill, and that is why I will be watching out for new initiatives like the one for Chrysler, where the risk is high, the activity is unproductive, or the risk is not pooled among borrowers. As you may recall, last December 13, when the House debated the rule for the Chrysler bill, I described the difference among the three types of loan guarantees, and how the newest kind of loan guarantees to large, single borrowers—like Chrysler—is the riskiest and has experienced a thousandfold increase since 1960.

Imagine the multibillion-dollar economic havoc in say 1990, if the Chrysler loan program defaulted along with a couple of other major programs. Yet, I am told that the Federal Government has no idea at this moment how many programs are in default, or how many are nearing default. If the present pace of growth in this off-budget credit sector keeps up without proper control, the U.S. economy could be severely hampered.

Unlike direct Federal loans, loan guarantees are offbudget. It is only until one defaults and the Government must pay up, that it is recognized in budget outlays. Since Federal loan guarantees skirt the budget process, they are perceived to be a less painful form of Federal assistance. Consequently, they have been growing by leaps and bounds. The Federal Government's reckless deficit spending within the budget process is an atrocity. However, the off-budget approach for credit is an even more insidious time bomb that needs review, control, and proper application.

The common perception that Federal loan guarantees represent a minimum of intervention in the economy is far from accurate. Dr. Alan Greenspan, former Chairman of the Council on Economic Advisers, pointed out in hearings before the Economic Stabilization Subcommittee last year that there are long-term impacts and indirect costs—such as higher inflation due to an excessive amount of credit preemption on the part of the Government—associated with Federal lending programs. The true costs of Federal credit programs are their adverse effect on the prosperity and future economic growth caused by the allocation of capital away from its potentially most productive users.

The first part of my bill incorporates Federal credit activities into the Congressional budget process, requiring Congress to set targets and ceilings for the gross amount of direct loans and loan guarantees which the Federal Government may make or enter into during each fiscal year, beginning fiscal year 1982.

My bill will piggyback Federal credit targets and ceilings required by the Congressional Budget and Impoundment Act of 1974, which establishes first and second concurrent budget resolutions. Further, this legislation would check backdoor spending by subjecting all Federal credit programs to the annual appropriations process.

The second portion of the Federal Lending Oversight and Control Act would amend the House rules to allow a single House committee designated by the Rules Committee an opportunity to: First, analyze the nature of the risk of individual Federal credit programs; second, evaluate overall economic impact by reviewing the mix of credit programs with regard to risk and maturity; third, help set universal terms, definitions, default policies; and fourth, determine the impact of individuals credit devices and overall credit on our national financial institutions.

A study on Federal credit by Peat, Marwick, Mitchel & Co. for CBO confirmed that present inconsistencies in Federal loan and loan guarantee pro-

grams create uncertainty in the extent of potential or actual U.S. liability. This is caused by a number of factors, including a variance among agencies on definitions of credit terms. For example, one agency might consider a loan in default if it is 1 week past due, whereas it may be months before other agencies know that a loan is no longer in current repayment status.

My bill would give a committee designated by the House Rules Committee, 15 legislative days of sequential jurisdiction over authorization bills containing credit programs. Tighter steps like credit tests, default reserves, and greater incentives for private lending could reduce Government liability. A greater uniformity and tightening of tests over the multitude of credit programs is needed to develop prudent lending policies.

Passage of the Federal Lending Oversight and Control Act could put the credit cart where it rightly belongs—behind the horse. There simply must be a systematic review of Federal loans and loan guarantees before this form of Federal assistance expands further.

Your support for this legislation is crucial. For your information, I am submitting a section-by-section description of the bill:

SECTION-BY-SECTION DESCRIPTION OF THE FEDERAL LENDING OVERSIGHT AND CONTROL ACT

STATEMENT OF PURPOSE

To establish control over federal credit assistance programs by making them subject to the Congressional Budget process; to allow a House committee to review credit legislation to analyze and evaluate the nature of the risks and impact on financial lenders, and to have general oversight to evaluate overall economic impact of credit activities and review the uniformity of terms and conditions of federal credit programs.

Title I piggybacks provisions for setting targets and ceilings for direct and guaranteed loans established in the first and second concurrent budget resolutions required by the Congressional Budget Act of 1974.

Section 101 amends sections 301(a) and 301(c) to include direct and guaranteed loans into the budget targets required in the first concurrent resolution. It also requires that the standing committees include in their reports to the Budget Committee their views and estimates on credit programs, as well as direct expenditures. This section also requires the Banking Committee to include their recommendation for overall credit levels.

Section 102 requires a joint explanatory statement accompanying a conference report to include targets for credit levels, as are required for budget authority and outlays. It also requires the Appropriations Committees to subdivide their allocations among their subcommittees, as they presently subdivide their allocations of budget authority and outlays.

Section 103 amends section 307 to add to the summary report a comparison of the Committee's recommendations on gross obligations on direct loans and total commitments to guarantee loan principal to the levels set forth in the concurrent budget resolution.

Section 104 expands CBO budget scorekeeping responsibilities (an up-to-date tabulation of limitations on gross lending and new commitments compared with targets in the budget resolution).

Section 105 requires that action on bills containing credit limitations take place not later than 7 days after Labor Day, as is required of all bills providing new budget authority.

Section 106 requires the Budget Committee to report in a second resolution any revisions to the budget expenditure aggregates in the first resolution, and make necessary revisions in limits on direct loans and new commitments for guaranteed loan principal.

Section 107 states that legislation that breaches the ceiling would be subject to a point of order, as are outlays now.

Section 111 sets up a two-stage process for loan guarantee authority. Requires that authorizations for guarantee authority shall be effective for a fiscal year, only as approved in advance in appropriation acts.

Section 112 amends section 402 of the Congressional Budget Act to make the May 15th deadline for reporting authorizing bills, effective also for bills authorizing loan guarantees.

Sections 121 and 122 add to the Declaration of Purposes section of the Budget Act, a definition of direct loans, and declares the purpose is to control direct lending and loan guarantees.

Title II amends the Budget and Accounting Act of 1921 to require necessary data on federal credit programs from the President.

Title III amends Clause 3 of rule X of the Rules of the House and designates that the House Committee on Banking, Finance, and Urban Affairs, or a single committee designated by the Rules Committee will have sequential jurisdiction for fifteen legislative days over legislation authorizing direct loans, loan insurance, and loan guarantees from or by the Federal Government. The designated committee shall analyze and evaluate the nature of the risks, and impacts on financial institutions and on the economy of federal lending activity. The Committee will review and make recommendations with respect to the consistency and uniformity of definitions, default policies, terms and conditions relating to federal credit activities.

Title IV establishes October 1, 1981 as the effective dates for titles I and II. Title III would become effective on January 3, 1981.●

GOOD NEWS

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. PAUL. Mr. Speaker, one of our country's truly wise men, Leonard Read, founder and president of the Foundation for Economic Education, wrote a wonderful essay recently that I would like to call to my colleagues' attention. This article contains a very necessary corrective for all of us who believe in freedom:

GOOD NEWS

(By Leonard Read)

How hard it is to imagine the existence of goodness, wisdom and love when quite the opposite is being drummed into our heads day in and day out. Television, press and radio emphasize the sordid, the bizarre, the ugly. Newscasters specialize in disaster. For one of countless examples, a DC-10 crash is headlined around the world. But who sees or hears mention of the millions of miles flown daily in safety!

The preponderance of bad news has a traumatic effect on those exposed to it. Millions of people are downcast, overwhelmed by gloom, seeing nothing ahead but disaster: murder, rape, mugging, vandalism, arson, armed robbery, theft or whatever.

This atmosphere of disaster tends to make us prophets of doom, stranded without hope, unable to see or imagine how freedom would work its wonders.

Reflect for a moment on some of the bad news about our country: rising prices and wages and interest rates, fuel and housing shortages, unemployment, unfavorable trade balances, higher health care costs, more welfare claimants, educational problems, mounting crime rates.

What we are being told by such headlines, if we'll only stop to ponder, is that coercive governmental intervention is bad news. Despite the good intentions of the proponents of easy money and credit, social security, Medicare, protectionism, subsidies to special interests, wage and price controls, more or different welfare programs—despite those good intentions the bad news is that each step of socialistic tampering leads inevitably to consequences that are undesirable. And the more burdensome and stifling the rules and regulations, the greater is the temptation to ignore or break such laws. This results in new demands upon government to cope with the consequences of the prior intervention. Bad news, compounded!

Now, think about that. Is it really bad news that coercive measures lead to undesirable consequences? No, not really. It would indeed be bad news if the consequences were anything else—if bad methods could be employed to yield good results. So, behind the "bad news" headlines on the state of the economy is the good news that socialism cannot deliver on its promises of something for nothing. There is an alternative, a better way, and that better alternative is freedom.

The good news concerns the private ownership and control of scarce and valuable resources and the voluntary exchange of goods and services in open competition—with government limited to keeping the peace and invoking a common justice. The good news is that we'll better serve ourselves and others when free to act creatively as each chooses. The good news is that coercion does diminish the resources and the productivity of everyone involved. So hail to the better way—freedom!

One of my favorite examples of good news appeared some time back in The Ambassador magazine:

Last year more than 196,000,000 Americans were not arrested.

More than 89,000,000 married persons did not file for divorce.

More than 115,000,000 individuals maintained a formal affiliation with some religious group.

More than 4,000,000 teachers and professors did not strike or participate in riotous demonstrations.

And then this brilliant and encouraging comment by the author:

Let those apostles of despair who preach hate and discord ask themselves what they have done and what they are doing for the good of their loved ones, their nation and the world.

Recently I read of a television station in Europe specializing in reporting only the good news. What a boon if all of us could tune to a "good news freedom station"—for those of us saturated with the bad news of violence and plunder are indeed hungering for the good news of freedom and its many

blessings. What a viewer market such a station could profitably serve!

There was a time when the miracle of American productivity heralded good news around the world. Investigators came from many nations to seek the explanation. And none of these came closer to finding the right answer than did Alexis de Tocqueville when he visited here in the 1830s:

I sought for the greatness and genius of America in fertile fields and boundless forests; it was not there. I sought for it in her free schools and her institutions of learning; it was not there. I sought for it in her matchless Constitution and democratic congress; it was not there. Not until I went to the churches of America and found them aflame with righteousnes did I understand the greatness and genius of America. America is great because America is good. When America ceases to be good, America will cease to be great.[1]

Tocqueville read correctly the good news that the miracle of America was the outgrowth of the freedom of the individual. He knew, what so many today have forgotten, that such miracles are not attributable to the interventions and controls by those exercising political powers of coercion. He knew then, as we must learn anew today, that the coercive nature of overextended government is bad news.

As we reverse the tide—no longer captivated by the bad but anxious to learn more of the good—our America will move toward the good at an unbelievable rate. And the bad will rapidly fade away. Wrote the English poet, Oliver Goldsmith (1728-74):

Whatever mitigates the woes, or increases the happiness of others, is a just criterion of goodness; and whatever injures society at large, or any individual in it, is a criterion of iniquity.

The good news is that individuals best discover themselves and realize their potentialities when free. And thus do they contribute most to the good of their loved ones, their nation and the world.●

[1] This quotation is found on pages 12-13 of the popular school text by F.A. Magruder, *American Government: A Textbook on the Problems of Democracy.* Except for the last two sentences, this is Magruder's paraphrase of Tocqueville's words.

FIRST CONCURRENT BUDGET RESOLUTION FOR FISCAL YEAR 1981

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. FISHER. Mr. Speaker, I would like to offer a few comments on the recent passage by the House of the First Concurrent Budget Resolution for Fiscal Year 1981. In a sense, this resolution provides us with the coming attractions for the double feature of the authorization/appropriation process and the second budget resolution which is to follow.

Looking at it from the broadest perspective, this first budget resolution is important because it marks the most affirmative step which the House has taken in over a decade to balance the Federal budget. In fact, the targets for revenues and expenditures would result in a slight budget surplus for fiscal year 1981. This is no small accomplishment. It signals a determined effort to deal with the Government spending component of inflation. It will not end the increase in the cost of living. However, it will take some of the steam out of it. Moreover, it will put the Federal Government in a better position to ask for restraint on the parts of business, labor and consumers, all of which is necessary for a comprehensive anti-inflation strategy.

I was pleased to vote for this balanced budget—more accurately, this small budget surplus. My only regret is that the budgets for the last several years were not closer to being balanced. Those were good years for the national economy and the deficits should have been less. They would have been less if the expenditure cutting amendments which I consistently offered had passed.

As for the details of the resolution, I believe that the Budget Committee struck an appropriate balance between defense and nondefense spending in light of the current international situation. As compared with fiscal year 1980, the committee increased budget authority for defense by $18.2 billion, the largest single peacetime defense increase since World War II. Although more might be spent on defense, this represents a prudent increase. To have gone further, as the Gramm-Holt amendment suggested, would have risked upsetting the balance by cutting more deeply into domestic programs, which had already been subject to severe cuts and which are likely to be under even greater pressure due to the current economic slowdown.

In fact, it was the cuts in several domestic programs which led me to support the Obey amendment, which still would have resulted in a balanced budget but which would have provided for modest increases in the areas of revenue sharing, fuel assistance, mass transit, and impact aid among others. These increases would have been compensated for by spending cuts through administrative tightening and increased revenue from reform of the foreign oil tax credit. Unfortunately, the Obey amendment was defeated by a narrow margin. Other amendments, such as the one offered by Congressman OTTINGER, would have further increased spending but did not provide for commensurate revenue increases which stood a realistic chance of enactment. Passage of these more costly amendments, then, would have made certain almost from the start that the budget for fiscal year 1981 would not be balanced. For this reason, I opposed them.

So here we have in this resolution a preview of what is to come. However, it will be through the authorization and the appropriation process and through the formulation of the second budget resolution which will take place in the coming months that the firm decisions will be made as to where to cut and spend and to what extent. This will be the main focus of our attention.

As for the authorizing legislation, the first budget resolution set us in the right direction by requiring that reconciliation occur by June 15. Under this procedure, which I voted to support, eight House and Senate authorizing committees are directed to report legislative savings of slightly over $9 billion in outlays in fiscal year 1981. Although the Budget Committee made recommendations as to how these savings could be achieved, the directive itself only specifies a dollar amount for each committee. The resolution explicitly states that these authorizing committees must come up with "their recommendations" as to how this money can be saved. For example, the resolution directs that the House Post Office and Civil Service Committee trim spending by $4.2 billion in outlays. It recommends that 14 percent of this saving be achieved through changing the twice a year cost of living adjustment for Federal retirees to once a year. However, if it chooses to do otherwise, the Post Office and Civil Service Committee could achieve the same savings by trimming other programs within its jurisdiction. If it would have been possible to amend the resolution to require that the twice a year COLA for Federal retirees be retained, I would have voted to support that amendment. Unfortunately, the parliamentary procedure under which the resolution was considered did not allow for such an amendment to be offered. Nevertheless, having supported the twice a year COLA in the past and strongly supporting it now, I emphatically urge the House Post Office and Civil Service Committee to make its legislative savings in areas other than the Federal retirees COLA. Furthermore, I will support the retention of the twice a year COLA when that issue is brought before the Congress as part of the authorization and appropriation process.

To have defeated the reconciliation directive, would have been to dilute the potential impact of the first budget resolution by making the likelihood that the budget can be balanced less certain. By having reconciliation this early in the year, the authorizing committees will be given a realistic chance to modify the existing programs well before the start of the 1981 fiscal year in October. This will help to avoid the administrative disruptions and delays which would result from changes made just prior to the beginning of that fiscal year and which could take months to implement. Furthermore, the authorizing committees will be given 1 month to consider these legislative savings in contrast to the 10 days which would have been allotted if

reconciliation was not passed until the time when the second budget resolution is considered in September. Requiring reconciliation now puts teeth into the first budget resolution and evidences our determination to trim Government spending through amending Government programs.

In a similar manner, the various appropriation bills will have to be scrutinized carefully to make sure that they are within the ceilings of the first budget resolution. As part of this effort, the resolution directs that no spending bill—either appropriation or entitlement legislation—which exceeds these ceilings can be enrolled and sent to the President for his signature until after passage of the second budget resolution on September 15. This should impose a greater discipline on both the appropriation committees of the House and Senate in their consideration of this legislation.

During this stage of the budgetary process it will become crystal clear that part of the difficulty with reducing spending to the point of balancing the budget is that not only waste or bad programs are likely to be affected. Budget cutting of this magnitude will affect some good programs as well. And, yet, if we do not bring runaway inflation under control, many individuals served by these programs will continue to be among the hardest hit. The challenge is to guarantee that the sacrifices required are equally spread.

Finally, I am aware that even after all these attempts to control spending and to stay within the budget ceilings of the first budget resolution, it may still be impossible to balance the budget in fact and the second budget resolution may have a deficit. This could come about if the current recession proves to be more severe than is expected. As a result, revenues would be lower and spending for unemployment compensation and the like would be greater. The benefits of a balanced budget may become outweighed by the need to help the victims of the recession. This is not to characterize the first budget resolution as a cynical and meaningless attempt at political posturing. Rather, it is consistent with the very intent of the Budget Act of 1974. The first budget resolution set our goal, and our goal for fiscal year 1981 should be a balanced budget. The surest way not to achieve this goal would have been not to have tried and, instead, to have voted an unbalanced budget from the very beginning. However, after all is said and done and after unexpected events have intervened, it may be impossible to balance the budget. The second budget resolution would then have to recognize this new reality and chart a responsible fiscal course in terms of the situation and outlook at the time. Meanwhile, I shall work to maintain the balanced budget for fiscal year 1981 that I have just voted for.

So, then, this is where the budget process for fiscal year 1981 stands to date. It is a good start. Now let us see it through.●

THE ELECTION OF OHIO'S FIRST BLACK CONGRESSMAN

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. MITCHELL of Maryland. Mr. Speaker, I am proud to share with my colleagues a copy of a recent paper delivered at the annual meeting of the Ohio Academy of History at Wittenberg University in Springfield, Ohio, by Philip A. Grant, Jr., associate professor of history. The paper is entitled, "The Election of Ohio's First Black Congressman," and it is a fitting tribute to the distinguished service of Representative LOUIS STOKES, both to his constituents in Ohio's 21st District and to the House of Representatives:

On December 4, 1967 the United States Supreme Court issued a decision invalidating the existing apportionment of Ohio's twenty-four congressional districts. The Supreme Court, basing its ruling on two previous landmark reapportionment decisions ("Wesberry v. Sanders" and "Reynolds v. Sims"), decreed that the vast majority of the districts varied considerably in population. Thus, the nation's highest tribunal warned that any future apportionment in Ohio had to conform to its mandate that congressional districts be equal in population.

On January 15, 1968 the Ohio Legislature convened at the State Capitol for its annual session. The foremost task of the 1968 Legislature was to revise the boundaries of the Buckeye State's congressional districts to the satisfaction of the Supreme Court. Since 1968 was an election year and since Ohio's congressional primary contests were scheduled for early May, it was imperative that the Legislature resolve the reapportionment question as quickly as possible.

After ten days of intense deliberations, the House of Representatives and State Senate reached agreement on a compromise reapportionment plan. The final version of the reapportionment bill was thereupon signed into law by Governor James A. Rhodes on January 26th.

The reapportionment plan provided for drastic alterations in twenty-two districts, while the remaining two districts were to retain their boundaries with relatively minor adjustments. Three days after the Governor had affixed his signature to the bill, a panel of federal district judges in Cleveland ruled that the reapportionment was equitable and definitely complied with the specific requirements imposed by the Supreme Court.

Especially noteworthy was the reapportionment in populous Cuyahoga County. Consisting of the City of Cleveland and several dozen suburban communities, Cuyahoga County was Ohio's largest political unit. In the aftermath of the Census of 1960, Cuyahoga County had been divided into four congressional districts. These districts, prior to the Supreme Court decision, had varied in population between 385,755 and 439,835 (14.1 percent). After the Legislature passed its reapportionment measure, the four reconstituted districts had populations ranging from 402,298 to 406,017 (0.9 percent).

One of the four Cuyahoga County districts in January 1968 was representated by seven term Democrat Charles A. Vanik of Cleveland, a member of the powerful House Committee on Ways and Means. For many years Vanik's constituency in the Twenty-First District has been approximately forty percent Black. Subsequent to the reapportionment, the district was estimated to have a Black proportion of sixty-five percent. To most informed political observers it seemed quite likely that Vanik would encounter serious difficulty if he chose to seek re-election in the Twenty-First District in 1968.

On January 27 Vanik announced that he would not be a candidate for re-election from his present district, but instead would challenge veteran Republican Frances P. Bolton in the neighboring Twenty-Second District. The decision of Vanik to run against Mrs. Bolton virtually guaranteed that the new Twenty-First District would have a Black congressman on Capitol Hill at the opening of the Ninety-First Congress in January 1969.

The new Twenty-First District, located primarily on Cleveland's East Side, consisted of Wards 10, 13, 14, 15, 16, 18, 20, 21, 23, 24, 25, 27, 28, and 30 and the contiguous townships of Newburgh Heights and South Newburgh-Warrensville. During the decade between 1960 and 1970 the district's Black residents accounted for roughly two-thirds of the total population. In terms of median family income the Twenty-First District was the poorest in Ohio and among the least affluent in the Midwest.

In party registration the old Twenty-First District had been overwhelmingly Democratic in political complexion. Since 1922, the Republican candidates had been defeated in every congressional election in the Twenty-First District. In these twenty-three House contests the average Democratic plurality had been 39,354, and in the ten elections since 1948 the corresponding figure had been 61,625. The addition of several thousand Black Democrats obviously weakened the Republican Party to an even greater extent.

During the nineteen sixties Democratic candidates for major offices had fared remarkably well in the newly established Twenty-First District. In 1960 John F. Kennedy, the Democratic presidential nominee, had polled 76.3 percent of the district's vote, while four years later Senator Stephen M. Young, seeking re-election to a second term, had received a majority of 80.1 percent. Finally, in November 1967 State Representative Carl B. Stokes, the first Black ever to secure the Democratic nomination for Mayor of Cleveland, had defeated his Republican opponent by an 89,396 to 38,694 margin (69.7 percent).

Several Black Democrats had also been victorious in their quests for political offices within the new Twenty-First District. Foremost among these gentlemen was State Senator M. Morris Jackson of Cleveland, who in November 1966 became the first Black ever elected to the Ohio Senate from Cuyahoga County. Four other Blacks in 1966 were chosen to serve with Jackson in the Legislature. They were State Representatives Stokes, Thomas E. Hill, Larry G. Smith, and Troy Lee James of Cleveland.

A total of fourteen candidates filed to participate in the May 7, 1968 Democratic congressional primary. Three of the best known candidates were Black. They were City Councilmen George L. Forbes and Leo A. Jackson and Attorney Louis Stokes. Forbes is currently serving his fourth term as President of the Cleveland City Council. After completing six terms in the Council, Jackson began a distinguished judicial career.

Stokes was Cleveland's most prominent civil rights lawyer and the foremost political adviser to his illustrious brother, Mayor Carl B. Stokes.

As the primary race progressed, it was apparent that Jackson and Stokes were the two most formidable contenders for the Democratic nomination. Two other individuals had been overwhelmingly defeated in previous quests for House seats, while ten of the remaining eleven aspirants were completely devoid of political experience. Considering the extraordinarily large number of candidates competing against one another, it was entirely possible that the ultimate winner would need less than one-third of the overall vote.

Jackson, stressing his decade of experience on the City Council, was strongly favored by most of the senior members of the Cuyahoga County Democratic Organization. He also enjoyed the endorsement of the Cleveland Plain Dealer, Ohio's largest circulating newspaper, and the Cleveland Federation of Labor, AFL-CIO. Predicting his campaign on an "orderly change to reverse the decay of our cities," Jackson insisted that numerous measures were necessary to ease unemployment in urban areas such as Cleveland. Although Jackson devoted the bulk of his attention to domestic issues, he also urged a "search for a diplomatic solution" to end the Vietnam War.

Stokes, while a relative newcomer to the political arena, had the solid support of most of the Blacks who had been involved in his brother's successful mayoral campaign of the preceding year. Emphasizing his independence of the Cuyahoga County Democratic Organization, Stokes argued that the people should determine the congressional nominee. Stokes was more outspoken than Jackson in his opposition to the Vietnam War, demanding an immediate stop to the bombing of North Vietnam. Deploring the unfortunate economic conditions pervading so many parts of urban America, Stokes committed himself to "eliminate poverty through the creation of new jobs, to promote economic opportunity for the Negro who desires to start his own business, and to improve the quality of education for all children in the public schools."

On May 7 more than seventy-three thousand Democrats cast ballots throughout the confines of the Twenty-First District. The early returns indicated that Stokes was attracting impressive electoral support in all parts of the district. By midnight it was evident that Stokes had accumulated nearly twice as many votes as Jackson. In his gracious statement of concession Jackson attributed the result to the "magic of the Stokes name." Altogether Stokes, Jackson, and the five other Black candidates received more than seventy percent of the votes cast in the district. Edward Katalinas, a white member of the Cleveland City Council, was the only candidate of his race to poll more than ten percent of the ballots. The official tabulation, released several days later, was as follows:

Louis Stokes—29,787 (40.6 percent).
Leo A. Jackson—15,522 (21.2 percent).
Edward Katalinas—10,079 (13.6 percent).
Jack P. Russell—3,711 (4.9 percent).
George L. Forbes—3,370 (4.7 percent).
Andrew E. Ziolnowski—2,320 (3.2 percent).
Frank J. Kniola—1,951 (2.6 percent).
George W. White—1,719 (2.4 percent).
Gerald J. Martin—1,093 (1.5 percent).
Michael J. Crosser—990 (1.3 percent).
Frank Evans—932 (1.2 percent).
James H. Boyd—782 (1.1 percent).
Geraldine Williams—606 (0.8 percent).
Robert W. Annable—360 (0.5 percent).

Having secured the Democratic nomination by such an emphatic margin, it was a foregone conclusion that Stokes would be elected to Congress on November 5. In 1968 the Democratic presidential nominee was Hubert H. Humphrey, who for many years had been in the forefront of the civil rights movement, while the Democratic senatorial candidate was John J. Gilligan, who, as a Cincinnati City Councilman and as a member of the House of Representatives from Ohio's First District, had staunchly supported open housing, equal employment opportunity, and other legislative measures to eliminate racial discrimination. Opposing Humphrey were two highly unpopular figures in the Black community, Republican Richard M. Nixon and Independent George C. Wallace. Gilligan's Republican adversary was Attorney-General William B. Saxbe, who had vigorously resisted all attempts at congressional reapportionment. Stokes' Black Republican challenger, Charles P. Lucas, was a former member of the Cleveland Transit Board. Ironically, Lucas had been the plaintiff in the Ohio reapportionment suit. During the congressional campaign Stokes and Lucas remained on friendly terms and expressed agreement both in their disenchantment with the Vietnam War and their advocacy of greater emphasis on social programs to curb the deterioration of urban communities.

On November 5 Stokes received nearly three-quarters of the popular vote. The official statistics were as follows: Louis Stokes 85,509 (74.7 percent); Charles P. Lucas 28,931 (25.3 percent). Stokes' massive victory was accompanied by a sweeping Democratic triumph throughout the Twenty-First District. In the presidential race Humphrey polled 103,450 votes, accounting for a proportion of 79.7 percent, while in the senatorial contest Gilligan vanquished Saxbe by a 92,369-21,246 majority (81.3 percent). Also re-elected to the Ohio Legislature by overwhelming margins were Black State Representatives Hill, Smith, and James, while another Black, Phillip M. DeLaine, won the House seat vacated by Mayor Stokes.

At the time of Stokes' election to Congress there were only five Blacks among the four hundred and thirty-five members of the House of Representatives. Two of these gentlemen were from the City of Detroit, while the others represented districts within the corporate limits of Philadelphia, Chicago, and Los Angeles. None of these Blacks had ever been appointed to such key committees as Rules, Ways and Means, Appropriations, or Armed Services.

Stokes was sworn in as a member of the House on January 3, 1969. Seventeen days later he was assigned to the Committee on Education and Labor, joining two other Blacks, Adam Clayton Powell, Jr. of New York and Augustus Hawkins of California, on that panel. Since this committee exercised jurisdiction over legislation affecting minimum wages, manpower retraining, federal aid-to-education, and the various Office of Economic Opportunity (anti-poverty) programs, the assignment was considered quite relevant for a Black congressman serving an urban district coping with a wide variety of acute social problems.

Since November 1968 Stokes has been easily renominated and handily re-elected to five consecutive terms in the House. Unopposed for renomination in 1970 and 1978, his majorities in primary contests held in other years have ranged from 79.5 percent to 86.6 percent. In general elections Stokes' margins have varied from 45,983 to 85,229 and his winning proportions have fluctuated from 77.6 percent to 87.8 percent. At the present time Stokes, having soundly defeated a succession of Republican challengers, represents one of the three or four most safely Democratic seats in Congress.

On February 4, 1971 Stokes was designated to fill a vacancy on the prestigious Committee on Appropriations, thus becoming the first Black ever to serve on that organization. Currently he is the second ranking Democrat on the Appropriations Subcommittees on the District of Columbia and the Department of Housing and Urban Development—Independent Agencies.

In addition to discharging his responsibilities on the Appropriations Committee Stokes has been Chairman of the Congressional Black Caucus (1972-1973), the Special Committee on Assassinations (1977-1978), and the Budget Subcommittee on Human and Community Resources (1979-1980). While presiding over the Black Caucus, Stokes vigorously denounced the Nixon-Agnew Administration's so-called "Southern Strategy". In his capacity as Chairman of the Assassinations Committee, he strongly challenged many of the findings of the Warren Commission. Finally, during the recent well-publicized debates over the feasibility of a balanced budget, Stokes has insisted that reductions in federal expenditures should not be effected at the expense of disadvantaged citizens and members of minority groups.

A mere freshman congressman in January 1969, Stokes is currently outranked in seniority by only sixty-six of the two hundred and seventy-seven Democrats in the House. In terms of longevity he is fourth among the sixteen Blacks on Capitol Hill. Because of deaths and retirements, Stokes will almost certainly be chosen to chair a major Appropriations Subcommittee at the beginning of the Ninety-Seventh Congress in January 1981.

In December 1967 Louis Stokes was a private citizen and the present Twenty-First Congressional District of Ohio did not exist. In December 1967 only three House districts between Philadelphia and Los Angeles were represented by Blacks. In December 1967 there were only five Blacks among the four hundred and thirty-five members of the House.

In April 1980 Louis Stokes is completing his sixth term in Congress and the Twenty-First District is a significant part of the political landscape of Ohio. In April 1980 Blacks represent districts in Baltimore, Cleveland, Saint Louis, Memphis, Houston, and Berkeley, California. In April 1980 there are sixteen Blacks in the House, incuding ladies and gentlemen assigned to the Rules, Ways and Means, and Appropriations Committees. The election of Louis Stokes as Ohio's first Black congressman in November 1968 was an event of consequence not only for the citizens of the Twenty-First District, but also was indicative of a meaningful increase of Blacks in the participation of the political life of urban America.●

CALL TO A NATIONAL CONFERENCE FOR TRADE UNION ACTION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. CONYERS. Mr. Speaker, Gary, Ind. will be the site of the National Conference for Trade Union Action on June 21 and 22, 1980. Convened by the National Coordinatory Committee for Trade Union Action and Democracy, this conference represents an important milestone in building a stronger labor movement in America.

This conference could not take place at a more critical time. The Nation is entering upon another economic nosedive, a major recession that could even be worse than the last one. Basic industries such as auto manufacturing are being crippled by runaway oil prices, import pressures, and outrageous interest rates. A growing number of plants are being shut down across the country. Unemployment once again is reaching new highs, and as the recession deepens, workers' wages once again will be depressed. Because of inflation and the Council on Wage and Price Stability's one-sided controls on wages rather than prices, American workers are facing a serious decline in their purchasing power. Meanwhile, the business sector has mounted an all-out attack on health and safety regulations, union organizing, and the labor movement in general.

The June National Conference for Trade Union Action will take action across a broad front of labor issues—resistance to plant shutdowns; support for a shorter workweek and the abolition of forced overtime; affirmative action; democracy within the workplace. The sponsoring organizations have played an increasingly significant role within the labor movement, and I fully expect that the forthcoming conference will further strengthen its role and its activities in behalf of American labor.

In order to share further information on the nature and purposes of this conference, I insert the following materials in the RECORD:

A CALL TO LABOR LEADERS AND UNION ACTIVISTS—BROTHERS AND SISTERS!

Working people are catching hell these days and those of us who are Black, Brown, Yellow, Red or female are catching a special kind of hell.

Corporate America is on the rampage. They are using outfits like the Committee for a Union Free Environment to cut the throat of the labor movement and to destroy the protections that have been built by the sacrifices of generations of workers. Never in the history of our country have so many been victimized by so few.

The handful of men who control the economic and political life of our country have driven prices through the ceiling. They have hooked interest rates to a skyrocket. They've wasted billions on the military-industrial complex, while squeezing the last thin dime out of programs that create jobs and meet the needs of the people. And, to help them turn the screws a little tighter, they know they can depend on their bought and paid for government, their PAC's and their "two-party" system.

But that's not enough. These greedy-guts want even more: They close plants because they are not "profitable enough." They shift production and jobs to low-wage, unorganized areas at home and abroad. They saddle us with wage controls. They shove thousands more of us into the unemployment lines. They demand "take aways" at the bargaining table. They force us to work overtime. They contract out our work. They dish out all kinds of discipline. They step up racist and sexist harassment, and when we protest, they tell us to "go file a grievance."

But there's another side of the story. More and more, those of us who work for a living are saying 'NO!' 'NO!' to your safety-be-damned, production-happy arrogance! 'NO!' to your union busting! 'NO!' to your crude, racist efforts to divide and weaken our struggles! 'NO!' to grievance procedures that deny us the right to deal with issues and to protect our human dignity!

We are angry—and who wouldn't be in a situation that saw the purchasing power of our wages decline by nearly 7 percent last year while their profits increased by nearly 20 percent?

But we are more than angry. We are fighting back—and we're looking for ways to fight better.

Everywhere that workers get together—in union halls, during lunch breaks, in taverns over beer, in small house meetings—the discussion goes on. Questions are asked. Plans are made. Battles won and battles lost are talked about and analysed.

Out of this process a new body of experience is being born. A tough, new generation of fighting union activists, in and out of leadership, is emerging.

The time is ripe—the need is urgent—to create an opportunity to share that experience, to exchange ideas, to bring the best in the labor movement together to build new strength and confidence. A way must be found to weld these valiant but scattered struggles into a single campaign—into a movement with a program that addresses the most pressing needs of trade unionists everywhere.

That is why we are calling the National Conference for Trade Union Action. If you are a bona fide trade unionist, be it rank and file activist or union leader, you are not merely invited to attend, you belong at the Gary Conference.

Join us in shaping a Program for Trade Union Action. Join us in launching the campaigns that will bring it to life. Each of us needs all of us if we are to make our unions the fighting organizations they must be if we are to defend our jobs, our wages, our working conditions and our human dignity.

Let us learn from each other—let us fight together.

Join us at the National Conference for Trade Union Action.

MARION T. CALLIGARIS.
RAYFIELD MOOTY.

TUAD: TEN YEARS OF STRUGGLE AND LEADERSHIP

In June 1970, a thousand trade unionists attended a conference at the Packinghouse Labor and Community Center in Chicago. They had come to initiate a campaign to strengthen and unify the labor movement; to defend it from its enemies; to democratize their unions by the elimination of racism in all its forms and to win membership control over the affairs of their unions. After two days of debate and discussion, the National Coordinating Committee for Trade Union Action and Democracy (TUAD) had been formed.

In the years since, TUAD had sought to be true to the spirit of these goals. Our initiatives have been influential in the growing movement for a shorter workweek and an end to compulsory overtime; in the campaign to defend and expand affirmative action; in the fight against wage controls; in the struggle to cut the military budget; in the movement for solidarity with workers the world over; and in the on-going battle to protect and strengthen membership rights.

In furtherance of these struggles, and in view of the stepped-up attacks on all labor, we have now undertaken to call a National Conference for Trade Union Action.

INITIATING SPONSORS

Margie Aikin, Secretary, Riverside Federation of Teachers.

Frank Arnold, Delegate, Santa Clara County, Central Labor Council.

Nick Ballas, Staff Representative, District 48, American Federation of State, County and Municipal Workers.

Charles Barton, Secretary-Treasurer, Local 500-P, United Food and Commercial Workers International Union.

Alice Bush, Organizer.

Lee Cain, Chair, Save Dodge Main Committee.

Ben Collet, Trustee, Roofers Local 54.

John L. Cromer, President, Local 765, United Electrical Workers (UE).

Angelo Deitos, Committeeman, Local 78, United Automobile Workers.

Admiral Dawson, Delegate, Los Angeles County Federation of Labor.

George Edwards, Co-Chair, National Steelworkers, Rank & File Committee.

Mary Ewing, Chair, Fair Employment Practices Committee, Local 2, United Auto Workers.

Francis Fink, Labor Action Committee.

Fred Gaboury, Editor, *Labor Today.*

Larry Gurley, Chair, National Black Caucus, American Federation of Teachers.

Bonnie Harmon, President, Local 2695, United Steelworkers of America.

Jim Hanley, Chair, Civil Rights Committee, Local 6705, United Steelworkers of America.

Liz Hrenda, Secretary, Civil Rights Committee, Local 1688, United Steelworkers of America.

John L. Kailin, Executive Secretary, Twin Cities Local, American Federation of Television & Radio Artists.

Ron Kidwell, Shop Steward, Local 776, International Union of Electrical Workers.

Earl Keihl, Director, District 4, United Furniture Workers.

Ted Krukowski, Vice President, Local 111, United Electrical Workers (UE).

Ellen C. Lavroff, President, Colorado Federation of Teachers.

James Lyons, Griever, Local 1033, United Steelworkers of America.

William Obbagy, Editor, *The Cleveland Citizen.*

Rudy Schneider, Griever, Local 1010, United Steelworkers of America.

Ted Silverstein, Steward, Local 75, United Automobile Workers.

Ed Smith, Business Representative, Local 248, United Food and Commercial Workers International Union.

Lasker Smith, Chair, Auto Workers Action Caucus.

Dan Stewart, Organizer, National Union of Hospital and Health Care Employees.

Harold E. Supriano, Business Representative, Local 390, Service Employees, International Union.

Kay Tillow, Vice-President, District 1199-P, National Union of Hospital and Health Care Employees.

Ernist Travis, President, Local 776, International Union of Electrical Workers.

Jewell Ryan-White, President, National Black Communications Coalition.

Allen Weaver, Secretary, DeKalb-Ogle County Central Labor Council.

Jack Weintraub, President, Local 85, International Brotherhood of Teamsters.

Jeff Wilkinson, Executive Board Member, Local 164, Moulders & Allied Workers Union.

TUAD's PROGRAM

JOBS

Stop plant closings.

Renew the struggle for shorter hours.

No forced overtime

WORKING CLASS UNITY

Outlaw racist practices on the shop floor—end accommodation to racism on the union floor.

End all discrimination against women and youth.

POLITICAL INDEPENDENCE

Elect workers and trade unionists to public office. Build a labor-community electoral and legislative coalition.

PEACE

End the arms race—build homes, schools and hospitals.

Expand peaceful trade with all nations.

Establish relations with the world labor movement.

MILITANT DEMOCRATIC UNIONS

Protect and extend the right to vote on all contracts.

Establish the right to elect stewards, bargaining and grievance committees, officers and convention delegates.

Guarantee the right of all members to participate in the conduct of union affairs—remove all clauses from union constitutions that discriminate on the basis of political belief or affiliation.

A BILL OF RIGHTS FOR UNION MEMBERS

1. All members shall have the right to secret-ballot vote for stewards, bargaining committees, local union officers and convention delegates.
2. All members shall have the right to vote on contracts and working agreements.
3. All members shall have the right to call and to end strikes.
4. All members shall have the right to vote on dues, establish union salaries and control the expenditure of union monies.
5. All unions shall take special steps to guarantee representation by Black, Latin and women members on all policy-making bodies.
6. All union members shall have the right to respect the picket lines of other workers.
7. All workers shall have the right to join and participate in union affairs without regard to race, creed, national origin or political belief or affiliation.
8. Members shall have the right to all union documents in his/her own language.●

TRIBUTE TO HELEN STEINER RICE

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. LUKEN. Mr. Speaker, Emerson said, "We do not count a man's years until he has nothing else to count." This quote is certainly true of Helen Steiner Rice, who has so much to count that her years seem few.

It was Cincinnati's good fortune when she came here to work at the Gibson Greeting Card Co. in 1931. We feel privileged to have had her career bloom and grow in our city. But Mrs. Rice's special touch with words has reached well beyond our city. Her words have been published in Europe, Africa, the Philippines, New Zealand, and Canada, as well as in the United States. Her words have brought cheer, comfort, hope, and inspiration to millions of people around the world. They have brought, also, our respect and pride.

Her birthday on May 19, 1980, gives me the opportunity to note her many contributions and to thank her for the rich use of her talents. We are enriched and inspired by her work.●

ALABAMA LEGISLATURE CALLS FOR PROLIFE AMENDMENT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. ASHBROOK. Mr. Speaker, on April 23, by a House vote of 65 to 16, Alabama became the 19th State to call upon Congress to convene a constitutional convention to propose a human life amendment to the U.S. Constitution.

I would like to point out the obvious fact that Alabama is not one of our more overwhelmingly Catholic States. Once again, the bigotted stereotyping of prolife as a Catholic phenomenon is exposed for the nonsense it is. A simple look at the States which have called for a human life amendment would destroy this stereotype in the mind of any reasonable person. Mississippi and Tennessee, each with about 3 percent Catholic population, have also called for the amendment, as have Kentucky, Arkansas, and Missouri. If this is a purely Roman Catholic phenomenon, as some people in the media persist in saying, why on Earth did these overwhelmingly Protestant States take the lead?

As a matter of fact, the only label that can be applied to the States which have called for a human life amendment is that they are American. The list, Indiana, Louisiana, Missouri, New Jersey, Arkansas, Utah, South Dakota, Rhode Island, Massachusetts, Pennsylvania, Kentucky, Nebraska, Delaware, Mississippi, Nevada, Tennessee, Idaho, and Oklahoma, represents every region of the country, every mix of urban and rural, Catholic and Protestant, even Republican and Democrat, very evenly.

The prolife movement frightens the liberal establishment precisely because it is not the product of a single denomination, of a single party, or of a single region. It is because this rebellion against liberal establishment dictates has grassroots support in every part of the country that has panicked the Washington establishment into resorting to religious bigotry to protect its privileges.

If the liberals abandon their religious stereotyping of prolife, they will have to publicly admit a fact that everyone knows: Once again, liberals have pushed the people too far, and on yet another front the people are rising in rebellion against arbitrary rule from Washington. Politicians and columnists pour out oceans of ink to assure each other that gun control is only opposed by the NRA, that antibusing is just racism, that prolife is just Catholic bishops, that the tax revolt is just a flash in the pan, that opposition to ERA is just sexism, that opposition to increasing regulation is just greed on the part of businessmen, and so on and on. If they believed any of that, they would not have to keep reassuring each other so much. But the simple fact is that an establishment that has so many rebellions going against it is an establishment out of favor and in deep trouble.

But the use of religious bigotry against the prolife movement represents a new low in liberal excuses. Religious stereotyping strikes at the very roots of a nation in which religious diversity is one of the foundations on which it was built. Politics is often a rough game, but this tactic goes beyond the bounds.●

GEORGIE ANNE GEYER TALKS ABOUT CUBAN REFUGEE PROBLEM

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. HYDE. Mr. Speaker, once again columnist Georgie Anne Geyer has analyzed a difficult and explosive foreign policy issue with rare clarity and insight.

Why not involve our South American neighbors in resolving the Cuban refugee problem and thus turn the tables on Dictator Castro?

I commend her May 14, 1980, column appearing in the Chicago Sun-Times to my colleagues:

PARCEL OUT REFUGEES TO SOW FIDEL OPPOSITION

SANTO DOMINGO, Dominican Republic—Jose Peña Gomez, the brilliant young leader of the ruling, populist Dominican Revolutionary Party here, described the refugee problem in the clear terms in which the Latins are thinking about it these troubled days.

"In Cuba," he told me, "it has been possible to have a dictatorship of the left because Cuban problems were exported to the U.S. But that won't happen in any other country. Fidel is sending all his dissension to the United States. Others will always have to fear their own opposition internally and, if they don't deal with them, they'll fall."

This kind of observation, which one hears all over down here, brings up some trou-

bling questions about the Mariel-Miami axis of Cuban refugees:

Would it not have been wiser to inveigle to force the Latin American countries to take some of these poor people (as many of them were prepared to do), thus making the rest of the hemisphere also responsible for Fidel Castro's ruthless tragedies?

Would it not have been smarter for us to lay down the rules instead of letting a ruthless Castro, a Stalin-type, set the rules, sending us his criminals as well as his angels?

Would it, in short, not have been better to think of the refugees in harder, even geopolitical, terms now so that we will not have to think of them—the hundreds of thousands in other Caribbean countries waiting desperately to emigrate—in still more tragic terms later?

Even suggesting these questions is painful. The faces of the thousands of suffering people, beset by Castro's goons, is sufficient to make the blood boil with anger and compassion. Yet, one has to think tough-mindedly about these things because so much tragedy for later is built originally upon innocence.

Like a lot of others, I have been trying to figure out what exactly moves President Carter to enthusiastic action, and the Cuban refugee "exodus" clarified many things for me.

He gets very excited—and really then and only then acts with conviction—when some event occurs that appeals to him as being of utterly transcendent symbolism. For instance, he was himself transformed by (1) Camp David, (2) the Panama Canal treaties and now (3) the refugee exodus, which had the double attraction of allowing him to cancel military maneuvers in the Caribbean for it.

It is in situations where one must anticipate outcomes or deal in relative goods or mold or force events, or in situations where force must be used, perhaps for negative possibilities, that he always appears so helpless.

That's the cost of the Great Symbolic Act. It is high indeed. Of its nature, it does not bother with the grubby, curbstone stuff of cause and effect. It transcends. Yet, even Moses learned that everything did not end once he was done with the Tablets on the mountain. In many ways, it was all downhill from there.

Just as Carter now does not worry about the "effects" of the Cuban exodus, so was he seemingly oblivious to the lethal side effects of the Camp David accords, which are ripping the Middle East to bits.

What do we hear down here? The Latin American diplomats and thinkers are wondering, with near unanimity, why we don't do the one thing Fidel Castro obviously fears most—send some of the refugees to Latin America where they would naturally form a much-needed power center against the Cuban revolution.

What else should we be thinking about? We should be considering what these enormous unstructured numbers of random refugees will mean to the immigration from the rest of the Caribbean. We are at a moment in history when our consular offices throughout the area are going crazy—everybody apparently wants to come to the United States. This deviation from regular behavior at the same time regarding refugees sets a serious new precedent that could return to blight us in the very near future.

It is not for lack of compassion, therefore, that we should ask how many of these basic, socio-political realities are understood in Washington—or whether the president has even considered them.●

DOUGLAS J. MOORE

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SHELBY. Mr. Speaker, it is my pleasure to acknowledge here today the election of Douglas J. Moore to the presidency of the Alabama League of Municipalities. Douglas Moore, who also wears the hat of mayor of Marion, Ala., is well qualified for this position with an association which provides essential services to cities and towns throughout the State of Alabama.

Elected mayor of Marion in 1970, Douglas Moore served since 1960 in the capacity of city councilman to Marion. Throughout this entire period he has been a major contributing factor to the Alabama League as chairman of the environmental quality and legislative committees and as a knowledgeable and thoughtful representative of a small town's interests.

It is the Alabama League's purpose to give smaller cities and towns the same clout and access which is available to larger cities automatically. Through organized lobbying efforts in the State legislature, through legal representation and advice, through information banks and resources, the league unifies over 400 small towns and cities statewide into a coordinated and active force on behalf of their local citizenries.

This vital group will be ably led by Mayor Douglas J. Moore. I know that the league's voice will be heard by the State legislature and that the interests of Alabama's small towns and cities will be protected by the capable and knowledgeable Douglas J. Moore.●

EMERGENCY CONFERENCE ON THE CASE OF ANATOLY SHCHARANSKY

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. DRINAN. Mr. Speaker, I recently returned from Amsterdam, where I participated in the deliberations of a 2-day emergency tribunal established to examine the case of Soviet human rights activist Anatoly Shcharansky. After 3 years in prison, Shcharansky has recently been transferred to a labor camp where he is required to serve the remaining 10 years of his sentence. An impressive array of international experts on Soviet law, as well as selected panelists with longstanding interests in human rights and the Shcharansky case, gathered to examine the evidence used to convict him in July 1978.

After numerous sessions during which legal testimony was presented, and after vigorous discussion over the appropriate conclusions, a statement was agreed upon by all the participants of the panel.

The significance of the Shcharansky case has been documented in the Congress in the past, but I believe, in light of Shcharansky's continued incarceration and the deliberations of the emergency tribunal, that the facts of the case deserve review. In the coming days, I shall insert into the RECORD testimony presented in Amsterdam.

The Shcharansky case is, in many ways, symbolic of the other unjust trials against the members of the Helsinki Watch Group. Today, because of new evidence of human rights abuses documented by Amnesty International and others, it is timely to remind the American people of the necessity to continue to press for Soviet compliance with internationally accepted standards of human rights.

The Amsterdam conference served the useful purpose of demonstrating the strength of concern in the West for the Soviet disregard and misapplication of its own laws. I urge Members to read the attached conclusions of the international panel that met earlier this week. The statement and a list of participants follows:

STATEMENT OF THE EMERGENCY CONFERENCE ON ANATOLY SHCHARANSKY

This emergency conference, held in Amsterdam on May 12 and 13, 1980 unanimously leads to the following conclusions.

Serious breaches of Soviet domestic law were committed in the prosecution and trial of Anatoly Shcharansky resulting in a grave miscarriage of justice. Shcharansky did not have a lawyer of his own choice, and was not allowed to call his own witnesses. The trial was essentially closed to the public and to the foreign press. Written testimony was excluded.

Some of the charges used as the basis of the prosecution against Shcharansky were excessively vague. Almost any conduct objectionable to the authorities can be classified as "anti Soviet propaganda and agitation." This imprecision in the Soviet law made it impossible for Shcharansky to exercise the rights and freedoms accorded to him by that law. Other parts of the charges, for example those relating to freedom of expression, while in conformity with the letter of domestic Soviet law, are nevertheless contrary to both the letter and spirit of the international treaties and accords ratified by the USSR.

Every country should be free to choose its own social and political system and to protect interests which it feels are vital to its national security and survival. There are, however, questions of human rights on which the world community has a moral obligation to express its opinion. The Soviet Union has recognized this fact by its ratification of the International Covenant on Civil and Political Rights and the Helsinki Final Act, and by the provisions of its 1977 Constitution. Shcharansky was prosecuted and convicted for attempting to exercise his rights of emigration and free expression. No evidence was presented at the trial that he had committed any act, which could justify this conviction and the harsh sentence.

Therefore, we call upon the Government of the Soviet Union to release Anatoly Shcharansky from imprisonment and to

allow him to exercise the rights enshrined in the Helsinki Agreement and in the International covenant on Civil and Political Rights—in particular, the right for Shcharansky to freely leave his country and to be reunited with his wife, or in the words of the 1977 USSR Constitution, the right to decide his own destiny.

We further call upon the other signatories of the Helsinki Final Act to use their influences at the Madrid Review Meeting in November to secure Shcharansky's release.

Finally, we call upon all who love justice to demand Anatoly Shcharansky's release.

Signed: Amsterdam, May 13, 1980.

Lord Avebury, Ramsey Clark, Hon. Robert F. Drinan, George Fernandes, Charles Hanin, André Lwoff, Michel Rocard, Bayard Rustin, Mario Soares, Joop den Uyl, Andrew Young.

An emergency conference was held in Amsterdam on May 12 and 13, 1980, under the auspices of the Foundation "Friends of Anatoly Shcharansky" at which the participants were the following:

Lord Avebury, Chairman, Parliamentary Human Rights Group, UK; Mr. Ramsey Clark, Former U.S. Attorney General, New York; The Honorable Robert F. Drinan, Member, U.S. House of Representatives, Washington, D.C.; Mr. George Fernandes, Member of Parliament, New Delhi; Mr. Charles Hanin, Vice President of the Council of Europe, Former Minister, Brussels; Mr. André Lwoff, Nobel Prize Winner, Paris; Mr. Michel Rocard, Member of Parliament, Paris; Mr. Bayard Rustin, Member of President Carter's Commission on the Holocaust, New York; Mr. Mario Soares, Former Prime Minister, Lisbon; Mr. Joop den Uyl, Former Prime Minister, Amsterdam; and Ambassador Andrew Young, Former U.S. Ambassador to the U.N.

They heard details of the trial and conviction of Anatoly Shcharansky from a number of experts with knowledge of the case:

Mr. Robert Badinter, Lawyer, Paris; Mr. Peter Baehr, Former Professor of International Relations, University of Amsterdam; Mrs. Dina Belina, Former activist in Jewish emigration movement, Jerusalem; Mr. Irwin Cotler, Professor of Law, McGill University, member of Quebec Bar, Montreal; Mrs. Dina Kaminskaya, Former Moscow defense attorney, Arlington, Virginia; Mr. Eduard Kuznetsov, Former prisoner of conscience, Tel Aviv; Mr. Alexander Luntz, Refusenik and former activist in Jewish emigration movement, Jerusalem; Mr. Richard Pipes, Professor of History, Harvard University, Cambridge, Massachusetts; Mrs. Avital Shcharansky, Wife of Anatoly Shcharansky, Jerusalem; and Mr. Michael Sherbourne, Information and telephone link with refuseniks, London.

The Emergency Conference reviewed all the numerous documents available. The relevant provisions of domestic Soviet law were reviewed, as well as the international implements of which the Soviet Union is a signatory, insofar as they were relevant to this case.●

PAUL HAMILTON, SR.

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SKELTON. Mr. Speaker, recently, Kansas City and the State of Missouri lost an outstanding citizen, Paul Hamilton, Sr. Mr. Hamilton was the chairman of the board of Paul Hamilton Co., a real estate firm in Kansas City.

Born in Cass County, Mr. Hamilton was a lifetime Missourian. He attended the University of Missouri, and was the captain of the 1917 football team. He left school to join the Army in World War I, rising to the rank of lieutenant.

In the 1940's, Mr. Hamilton became active in Democratic Party politics, and in the 1944 Democratic primary election, he headed the committee that selected the reform candidates. Mr. Hamilton was later appointed by the Governor and served on the Kansas City police board from 1945 until May 1949.

In addition to serving as the president of the Kansas City Board of Police Commissioners, he was also a past president of the Kansas City Board of Realtors, the Missouri Real Estate Association, and the University of Missouri Alumni Association in Kansas City. He was appointed to the City Plan Commission in 1950, and was chairman of this commission from 1957 to 1966. The State of Missouri Real Estate Association named him "Realtor of the Year" in 1965.

Mr. Hamilton was a member of the Country Club Christian Church, and he is survived by his two sons.

Paul Hamilton, Sr. will long be remembered for his civic and political leadership.●

EQUITY IN THE MARKETPLACE

HON. DOUGLAS APPLEGATE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. APPLEGATE. Mr. Speaker, deep in this excessively depressed economic period for the American auto industry and the building industry, and as it injects its ills into the economic veins of the steel industry, related suppliers, and other segments of American industry, I think it is time Congress and the administration woke up to the potential disaster that lies ahead, and do something to correct it.

This Nation and its people have been generous in supporting other nations of the world economically and militarily, but it seems that our friends and allies do not know the meaning of reciprocity. American industry as well as the American people only demand equality in the American marketplaces. And it is not just the economic ills of the auto industry and the building industry that are being addressed here. Because the thrust of what I am saying and what the American people are saying is: "Let us do something to resolve this problem by increasing American productivity and put Americans back to work."

The American pottery industry, the first great industry to succumb to foreign imports, never regained its economic stability because of the American Government's direction to build foreign business at our expense. Others to follow have been leather goods, electronics, clothing, jewelry, and even coal. Coal, which is America's greatest natural energy resource, also has its problems from overzealous environmentalists through Government bureaucracy.

The administration needs to rethink its arrangements in every instance of international trade. And if we have to fear retaliation from our trading partners then we have had no respect from them in the first place.

We do not look for protection nor do we need protection. All we need or want is equity in both the world and America's marketplaces.

To say that recovery is tied totally to more equity in international trade is false. Congress and the administration must also support tax equity for business and industry to provide capital for modernization improvements in oil expansion as well as reducing excessiveness of regulations that go far beyond the tolerance level.

The inequities have gone on far too long.

A combination of factors has to be considered; that is foreign imports, Government regulations and private sector management and labor. Congress and the administration must also be held responsible but each must play a strong participating role if this country is to regain a viable and healthy economic state.

The American people are tired of being a patsy and paying excessive costs of uncontrolled bureaucratic bungling. The time has arrived that the administration and Congress stand up and exercise its leadership role and return sanity and stability to the American economy. We can do it if we work together, but first—we must begin.●

TWENTY-FIVE YEARS OF SERVICE FOR FATHER JOHN CANAVAN

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. FORD of Michigan. Mr. Speaker, I take pleasure in bringing to the attention of the House of Representatives a very special event which will occur during the Memorial Day weekend. St. Constance's Parish in Taylor, Mich., will celebrate masses thanking the Lord for the 25 years of service of Father John Canavan.

Father John Canavan is loved and respected throughout the community as well as within the St. Constance Parish, where he has served as pastor since October of 1970. St. Constance has benefited from Father Canavan's wisdom, his energy, his dedication, and his reverent respect for the church.

Father Canavan is a native of Michigan. He attended Lowrey High School, Henry Ford Trade School and served 2 years in the service of this country.

He worked hard to become a priest. His call to the Holy Order took him through St. Jerome's College in Kitchener, Ontario, Sacred Heart Seminary in Detroit, Mich., and St. John's Provincial Seminary in Plymouth, Mich. On June 5, 1955, Father John Canavan celebrated his first solemn high mass at St. Clement's Church.

Father Canavan served as assistant pastor at St. John's Parish in Monroe, St. Joseph's Parish in Erie, St. Cyril's Parish in Taylor, St. Basil's Parish in Detroit, and at St. Lawrence's Parish in Utica.

I am proud to say that Father Canavan has served the Lord and the people of my home town for the last 10 years. I am proud that the parish will honor him on the 25th anniversary of his priesthood.

Father Canavan was instrumental in building one of the most viable, civic minded parishes in the United States. It was through his work, dedication and direction as pastor at St. Constance Parish that the parishioners now enjoy and can depend upon the good words of God to guide their lives.

This great country of ours depends upon builders and leaders like Father Canavan. I ask that the Members of the House join with me in wishing Father John Canavan the best on the occasion of this important event.●

AN ADEQUATE STANDARD OF LIVING FOR OUR SENIOR CITIZENS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. RANGEL. Mr. Speaker, in recent months, several articles have appeared in some of our leading publications which have intimated that we can no longer afford our senior citizens—that in fact such social programs as social security, supplemental security income, housing for the elderly, medicare, and so forth are costing the Government so much that we should reexamine our present policies in the area of income assistance and social programs for the elderly. For me to have seen such assertions was and is extremely disturbing.

Many of the senior citizens in my district believe that the appearance of such articles at a time when both the administration and the Congress are seeking to produce a balanced budget are a direct attack on their very existence. They are upset because in their day-to-day lives they know just how hard it is for them to make ends meet. That rather than being better off than anytime before in their lives, they are struggling to simply keep their heads above water. In recent years, how many times have we heard of senior citizens having to choose between staying warm and eating during the winter months.

And the facts simply do not substantiate that our elderly are receiving benefits that are excessive, not alone sufficient, to meet their needs. One out of every four seniors lives below the poverty line. Over 30 percent of the elderly live in inadequate housing and receive inadequate health care. Senior citizens can expect an average annual health care bill of $1,500, over four times that of the nonsenior population. The elderly can expect to live on an average annual income of less then one-half that of when they were working and with inflation, that buying power is being eroded drastically daily.

It is a cruel hoax that we would be playing on our elderly were we to not insure them that after they have contributed their strength and youth to building America, that they had to live out their remaining years in constant fear of not having enough to survive. Rather than looking to cut back on assistance to the elderly, we should be looking to insure that each and every one of our senior citizens are provided with an adequate income to meet their basic needs. If this means that we must raise benefits for some then so be it. There is no reason that anyone in America and especially our elderly should have to suffer and fear for where their next meal will come from, or where they will sleep, or whether they will be able to receive the medical assistance they need. We have an obligation to the elderly of this Nation and it is about time that we faced up to it.

For that reason Senator MOYNIHAN and I are today introducing a House concurrent resolution entitled, "Recognizing the congressional obligation to insure an adequate standard of living for the elderly." The text of the resolution follows:

H. CON. RES. 338

A concurrent resolution recognizing the congressional obligation to ensure an adequate standard of living for the elderly.

Whereas Congress and the President have stated their intent to balance the budget; and

Whereas, if the budget were to be balanced at the expense of programs designed to aid the elderly, severe hardships would be experienced by our senior citizens who already have difficultly in making ends meet; and

Whereas one out of every four senior citizens lives below the poverty line; and

Whereas 30 percent of all senior citizens live in substandard housing and receive inadequate health care; and

Whereas in retirement the average senior citizen can expect to have an annual income of less than half what it was during his or her working years; and

Whereas with inflation the senior citizen's already insufficient income will buy less and less as he or she grows older; and

Whereas these same senior citizens can expect annual health care costs of $1,500—more than four times the costs for the average non-senior citizen: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That our senior citizens who spent their lives building America have the right to live out their remaining years in dignity, without the fear of having to choose between staying warm, eating, living in decent housing, or receiving adequate health care; and the Congress has the obligation to fund, and to continuously seek to improve, those programs which have been designed to ensure an adequate standard of living for the elderly.●

CIGARETTE SAFETY ACT

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. MOAKLEY. Mr. Speaker, today I am inserting in the RECORD two additional statements of support for the Cigarette Safety Act, which seeks to insure that cigarettes have a minimum capacity for igniting smoldering upholstered furniture and mattress fires.

Radio station WBBM, a CBS affiliate in Chicago, and Sears, Roebuck & Co. are the latest organizations to call on the Congress to address the No. 1 national cause of both injuries and fire deaths in residential dwellings in America.

A text of their statements follows:

[Editorial From Radio Station WBBM]

CIGARETTE SAFETY ACT

The leading cause of fire deaths in the United States is dropped cigarettes. According to the United States Fire Administration, there were 1,800 deaths due to dropped cigarettes in 1977, 4,000 burns or smoke inhalation injuries and $180 million of economic losses.

The cigarette safety bill, sponsored by Representative Joe Moakley of Massachusetts and Senator Alan Cranston of California, requires the production of self-extinguishing cigarettes by all American tobacco manufacturers. This means that a cigarette, when dropped, would not continue burning, but would extinguish itself within a brief period of time.

According to Andrew McGuire, Executive Director of the Burn Unit of San Francisco General Hospital, this bill will not add to the price of a pack of cigarettes. There will be no expensive technology needed because 15 patents for self-extinguishing cigarettes are already in existence. In fact, some cigarette companies use a type of self-extinguishing cigarette now.

The tobacco industry is mounting an attack on these two bills. It is against regulation, and concerned that self-extinguishing cigarettes will hurt cigarette sales.

The Cigarette Safety Bill will go before the House of Representatives this month or next. Presently only one Illinois Congressman has co-sponsored this bill. To combat the tobacco lobby, to insure passage of this bill, we ask you to write to your Congressman requesting that he or she become a cosponsor of the cigarette safety bill. We stress, this is not an anti-smoking bill, instead, it's pro-safety.

That's our opinion. We'd like to hear from you.

SEARS, ROEBUCK & CO.,
Washington, D.C., March 26, 1980.

Hon. JOHN J. MOAKLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. MOAKLEY: I have just recently learned that you have cosponsored legislation which would mandate the establishment of a mandatory safety standard for cigarettes.

Sears supports this legislation.

As you know, too many lives are lost each year in residential fires, many of which are started by smoldering cigarettes. It makes sense to endeavor to get at the cause of such fires, rather than, for example, attempt to develop stringent mandatory flammability standards for upholstered furniture.

If any of the folks at Sears might be of any assistance to you and your staff in securing passage of HR 6675, please let me know.

Regards,

PHILIP M. KNOX, Jr.,
Vice President,
Governmental Affairs.●

A SEVENTH GRADE STUDENT'S VIEW ABOUT CUBAN REFUGEES

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. HUBBARD. Mr. Speaker, in the midst of the confusion created by the Cuban refugees entering the United States, I have received a refreshing letter from Miss Vanedda Prince, a student in Mrs. Annette Hawkins' seventh-grade class, Mayfield Middle School, Mayfield, Ky. At this time I insert the text of her letter as follows:

Right about now you probably will be reading several letters that are against the United States' accepting refugees from Cuba, yet my thoughts run along a different line. Have they forgotten that those refugees could have easily been us if our founding fathers had not been so careful to prevent such things or our forefathers had not fought so hard for our freedom? Have they fought so hard only to form a selfish attitude that makes some Americans turn away others who are homeless, penniless, and could have been freedomless? Do we forget that someday, if we are not careful, we could be refugees too?

Have we become so materialistic, money-centered, and self-centered that a small crisis of economy that makes us scared of wasting tax money also lets us forget that the ones who first started our country were searching for freedom? Are we as a country based on freedom and liberty complaining about giving it to someone else? Let us not forget what is written on our famous Statue of Liberty. Does it not say something about taking in the poor, the homeless? Maybe we ought to add freedomless, but even without it we still have a promise to keep. Why shouldn't we practice what we preach? Thank you for your time.

Sincerely,

VANEDDA PRINCE.●

LOOKING TOWARD SPACE

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. FUQUA. Mr. Speaker, our national space program is making important and positive contributions to understanding our solar system and the universe, to managing and monitoring the Earth's environment and natural resources, innovation and increased productivity in industry, as well as our standing as a nation among the peoples of the world. I would like to include in the RECORD a recent article in Omni magazine by James Michener, a famed novelist:

LOOKING TOWARD SPACE

(By James A. Michener)

There seem to be great tides that operate in the history of civilization, and nations are prudent if they estimate the force of those tides, their genesis, and the extent to which they can be utilized. A nation that guesses wrong on all its estimates is apt to be in serious trouble, if not on the brink of decline. Filled with speculation, men with clever minds can make remarkable contributions.

Toward the middle of the fifteenth century, nations faced problems comparable to those faced by individuals like Columbus, Vasco Da Gama, and Sebastian Cabot. They had to decide whether they wanted to participate in the exploration of the world and, if so, to what degree of commitment. Those nations like Portugal and Spain that made early and fast decisions gained empires of fantastic richness. Others, like disunited Germany and Italy, which did not perceive the possibilities, suffered grave disadvantages and never caught up. England and France were very tardy, but in the end the first made a stunning recovery, the latter never did.

I am not primarily interested in either the exploits of a few daring captains or the economic advantages of the nations they represented. The more lasting effect was on the spirit of the times, that wonderful enlarging of the human consciousness when it realized that the old definitions no longer applied, when it knew that the world consisted of a great deal more than Europe. To have missed the explorations was regrettable, but to have missed this spiritual awakening would have been disastrous. France and Sweden are excellent examples of nations that did little of the manual work but that reaped the intellectual rewards of the period. One might almost argue that Portugal and Spain dragged home the raw material for France and Sweden to codify and digest, proving that any nation can participate in the great swing of civilization according to its peculiar capabilities Portugal provided daring sea captains. England provided able administrators. France provided the philosophers. Those that provided nothing lost an entire cycle of historical experience, from which they never recovered.

Nor do I think that the rewards resulting from participation in a great cycle need be permanent, reaching down to all generations. I am quite content if my nation gains enlightenment or riches or advantages of other kinds for a respectable period. It can't be the hullabaloo of a single day or week, not the celebration without foundation of some accidental accomplishment with little subsequent meaning. But if a nation responds to a challenge, succeeds in its effort, garners the rewards for a sensible period, and then loses the commanding position, I think no harm has been done. The nation has gleaned from that experience about all that it was destined to achieve, and a great good has been accomplished, because then the nation is prepared psychologically to tackle the next big problem when it comes along. And it surely will, for the life of any nation since the beginning of history has been a record of how it confronted the great challenges that inevitably came its way.

History is a grand mix of concepts, actions, organizings, and commitments that determines the extent to which any nation can achieve a good life for its citizens, and I believe without question that if a nation misses the great movements of its time, it misses the foundations on which it can build for the future.

One word of caution. I am not here speaking of either fad or fashion. I am not extolling the attractive ephemeral. And I am certainly not sponsoring the idea that was so fashionable in the 1930s that German Nazism represented "the wave of the future." Anyone who subscribed to that idea had a very limited view of what the future of the human race could be and few fashionable ideas have ever crumbled so fast and so disastrously. The senate of any nation is obligated to discern the merely fashionable when it offers itself and to reject it.

Suppose that all I have said is true, which would be a miracle equal to those I've been discussing. Where does that leave the United States in relation to its space program? I am competent to comment on only three of its aspects, leaving the more technical details to others.

Are there nonmilitary advantages to be gained from a space program? The high technical requirements for success in space are so fundamental that spinoff rewards are almost automatic. Radio, television, medical instrumentation, miniaturization, watches, new food processes, communications, health advances, and improvement in clothing are some of the few advantages that I myself have gained because of the space program, and I am speaking only of small items that can be comprehended and used by the individual.

If one considers the larger items, such as intercontinental communications satellites, the mapping of weather patterns, the analysis of soils and forests, the exploration for minerals, including oil, the management of fisheries, and the like, the potential rewards are multiplied many times.

I have followed our past space adventures about as carefully as an uninstructed layman could, and I have a rather imaginative mind, but I anticipated almost none of these significant by-products, and I doubt that any of us can predict where the next contributions will be made.

I have heard one impressive argument against what I am saying now. A man of some probity said, "If we had applied our scientific brains to these problems, we could have solved them all at one tenth the cost." He is right. Had Congress 20 years ago set aside a substantial budget, and had it authorized the assembling of a body of top scientists, and had it provided them with spacious laboratories and told them, "Devise a computerized navigational instrument that will operate regardless of where in space it is stationed," this could surely have been done. But neither Congress nor the human mind works this way. It is only when great felt needs spur the imagination that certain accomplishments become possible. As a project by itself, few of the bonuses cited above would have materialized; as part of a

national effort with a clearly defined goal, they all came into being, and others like them will follow.

Are there military advantages to be gained from a space program? I would be terrified today if only Russian and Chinese vehicles were orbiting in space. Their military advantage would be so tremendous that we might almost suffer as a nation a kind of psychological shock from which we might never recover, for we would certainly be at their mercy.

I fear that potentials of space warfare have yet to be impressed upon the American public. We do not realize the overwhelming advantage a nation would enjoy if it alone commandeered space, if it alone could direct by radio beam when and where an object or its cargo were to be brought down to Earth. Any nation that allowed its enemies such a superiority would soon find itself doomed.

But if all nations have the capacity to utilize space defensively, then the peril is diminished and reasonable arrangements can be worked out. But only through parity can we fully succeed in this endeavor.

Therefore, the United States must have a sensible space program whether it wants one or not. To fail to keep up with new developments in this field would be disastrous, and any presidential administration that permitted a lag should be resoundingly condemned. We have to know what the capabilities of space are and we have got to retain our proficiency in using them.

Are there spiritual advantages to be gained from a space program? The spirit of man and the resolve of a nation are tenuous things, to be fortified by the strangest experiences or destroyed by the most unanticipated accidents. Outward events influence them, but inner resolves usually determine outcomes. A novelist sees men and women destroy themselves because the will to survive has been lost; a historian watches nations go down because of fatal wrong choices that sap the national energy. Usually the tragedy occurs when inner convictions are lost or when a sense of frustration or waning purpose prevails.

It is extremely difficult to keep a human life or the life of a nation moving forward with enough energy and commitment to lift it into the next cycle of experience. My own life has been spent chronicling the rise and fall of human systems, and I am convinced that we are terribly vulnerable.

I do not for a moment believe that the spiritual well-being of our nation depends primarily upon a successful space program. There are, as William James said, moral equivalents to war, moral substitutes for any charismatic national experience. I am sure we could, as a nation, attain great spiritual reassurance from rebuilding our cities or distributing our farm produce better. And my experience in the arts has taught me to be suspicious of late fashions or high styles. Space programs are stylish today and run the risk of being abused.

But I also believe that there are moments in history when challenges occur of such a compelling nature that to miss them is to miss the whole meaning of an epoch. Space is such a challenge. It is the kind of challenge William Shakespeare sensed nearly 400 years ago when we wrote:

There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries.
On such a full sea are we now afloat,
And we must take the current when it serves
Or lose our ventures.

We risk great peril if we kill off this spirit of adventure, for we cannot predict how and in what seemingly unrelated fields it will manifest itself. A nation that loses its forward thrust is in danger, and one of the most effective ways to retain that thrust is to keep exploring possibilities. The sense of exploration is intimately bound up with human resolve, and for a nation to believe that it is still committed to forward motion is to ensure its continuance.

I doubt there is a woman or a man who honestly believes that the United States could ever fall backward, as other nations have within our lifetime. Intuitively we feel that we are exempt. Yet for us to think so is to fly in the face of all history, for many nations at their apex were inwardly doomed, because their willpower had begun to falter, and soon their vulnerability became evident to all. Enemies do not destroy nations; time and the loss of will bring them down.

Therefore, we should be most careful about retreating from the specific challenge of our age. We should be reluctant to turn our back upon the frontier of this epoch. Space is indifferent to what we do; it has no feeling, no design, no interest in whether we grapple with it or not. But we cannot be indifferent to space, because the grand, slow march of our intelligence has brought us, in our generation, to a point from which we can explore and understand and utilize it. To turn back now would be to deny our history, our capabilities.

I was not overly impressed when men walked upon the moon, because I knew it to be out there at a specific distance, with specific characteristics, and I supposed that we had enough intelligence to devise the necessary machinery to get us there and back. But when we sent an unmanned object hurtling into distant space, and when it began sending back signals—a chain of numbers, to be exact—that could be reassembled here on Earth to provide us with a photograph of the surface of Mars, I was struck dumb with wonder. And when computers began adjusting the chain of numbers, augmenting some, diminishing others, so that the photographs became always clearer and more defined. I realized that we could accomplish almost anything out in the fartherst reaches of space.

My life changed completely on the day I saw those Mars photographs, for I had participated in that miracle. My tax dollars had helped pay for the project. The universities that I supported had provided the brains to arm the cameras. And the government that I helped nourish had organized the expedition. I saw the universe in a new light and myself and my nation in a new set of responsibilities. My spirit was enlarged and my willingness to work on future projects fortified.

No one can predict what aspect of space will invigorate a given individual and there must have been millions of Americans who did not even know Mars had been photographed. But we do know that in previous periods when great explorations were made they reverberated throughout society. Dante and Shakespeare and Milton responded to the events of their day. Scientists were urged to new discoveries. And nations modified their practices in accordance with these discoveries.

All the thoughts of men are interlocked, and success in one area produces unforeseen successes in others. It is for this reason that a nation like ours is obligated to pursue its adventure in space. I am not competent to say how much money should be spent. I am not competent to advise on how the program should be administered. But I am convinced it must be done.●

CHRISTINA D. BEESON

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. LEWIS. Mr. Speaker, it was once said, "Teachers should be held in the highest honor. They are allies of legislators; they have agency in the prevention of crime; they aid in regulating the atmosphere, whose incessant action and pressure cause the lifeblood to circulate, and return pure and healthful to the heart of the Nation." These words so aptly describe one of the finest women in America today, Christina D. Beeson.

C.D.B., as she is affectionately known, has taught journalism and English at Colton High School in Colton, Calif., for 46 years with a dedication and perseverance that few could ever achieve. Her honors are legion, but perhaps her biggest pride are her students. They often begin her class bored and listless but come away alive with a curiosity for learning that is seldom seen. This is by far the greatest prize for any teacher. She inspires them to do the best they can and be satisfied with nothing less.

Her style of teaching is not rigid and staid, but is one of example, conceived by an enthusiasm and love for what she is teaching. It is said that Chris Beeson is obsessed with stimulating a class and the standards she sets by her own achievements are truly high. She has been the Colton High School Teacher of the Year three times; the Columbia Scholastic Press Association Gold Medalist and the National Scholastic Press Association Medalist for outstanding work with youth. She was the first woman to receive the California Newspaper Publishers Association award as the Outstanding High School Journalism Teacher in California. The list goes on and on.

C.D.B.'s contributions are not limited to the parameters of Colton High School. She is a past president of Sigma Tau Delta, an honorary English organization, and one of the founders of the San Bernardino English Teachers' Association. She is a charter member of the Twin Counties Journalism Education Association, and one of the founders of the Inland Journalism Education Association. She is a member of the State and National Journalism Education Association and the National English Association, as well as the California Teachers' Association and the Columbia Scholastic Press Association of Journalism Advisors.

Chris Beeson is the faculty adviser for The Pepper Bough, the Colton High School newspaper, which has, year after year, been among the finest

in the Nation. The paper has received awards from around the country, including 22 first places from the Columbia Scholastic Press Association and several first place and excellence awards from the National Scholastic Press Association.

Mr. Speaker, Christina D. Beeson is one of the most outstanding teachers with whom I have been associated. It is my privilege to commend her to the House of Representatives and wish her the best of luck in the future.●

NATIONAL PORT WEEK

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. MURPHY of New York. Mr. Speaker, today I am pleased to introduce a joint resolution to declare the week of October 5 through 11 to be "National Port Week." Further, this resolution requires the Secretary of Commerce to provide a comprehensive report to Congress annually on the economic condition of our Nation's public ports.

This subject is most timely. The viability of our country's ports has never been more intimately related to our national security and economic health. For more than two centuries America's complex system of harbors and inland waterways has reflected the economic, social, and cultural conditions, and needs of this Nation. The waterborne commerce of the United States is responsible for the continued employment of more than 1 million workers and a yearly contribution in excess of $56 billion to the economic well-being of this great land.

More than ever before, our Nation's ports are now needed to meet important goals. In seeking to reduce our dependence on high-priced foreign-produced oil, it is important to note that waterborne transportation is one of the most energy efficient transportation systems known. It is a transportation scheme that is necessary to insure strong national security by being able to facilitate military and defense needs. Our ports also play an important role in stimulating increased export trade to help gain a more favorable balance of trade.

I am deeply honored in introducing this resolution to be joined by the Public Works and Transportation Committee Chairman, BIZZ JOHNSON, who serves with me as cochairman of the Congressional Port Caucus; the ranking minority member of the Public Works and Transportation Committee, BILL HARSHA; and the ranking minority member who very ably serves with me on the Merchant Marine and Fisheries Committee, PETE MCCLOSKEY. These Members join with me in urging all of our colleagues to support this resolution. We invite you to join us in cosponsoring this very worthwhile legislation.●

STOP GOLD DUMPING

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. ASHBROOK. Mr. Speaker, in the last several months we have seen both the rate of inflation and the price of gold hit all-time highs. Suddenly even my liberal friends are admitting that the state of the U.S. economy is our most pressing national problem. There once was a time when prices were stable and working people could save for their retirements without worrying whether each passing year might erode their savings by 20 percent or more. Those were the days when the value of our currency was insured by a gold standard.

Obviously, today we have no price stability and no gold standard. The United States unwisely discarded the last vestiges of the latter with the closing of the gold window by the Nixon administration in 1971. Ever since that time, Treasury has been trying to "reduce gold's role in monetary affairs."

However, probably as a result of the deteriorating economic situation, there seems to be emerging an increased awareness on the part of the taxpayers, economists, and legislators alike that perhaps a renewed gold standard is an option we should keep open. Journals as diverse in viewpoint as the New Republic and Fortune have cited the possibility of a new gold standard as a cure for our national ills.

Would such an action be feasible? I believe it would but only if we manage to retain our gold reserves. For this reason, I have joined my colleague, Congressman JACK WYDLER, in sponsoring H.R. 5802, a bill which would require the Treasury Department to obtain congressional approval before conducting any further sales of U.S. gold reserves. Since 1960, our gold stock has been reduced by 50 percent, and I believe that under present economic conditions it would be unwise to reduce those reserves any further.

Gold sales by the Treasury Department have up to now been conducted solely at the discretion of the Secretary of the Treasury and since 1975 have resulted in the sale of over 15 million ounces at an average of $244 per ounce. Anyone who only occasionally glances at a newspaper headline knows that such transactions could not possibly be in the best interest of the country. With gold at $500 or $600 an ounce, the United States has "lost" more than $4 billion because of Treasury decisions to sell these reserves. Even if a new gold standard for which we would desperately need gold stock is not adopted in the very near future, we nevertheless should not allow our reserves to be auctioned in such a cavalier manner.

While not seeking to outlaw gold sales entirely, H.R. 5802 would effectively limit them. By subjecting Treasury's rationale for selling what is part of every American's national heritage to close scrutiny, Congress could work to prevent the dumping of inordinate amounts of our gold stock at inordinately low prices. Thus U.S. gold reserves would no longer be so vulnerable to the ebb and flow of the political tide.

Under H.R. 5802, the one exception to the requirement that gold sales be approved by Congress would apply only if the President acts to establish a firm relationship between gold and the dollar. Such a relationship would put the country back on the road to a stable economy.

H.R. 5802 is an important bill—one that could have a crucial effect on the future of our Nation. I urge my colleagues to give their support to this measure.

Mr. Speaker, at this point in the RECORD, I include a brief article on this topic from the Bulletin of the Institute on Money and Inflation. The institute has done much to promote the cause of sound money here in Washington and its executive director, Howard Segermark, according to New York magazine "knows more about gold than anyone else in Washington." The IMI Bulletin article follows:

MEDIA MYOPIA ON GOLD

The recent dramatic rise in the price of gold has focused media attention on the yellow metal. However, the interpretations placed upon this phenomenon by the press are often misguided and sometimes downright ludicrous.

We were amused the other day to stumble across an editorial in the *Washington Post*, written by a Mr. Clayton Fritchey, entitled "Golden Buoys." The basic premise of this article is that the rush into gold is merely an irrational, inexplicable, and transitory fad. In any case, Mr. Fritchey contends, we should not worry about it since the soaring price of gold is really great news for the U.S. Treasury because it increases the value of the country's gold holdings. He even implies the the U.S. dollar is in marvelous shape. We know this, he contends, because President Carter has said that the dollar is now, "'well within the bounds of management.'"

IMI cannot understand how, if Mr. Fritchey's claim as to the salutory effects of the "astronomical rise" in the price of gold is true, the Treasury Department can justify having repeatedly dumped U.S. gold reserves on the market in order to temporarily lower the price.

Mr. Fritchey points out that, "the bull market has enhanced our country's gold holdings by well over $100 billion at today's prices."

"Today's prices," he says, and therein lies the flaw. The rise in the price of gold over the last decade has been reflected in a corresponding decrease in the value or the anticipated future value of the dollar. Every year a dollar buys less gold because every year a dollar is worth less. This might explain why Treasury has always favored dumping U.S. gold reserves in order to lower the price of gold. Gold sales deter "speculators," Treasury maintains, and while such actions cannot bolster the dollar, they can temporarily hide the fact that its value has once again decreased.

Such gold sales by the Treasury over the past few years have resulted in a major reduction in U.S. reserves. Mr. Fritchey touches upon this fact when he says that, "the current U.S. gold reserves, although substantially reduced, still far exceed those of any other country in the free world." This statement not only glosses over the ill effects of selling our gold reserves, but also seems to ignore the fact that the free world is getting smaller by the minute (wasn't Afghanistan a friendly nation just a couple of years ago?).

The accelerating decrease in the value of our currency in recent years is not disproved by Mr. Fritchey's contention that the dollar is obviously doing just fine because during the last year it has "held its own" against the German mark, the Swiss franc, and the Japanese yen. This argument is hardly impressive in view of the fact that *all* fiat currencies have been inflating. Thus, though the dollar may be stable in relation to other currencies, it is still inflating at an entirely unacceptable rate.

Mr Fritchey also defends the state of the U.S. dollar by quoting Khaled Abu Su'ud, the top financial advisor to the government of Kuwait, as saying. "The American economy is strong. It has plentiful natural resources. Your financial markets offer great flexibility." Later, Mr. Abu Su'ud is also quoted as saying, "Gold is a bad investment. Gold has never been a good long-term investment."

Well, Mr. Abu Su'ud's financial acumen may be, "widely respected in the Persian Gulf region," but anyone who refers to a commodity that has increased in price 1500% over the past decade as a lousy long-term investment needs to have his head examined.

Though perhaps Mr. Fritchey's assessment of Mr. Abu Su'ud's influence in the Arab world is a bit inflated. Many experts point out that the recent boom in gold was initiated by oil-rich nations withdrawing their wealth from inflating currencies and putting it into gold. Obviously, then, somebody out there considers gold to serve as real "money".●

PRESIDENT CARTER ON THE IMPORTANCE OF INTERNATIONAL FINANCIAL INSTITUTIONS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. LaFALCE. Mr. Speaker, this year has been a particularly difficult one for the discussion of foreign aid especially because our own economic conditions are far from healthy. Long hours of debate have ensued in both Houses of the Congress on the authorizing legislation for the continued funding of the multilateral development banks. We have worked hard but, as of yet, have been unsuccessful in reporting out a conference report acceptable to a majority.

I have stood before you on numerous occasions detailing my reasons for attaching so much importance to following through on international commitments made by the United States over 2 years ago. Today, I would like to share with you the President's views on the overall importance of this legislation. The President recently sent a letter to the chairman of the House Banking Committee, HENRY REUSS. The President's words serve to strengthen my own convictions about the importance of multilateral assistance to our Nation and to those we help. This letter leaves no doubt how strongly the President feels about passage of the multilateral development bank legislation and the need for Congress to act and act quickly.

The letter follows:

THE WHITE HOUSE,
Washington, May 6, 1980.

Hon. HENRY S. REUSS,
Chairman, Committee on Banking, Finance and Urban Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of April 18 regarding authorization legislation for the multilateral development banks.

This legislation is a vitally important part of our overall foreign economic assistance effort. Its approval is essential if we are to continue to participate in regional development bank lending programs over the next three to four years. These programs, which are based on international agreements to which the United States is a party, cannot go forward without U.S. participation.

As I indicated to several Members of the House in a White House meeting on April 28, I place the highest priority on prompt passage of S. 662. (The United States will suffer an enormous loss of confidence among our industrial allies as well as among the developing nations if our support for these institutions is diminished.) You will have my complete support and that of my Administration. I have asked Secretary of the Treasury Miller to work with you on all the actions that will be necessary to gain sufficient support for approval and to bring the bill to the floor for final action as soon as possible.

Further delay in passage of this legislation is not in the national interest of the United States. (Already our delay has halted all new lending by the Inter-American Development Bank, the Asian Development Fund and the African Development Fund.) In the IDB, the replenishment agreement depends on Congressional approval of authorizing legislation. In the ADF and AFDF, other donors are now withholding their contributions until we can agree to participate and provide the first installments of our contributions. Clearly we cannot do so in the absence of authorizing legislation.

We have a large stake in the maintenance of economic progress and political stability in these regions. That interest is being threatened and our standing in many countries is being eroded.

I am also concerned that failure to gain Congressional approval of S. 662 will delay consideration of the IMF Quota Increase (H.R. 5970) and legislation for IDA VI and African Development Bank (H.R. 6811) submitted earlier this year. These authorization bills also contain provisions to implement important international agreements that have been negotiated and are now awaiting U.S. action to go forward. We need enactment of these bills as early as possible during the current session. As you have pointed out, the Congressional budget process requires that your Committee act on these bills before May 15.

It would be preferable to keep the IMF Quota Increase separate from the IDA and African Development Bank legislation, because a merging of these bills could blur the functional distinction between the IMF and the development banks. As with S. 662, these bills will have the complete support of the Executive Branch.

Please let me know of any specific actions on my part which would be helpful to you in moving these bills forward. With your active leadership and full support of this Administration, I am confident that the Congress will approve these programs, which are important to the long-term economic and foreign policy interests of the United States.

Sincerely,

JIMMY CARTER.●

WELL-DESERVED TRIBUTE TO HAROLD CARMICHAEL

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. GRAY. Mr. Speaker, this week in Philadelphia a well-deserved tribute will be paid to one of our city's outstanding athletes, Mr. Harold Carmichael.

The Allegheny West Community, a highly regarded civic organization in the congressional district which I represent, will honor Mr. Carmichael at a testimonial dinner.

It is important to note, Mr. Speaker, that this tribute comes not because of Mr. Carmichael's impressive feats on the football field as a wide receiver for the Philadelphia Eagles. Rather, it comes because throughout his entire career in Philadelphia, Harold Carmichael has demonstrated that life off of the football field is just as important to him as life on the field.

He has given unselfishly of his time and resources to make our city a better place to live, and to help the legions of disadvantaged youngsters in Philadelphia. He has given of himself so that others in our community might have an opportunity to pursue their dreams and ambitions. And above all, he has exemplified the notion that great athletes and other people who have succeeded in society have a responsibility to share the benefits of their lives with those who are less fortunate.

Mr. Speaker, in addition to playing a major role in the success of the Philadelphia Eagles on the field, Harold Carmichael has used his time off the field to work with a wide variety of community and charitable organizations, particularly those involved with young people.

He has assisted with job training programs in North Philadelphia; has played a leading role in helping to rebuild the Triumph Baptist Church after it was destroyed by fire; and has been a key participant in such organizations as the Boy Scouts of America, the March of Dimes, the Leukemia So-

ciety of America, the Fellowship Commission, the Ronald MacDonald House, and the Cancer Society.

The Allegheny West Community has chosen wisely in deciding to honor his broad range of accomplishments, Mr. Speaker. I know that my colleagues join me in saluting Harold Carmichael for the positive and forceful image he projects for our youth today.●

THE SPIRIT OF HELSINKI VIGIL: FREE SEYMON GLUZMAN

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. MAGUIRE. Mr. Speaker, it has now been 9 years since Dr. Seymon Gluzman was arrested on charges of "anti-Soviet agitation and propaganda." Dr. Seymon Gluzman was found guilty, after what apparently constituted even under Soviet law an illegal search of his home, of distributing censored publications, including a Nobel Prize winning essay by Albert Camus.

The court sentenced him to 7 years in a strict regime labor camp to be followed by 3 years of internal exile. This harsh sentence seems clearly to have been intended to silence Dr. Gluzman's protests against political interference in the field of psychiatric medicine. Dr. Gluzman had authored a report exposing the use of psychiatry as a penal device in controlling dissidents, especially General Grigorenko, a leading Soviet human rights figure.

While in prison camp he intensified his protests against the Soviets' treatment of dissidents. He and another inmate, Vladimir Bukovsky, secretly published a manual to aid dissidents in avoiding committal as psychotics. This was not his only achievement inside the prison camp. He and others led hunger strikes against maltreatment of prisoners, refused to participate in the building of a new prison camp, and refused to testify to the insanity of an old friend and fellow activist, Leonid Plyushch.

As a result of all these activities, Dr. Gluzman was denied visits or correspondence with any outsiders and was periodically confined to a prison cell. However, he managed to smuggle out to his parents a letter in which he described how he was surrounded by "death from starvation, bullets, and torture."

Dr. Gluzman's prison sentence ended last year; he is now facing 3 years of internal exile with his wife and his child by a previous marriage. Although his wife and child are now permitted to be with him, Dr. Gluzman is still subjected to severe hardships.

Dr. Gluzman has continued to request that he and his family be allowed to emigrate to Israel. However, Russian officials continue to deny permission to Soviet emigration authorities to issue exit visas for Dr. Gluzman and his family, and most Jewish refuseniks who wish to emigrate. It has to be said that in this case, as in so many others, the U.S.S.R.'s official policy is to violate the Helsinki accords which clearly state that nations are to "make it their aim to facilitate freer movement and contacts * * * among persons * * *."

Dr. Gluzman is a perfect example of one who is selflessly dedicated to the interests of his fellow dissidents. His writings have aided the release of Piotr Grigorenko and Leonid Plyushch by exposing the severity of the Soviet's persecution of these men and all dissidents.

I am outraged at the U.S.S.R.'s treatment of Dr. Gluzman and other Jewish refuseniks who are denied basic human rights and are oppressed by a country which claims to support the achievements of the common man. I have established "The Spirit of Helsinki, Vigil 1980" as a concerted effort by Congress to draw attention to the individual's plight under the arbitrary and inequitable Soviet system.

Mr. Speaker, as a body, we must raise our voices and do whatever we can to secure Dr. Seymon Gluzman's release and to provide for his emigration to freedom.●

CARTER'S CONTRIVED YEMEN CRISIS—1 YEAR LATER

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. OTTINGER. Mr. Speaker, it is little over a year since President Carter decided to sell $390 million worth of arms to North Yemen. In retrospect, this ill-considered policy has proven to be a failure. Arthur Schlesinger, Jr., perceptively highlights the lessons to be learned from this mistaken policy decision and its ominous bearing on the Carter doctrine, in his letter which recently appeared in the New York Times. I commend it to my colleagues attention:

REMEMBER CARTER'S GREAT YEMEN CRISIS

TO THE EDITOR: It is now a year after the great Yemen crisis of 1979, when President Carter announced his decision to sell $390 million worth of arms to North Yemen in order to save that country from imminent conquest by Marxist South Yemen.

Mr Carter found the need to rush arms to "our" Yemen so desperate that he did not submit the arms sale to Congress, as required by the Arms Export Control Act. Instead, he invoked a provision of that act authorizing the President to go ahead on his own if "an emergency exists which requires such sale in the national security interests of the United States."

This anniversary provides an appropriate opportunity to consider what subsequently happened to Mr. Carter's "emergency."

In the year since, negotiations between the two Yemens, already underway when the emergency was declared, have turned into unification talks. Colonel Ali Abdullah Saleh, the President of "our" Yemen, has signed an arms agreement with Moscow. Soviet tanks, planes and rocket launchers have arrived in North Yemen.

Saudi Arabia, disturbed by the turn of events, has cut back its financial aid to North Yemen. The American F-5E aircraft, M-60 tanks, Vulcan air defense systems, so imprudently rushed to North Yemen, may well, at the next spin of the dial, end up pointed at the Saudis, if not at us. An ill-considered policy, rashly initiated, denied Congressional consideration and debate, has proved a dismal flop.

One lesson surely is the duty incumbent upon Congress not to collapse and cry uncle whenever a rattled or cynical President claims there is some emergency somewhere.

Because Congress let Mr. Carter get away with his great Yemen emergency in April 1979, the President did not hesitate to go through somewhat the same act on an ominously larger scale with the "Carter Doctrine" of January 1980—again panicky exaggeration of foreign crisis, again exploitation for domestic political benefit, again anticlimax.

As Falstaff observed long ago, "forcible feeble" is not the best maxim for the conduct of life.

ARTHUR SCHLESINGER, Jr.●

CONGRESSMAN ERLENBORN: RIGHT ON TARGET

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. ASHBROOK. Mr. Speaker, I would like to call my colleagues' attention to an excellent article which recently appeared in the Journal of American Insurance. The article goes a long way to expose congressional irresponsibility during consideration of the Longshoremen's and Harbor Workers' Compensation Act. My distinguished colleague, Congressman JOHN ERLENBORN, who is featured in the article, hits the nail right on the head when he says "that workers compensation is a new type of social welfare program, rather than temporary income maintenance. In one stroke," he adds, "Congress upset 35 years of careful legal precedent and the basic understanding of law." He is absolutely correct.

The Congress has an obligation to correct the many deficiencies in this poorly drafted legislation. I would urge my colleagues on the other side of the aisle to get moving. They can count on plenty of help from us.

The article follows:

ON THE WATERFRONT: HOW CONGRESS TORPEDOED THE LONGSHOREMEN'S ACT

Imagine becoming captain of the *Titanic* a half an hour after it struck the iceberg.

Perhaps that's how the House Subcommittee on Labor Standards felt last fall when it faced the task of reviewing the mounting problems associated with one of Congress' own creations—the Longshoremen's and Harbor Workers' Compensation Act (LHWCA).

Originated in 1927, the Act started life as a federally administered program of workers compensation, which, like Topsy, "just growed." Grew, in fact, from its basic premise of providing temporary income maintenance for injured dock workers, to a bloated example of government planning gone sour.

Especially vague in administration since 1972, when Congress passed a number of perplexing and often contradictory amendments, the Act has triggered an unusually high number of litigated claims and conflicting rulings by federal appeals courts.

According to Congressman John Erlenborn (R-Ill.), the problem-plagued Employees Retirement and Security Act (ERISA) is a "work of genius" when compared to the 1972 Longshore amendments. These amendments, says Erlenborn, introduced the concept "that workers compensation is a new type of social welfare program, rather than temporary income maintenance. In one stroke, Congress upset 35 years of careful legal precedent and the basic understanding of the law."

What went wrong? According to testimony presented before the House Labor Subcommittee by the Alliance of American Insurers and other concerned insurance groups, "runaway costs for employers, inadequate response to employee medical needs, and unpredictability of insurance risk exposures brought the program to a state of operational crisis. Only Congress," said the Alliance, "can take the remedial action necessary to bring this federal program back to some economic sense."

At present, the Act covers more than one million employees—longshoremen, harbor workers, workers in shipbuilding, ship repair, marinas, construction, boatyards, offshore drilling; some U.S. personnel overseas, private employees in the District of Columbia, and others.

The Longshore Act thus includes many workers whose worksites are over navigable waters or out of the country, and who would therefore not qualify for protection under state workers compensation laws. But many employees who could receive state benefits are covered under the Act, because Congress, the Department of Labor and the courts have created confused patterns of jurisdiction. In fact, coverage has been expanded to such an extent that construction and other activities remote from the longshore and harbor workers' industries are now included in this umbrella coverage.

Up until 1972, problems with the Act were minor compared to what happened after the 1972 amendments were passed. Complete with technical omissions and fuzzy language, and a generous sprinkling of liberal interpretations of the revised law, the amendments extended the program for all these groups well beyond medical benefits, rehabilitation, and income replacement. Now included are life insurance, pension benefits, and other forms of supplemental income.

Compensation benefits, for example, are often awarded when workers continue to work at full pay. Survivors benefits are payable even when the death is unrelated to the deceased's employment injury.

The largesse bestowed by the 1972 amendments, coupled with the jurisdictional confusion arising from them, have created a legal and financial nightmare for employers and insurers. In fact, the Longshore Act has made itself virtually uninsurable: it is now impossible for insurers to predict risk exposure with any degree of accuracy.

When an insurance company cannot determine risk, it is disinclined to underwrite any policy. In the case of the Longshore Act, the number of insurance companies willing to underwrite it has dwindled—so much so, that companies still underwriting coverage are forced to charge extremely high rates. Self-insured employers face the same problems of incurring and financing exorbitant costs.

Since the expense of any workers compensation insurance is usually passed along through the distribution system, the high cost of the Longshore Act puts additional pressure on the already overheated U.S. economy. In the case of stevedoring companies, much of the Act's cost is transferred to shipowners, then to their customers. Ultimately, consumers pay the higher cost of the products involved.

In the District of Columbia, where all private sector employees are also covered under the Longshore Act, workers compensation rates are three to four times higher than those in neighboring areas of Maryland and Virginia, even though the District rates as one of the safest in the United States in terms of incidence of work-related injuries and illnesses. Translated into direct consumer costs, a new $95,000 town house in the District would sell for $5,000 less if compensation costs were equal to those in Maryland and Virginia.

In addition, since the benefits paid under the Act are tax-free, many persons now receive awards that equal or exceed their preinjury take-home pay. This negative work incentive prolongs disabilities and invites claims for conditions more serious than they really are. The net effect? The discouragement of rehabilitation and return to work within a reasonable time—two fundamental principles of workers compensation.

An aura of mystery shrouds the origin of some of the most troublesome sections of the 1972 amendments. Those members of Congress who hammered out the changes did not ask for or possess cost studies and other hard data to use as a basis for their decisions. It now seems doubtful that, at the time, anyone understood the full implications of the revisions.

At face value, the 1972 amendments were pushed through to remedy two problems: low weekly benefits levels and the loss—through judicial interpretations—of what is called employers "exclusive remedy" protection. Before 1972, the Supreme Court had interpreted the law to permit third party liability and indemnification actions in which an injured longshoreman could sue a shipowner for damages. The shipowner could then sue the longshoreman's employer to recover these damages, in effect allowing the employee to indirectly sue his employer. This practice had eliminated a fundamental principle of workers compensation, exclusive liability.

Amendments in 1972 at first appeared to strike a balance between the needs of labor, management and government. Specific new language eliminated employer liability in third-party suits. Workers compensation was re-established as the employee's exclusive remedy under the Longshore program. In return, compensation benefits were drastically increased.

What actually happened was that the amendments had removed balanced controls while leaving other intentions of the Act unclear. Compensation became inordinately generous. Maximum disability benefits increased from $70 a week in 1972 to $426 in 1979, with annual automatic escalations built in.

Now the floodgates were opened. By vastly expanding the opportunities to receive high tax-free benefits, the 1972 amendments triggered a surge in claims. According to Department of Labor figures, injuries reported under the Longshore Act (excluding the District of Columbia) jumped from 72,087 in 1972 to 205,584 in 1977, an increase of 185 percent. In contrast, during the years immediately preceding the amendments, claims had dropped steadily—from 96,944 in 1969 to 72,087 in 1972—a decrease of 25 percent.

Today, it's still the same old story. Problems with the Longshore Act are even worse, particularly in the following areas:

JURISDICTION

Before the 1972 amendments, the concept of "water's edge" clearly prevailed. Water's edge meant that employees who worked seaward of the water's edge were covered under the Act. Those landward were covered under whatever state system of compensation applied. The amendments extended compensation coverage landward but left doubts about how far the coverage extended and to whom it applied.

Today, no one can say with certainty where Longshore coverage ends and state workers compensation jurisdiction begins. As a result, some employees have switched from state programs in order to qualify for greater Longshore benefits.

BENEFITS ESCALATION

The 1972 amendments quadrupled the weekly benefit level and pegged it permanently to two-thirds of the worker's income, not to exceed 200 percent of the national average weekly wage. In effect, this means that an open-ended annual tax-free increase exists in benefits—both for those who will have future claims and for those with claims in the process of being paid.

The increase, determined by the Secretary of Labor each October 1, is based on the percentage increase during the previous year in the national average weekly wage. For example, the increase was 8.05 percent for 1978 and 7.5 percent for 1979, bringing the maximum benefits for disability to its present level of $426 a week.

Inability to project these increases gives employers and insurers huge risk assessment problems, and are a major factor in employers' escalating premium costs.

INSURABILITY

Insurance companies and their reinsurers are retreating from the Longshore market because of its unpredictable nature. Since they have no clear idea of who is covered under the Act, or how inflation will affect future benefits, insurance companies cannot project their risk exposure and claims losses. A one percentage point miscalculation of inflation rates for the year ahead can literally make millions of dollars difference in claims costs.

As Longshore insurance has become less available, many employers have had to turn to self-insurance, provided they are large enough to afford the bonding, or, as another alternative, to take up more costly and less effective assigned risk coverage. However, getting reinsurance then becomes a factor; reinsurers are reluctant to accept unlimited escalation when there is no possibility of obtaining adequate rates.

Ultimate losses cannot be predicted when future claims payments are linked to inflationary factors which make it impossible to collect or set aside reserves adequate to protect both insurers and their reinsurers.

COST

Since benefits are high and continually increasing, opportunities to qualify for them are many, causing insurance premiums to soar. In New York, the employer's rate for general stevedoring coverage runs $363 per

employee per week, or $18,872 a year. For many employers under the Longshore Act, workers compensation is the second greatest cost after direct payroll.

It now appears that the volume of trade and number of jobs at American ports is affected by the Longshore Act. During 1974-1976, more than $1 billion in cargo was exported by land and loaded for shipment overseas at Canadian ports where longshore rates are much lower.

UNRELATED DEATH BENEFITS

At the present time, the Longshore Act is the only workers compensation law paying death benefits to survivors of permanently disabled employees when the death was not employment or employment-injury related, such as murder or suicide. A costly form of life insurance, this provision was not considered when the Act was originally created, and further complicates risk predictability.

COMPENSATION RATES PER $100 OF PAYROLL FOR HIGH RISK OCCUPATIONS

	District of Columbia [1]	Maryland [2]	Virginia [2]
Roofing	$36.47	$18.92	$12.71
Window cleaning	76.98	48.40	19.96
Painting metal structures	85.26	31.05	23.50
Wrecking	67.00	41.08	21.16

[1] Workers compensation covered by the Longshore Act.
[2] State workers compensation coverage.

Source: Alliance of American Insurers.

MAXIMUM DEATH BENEFITS

Through a quirk in the law upheld by the Supreme Court, death benefits to surviving spouses are granted tax-free at half the actual gross income the deceased worker was earning, subject to no maximum. Additional benefits are paid to surviving children, and all death benefits are escalated annually.

This interpretation literally puts a premium on death. The surviving spouses of highly-paid workers can collect benefits at a higher rate that the workers would have received in disability compensation had they lived—benefits which could add up to millions of tax-free dollars over the spouses' lifetimes.

UNSCHEDULED INJURY AWARDS

Unscheduled injuries—primarily back and head injuries and occupational disease—allow employees to receive permanent partial disability payments, unqualified, for a lifetime. With them, a worker can resume work at full pay, with permanent partial benefits serving as supplemental income.

ADMINISTRATION

Approximately two years is required to review a case—first by a deputy commissioner of the Labor Department, then by an administrative law judge, finally by the Department's benefits review board. If the case is appealed further, it takes a minimum of 18 months for a decision from the appropriate federal appeals court. Prior to 1972, decisions of the deputy commissioner could be appealed directly to a U.S. district court.

MEDICAL TREATMENT

The medical service provision in the 1972 amendments allows any physician to treat and evaluate Longshore injuries instead of only those doctors experienced in industrial medicine. As a result, many employees receive incompetent medical care. Further, opportunities for rehabilitating disabled persons have also been overlooked. Practical rehab programs which match the hopes and remaining abilities of the disabled to jobs where they can be productive have not been developed or encouraged by the Longshore Act, a situation which stands out as one of the most tragic indictments of the program.

THE SPECIAL FUND

The Special Fund limits the liability an employer has under workers compensation for an employee who at the time of hiring had a disability. This provision encourages employment of the handicapped. If a work accident occurs and the employer can show that a previous disability existed, his liability for the accident is limited to payment of the first 104 weeks of compensation. The Special Fund pays the rest of the claim.

The Fund is administered by the Department of Labor, and claims payments made by it are financed through annual assessments on insurers and self-insurers. The cost of these usually open-ended claims is thus spread among all those underwriting the Longshore Act.

Lack of administrative safeguards for the Fund creates the temptation to use it in cases which may not be justified. From 1972 through 1975, claims payments by the Fund increased from $42,000 to $2,200,000, a jump of 388 percent. Claims currently paid by the Fund are increasing at $10 million in liability each month. Nor is the Fund subject to reserve practices and other insurance procedures which would assure that claims obligations can be met.

LIGHT AT THE END OF THE TUNNEL?

Originally designed to provide a balanced trade-off of increased benefits in exchange for reinstating the exclusive remedy principle, the 1972 amendments to the Longshore Act have fostered many more problems than they solved—excessive costs, uninsurability, administrative delays, court confusion, and the need for additional legal services.

This sorry legacy has had the adverse effects for both employers and employees. The Alliance of American Insurers believes the only effective cure is to start at the core of the problem, the law itself. Even the Supreme Court of the United States has remarked that the Longshore Act is about as unclear as any statute could conceivably be.

Representative Erlenborn, who has introduced a bill in the House to correct the abuses of the Longshore Act, gives the coup de grace to such federal bungling: "In addition to the damage that Congress can do in passing a bad law, is the ability of the bureaucracy to take a good law and completely distort its intentions." What's more, Erlenborn points out, "there is ample evidence that the federal government is not qualified to run disability programs. Recent studies show that the group of federal employees with the consistently higher rate of workers compensation are the same group who administer the federal employees compensation program: the Department of Labor."●

TRIBUTE TO REV. JOHN JACKSON

HON. ROBERT DUNCAN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. DUNCAN of Oregon. Mr. Speaker, I am especially proud that today the pastor of my church, the Mount Olivet Baptist Church in Portland, is being honored by the Oregon region of the National Conference of Christians and Jews at their 31st Annual Human Awards Banquet.

I know of no one who is more deserving of honor. We have been very fortunate to have Rev. John Jackson in Portland since the early sixties, and he has made a truly remarkable contribution to our community.

Reverend Jackson came to us very highly recommended. His academic credentials are impressive—a bachelor of arts degree from the University of Pittsburgh, a master of divinity degree from Union Theological Seminary in New York and a master of education degree again from the University of Pittsburgh. He has served as pastor in Rochester, Pa., Roxboro, N.C., and Greenwich, Conn. His awards and accomplishments are too numerous to mention.

Reverend Jackson decided early in his career that a pastor need not restrict his activities to the confines of a church. And certainly, Portland has benefited from that philosophy. Reverend Jackson has served on the Portland Metropolitan Steering Commission, the Greater Portland Council of Churches, Planned Parenthood of Oregon, Albina Citizens War on Poverty and the Oregon State Public Welfare Board. He has also served as president of the Portland branch of the NAACP.

It is unfortunate that most of us today are so intent on looking out for our own best interests that we fail to notice what is happening to those around us. It is fortunate that we do have in this world a few such people as Rev. John Jackson.●

THE TRAGEDY OF THE ARMENIAN MASSACRE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. BIAGGI. Mr. Speaker, each April 24, the Armenian American community joins with the citizens of Armenia in commemorating the anniversary of the Armenian Massacre of 1915. It is a day to recall the horrors of the first recorded incidence of genocide in world history—and it is an occasion in which the world community should pledge to end all genocide.

The Armenian massacre resulted in the annihilation of three-quarters of their population. History reveals that the provocations which led to the Armenian massacre were simply a ruthless Turkish Government bent on eradicating all non-Turkish elements in the Ottoman Empire. Armenians were murdered because of their Christian beliefs, their intellectual, cultural, and commercial advancements.

In 1975, I joined as a cosponsor of House Joint Resolution 148, which designated April 24, 1975, as "National Day of Rememberance of Man's Inhumanity to Man." It coincided with the 60th anniversary of the Armenian

massacre. It also expressed the deep protest of the Congress to the capitulation of the United Nations when it deleted a reference to the Turkish massacre in their report on genocide.

As we witness the continued occupation of Cyprus by Turkish forces, we unfortunately see that the Turkish Government remains committed to aggressive policies which run contrary to the principles of democracy.

On April 24 of this year the Armenian National Committee of Metropolitan New York and New Jersey staged their annual parade to commemorate the massacre. It was a dramatic illustration of the depth of feeling which this issue still generates.

I am aware of the many and varied contributions of the Armenian American community. They are an integral part of American society. Yet the history of Armenia has been a tumultuous one—filled with tragedy and exploitation by stronger powers.

The horrors of genocide have blackened the pages of world history beginning with the Armenian Massacre of 1915. There were reports of the use of genocide by Soviet troops in Afghanistan this year. The world community must unite in a concerted effort to end genocide. Genocide does not belong in a civilized world.●

JERUSALEM

HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. YATES. Mr. Speaker, May 14, 1980, has been designated Yom Yerushalayim Day, marking the 13th anniversary of the reunification of the city of Jerusalem. After millenia of division and strife, Jerusalem is today a living city, uniting in a bond of humanity the great religions and traditions of Judaism, Islam, and Christianity. It would, of course, be inaccurate to say that tensions no longer exist, but under the leadership and administration of the State of Israel, human rights have been protected and religious freedom guaranteed to all. This is a truly remarkable accomplishment.

Mr. Speaker, President Carter has publicly advocated the unification of Jerusalem and open access to all holy shrines in the city, I congratulate the President on his support of these important goals. The next step, Mr. Speaker, is for him, the Congress, and the international community to join in the recognition of Jerusalem as the capital of Israel. This is a privilege Israel has earned; it is a right she deserves.

The spirit of Yom Yerushalayim is embodied in the hopes of all civilized peoples for a lasting peace in a troubled area, and the rights of all to religious freedom. I am pleased to be able to honor this day of commemoration.●

HUMAN RIGHTS ABUSES IN GUATEMALA

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. PEASE. Mr. Speaker, I am today providing the remainder of the two-part report on human rights abuses and living conditions in northern Guatemala. To refresh the memories of my colleagues, this is a report provided to me by a parish priest who has spent many years living and working with the people of this region. His identity is being withheld for considerations of his own personal safety. Also at the close of the report, there is a copy of a communique issued by the Diocese of Quiche Province.

DECEMBER OF 1979

On the 25th of this month, the EGP killed a Cotzalean Army specialist who had been on a spree in the town of Cotzal.

The month of December was the most tense in recent years for the town of Nebaj. Rumors abound that a guerrilla attack on the town's military post was imminent.

The 8th of the month: An Army lieutenant by the name of Prado, in a drunken spree and in cold blood, assassinated an employee of the Department of Health at one in the morning. Because it happened on the eve of the feast of the Immaculate Conception, and many residents were preparing for the celebrations, there were many witnesses to the murder. Many personal effects of the lieutenant were found under the corpse. The dead man, Daniel Mazariegos, native of Amatitlan, was an employee of the Nebaj Health Department, where he had been taken after kidnapping as he was doing his rounds as Technician in Rural Health, and tortured by the Army in Ixcan.

December 12: Two soldiers in civilian clothes attempted to rape two women in the Confradia celebrations.

December 16: One drunken soldier shot a Nebajian while at a party. The people tried to lynch the soldier, but he escaped.

Due to the abuses committed by Army soldiers at the Confradia celebrations on the 24th, the women of Confradia became incensed, brutally beat the soldiers and scalded their heads with boiling water.

During the 25th, 26th, 27th, 28th and 29th of the month, there were a number of abuses by drunken soldiers in the town of Nebaj. There were daily shootings by the Army.

The Army insisted that it was being attacked by guerrillas. The people said that they had not seen a guerrilla during any of these days; that it was an Army action to terrorize the civilian population.

The bullet-ridden corpse of a young Nebajian was found on December 26 in the Xajal Canyon in the Nebaj municipality.

In Chicaman, the year came to a close with an EGP occupation on Saturday morning.

The month of December became for the people of Chajul the blackest of the year. Three people died in a shooting on December 7, in the military depot at Jaboncillo. Army information informed the country's mass media that it had destroyed three guerrillas who were part of a group that attempted to attack a military base in Chajul. The town of Chajul denied this report and informed us that there was no guerrilla attack and that the soldiers killed one another.

The truth is that, beginning December 7, the soldiers from the military base had been making nightly incursions into the town, searching homes, raping women, stealing money, the townspeople's belongings, etc. That same December 7, the Army kidnapped more than a dozen persons, among them women. They were interrogated under torture at the military base and subsequently released, a few at a time. They forced residents to accompany the soldiers and to identify the homes of the guerrillas. Community leaders were forced to appear at the military base to provide information. Frightened by the terror, many families fled toward the hot lands of Chajul or toward the coast.

On the 21st of the month, the guerrillas entered the town of Chajul, killed two Chajuleans and wounded several others. This group had served as Army guides during house searches.

The 24th: Christmas Eve surprised the Chajuleans with some new developments. The Army abandoned its base at Jaboncillo and took over the Savings and Loan Building downtown. This move was made without the permission of the tenants of the Savings and Loan Building. That building is now the headquarters of the Army. From it are launched the nightly patrols that abuse the civilian population.

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An example of what has already been said: Seven soldiers on an investigative mission at a house in the town of Chajul, in broad daylight raped the owner of the house. The seven soldiers raped her. It had been only twenty days since the woman had given birth to her last child. The woman's name is being withheld for fear of reprisals. A number of neighbors who had been alerted by the woman's screams—but kept at bay by the rapists' machine guns—are witnesses to this event.

We close this report by relating an event typical of the kind experienced by the people in the north of Quiche. The first of January 1980, the nation's newspapers (Prensa Libre, El Grafico, etc.) under large, front-page headlines, ran a communique of the Public Relations Office of the Guatemalan Army.

According to this communique, in the hamlet of San Pablo Baldio, municipality of Uspatan, the guerrillas of the E.G.P. had ambushed an Army patrol. According to this account, it was only because of the soldiers' military training and spiritual discipline that they were able to repel the guerrillas who, upon realizing their imminent defeat, took cover behind the hamlet residents. Casualties of this military action, the Army informs us, were one critically wounded soldier, one soldier with minor wounds to the little finger of his left hand, and half a dozen seriously wounded guerrillas.

The truth of the matter, however, is totally different. The residents of San Pablo Baldio say that on January 10, 1980, an Army patrol from the army detail at Xejul, next to the town of Uspantan, arrived at their hamlet, occupied it, and began house to house searches. During the searches, they physically assaulted several residents, and stole money and property from many houses. In one of these houses (we omit the family name for fear of reprisals), the soldiers, in front of the head of the household, found and stole 15 quetzales. Later they decided to steal a basket of eggs. The father of the family responded by reaching for his machete in order to protect his property.

Immediately, a soldier, who was in the bedroom, shot the man with his weapon from no more than three meters away. The bullet struck the blade of the machete. In its trajectory it clipped the index finger of the right hand of the father and, changing directions, struck the stomach of a soldier who was searching another part of the house. The father was treated at a hospital in Santa Cruz del Quiche, where it was discovered that he had, apart from a wounded hand, a large black and blue mark on his chest where the machete had been when the bullet struck. In addition, several lead fragments had lodged in his chest. Such was the alleged guerrilla ambush in San Pablo el Baldio, and such is the way that the events are reported by the mass media, in such a distorted way that not even the media's own protagonists can recognize them.

COMMUNIQUE OF THE QUICHE DIOCESE

Profoundly affected by the recent tragic events which have affected public opinion in Guatemala and abroad, the Bishop, priests and religious of the Quiche Diocese declare the following:

That there be national mourning for the loss of human lives, the offering of prayers to God for those who have died and sympathy to their families. As human beings and Christians, we can do no less than to raise our voices in protest at the intolerable situation that has led to the death of our brothers, fellow citizens and parishioners.

The lamentable events that have occurred at the Spanish Embassy reflect the present tension that exists in the country, especially in Quiche. Campesinos who asked to be heard by the authorities and the people, who unsuccessfully tried in many different ways to air their demands for solution to their problems, are today added victims to the tragedy that our country suffers.

An extremely violent situation has weighed upon the Quiche for the last four years. This has been aggravated by the military occupation of the northern zone and by other repressive actions against the people in favor of small minorities. At the root of the problem is an economic system that does not take into account the interests of the poor, and that is supported by a doctrine of national security that imposes a reign of terror over the people. The denial of civil liberties put the people in a desperate situation that translates into rebellion and explodes into violence.

From the perspective of our faith, we interpret this reality as a rejection of God's Providence and as a continuous sinful state. The Lord identifies with His people to the degree that what we do to the poor, we also do to Him. This is how God's judgment will be realized: Salvation, when the relationship with the poor is based on love and active struggle by their side; Condemnation, when the relationship is exploitation, violence or abandonment.●

JOE BRUNO

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 14, 1980

● Mr. SHELBY. Mr. Speaker, tomorrow, May 16, the Horatio Alger Awards will be given to 13 modern-day Horatio Algers at a ceremony in Detroit, Mich. I am pleased and honored to say that an Alabamian and a good friend, Mr. Joe Bruno, will be one of the honorees.

Joe's is a storybook tale. The son of an Italian immigrant father working in the Alabama steel mills and the eldest of eight children, Joe left home to earn his keep as a grocery store live-in helper at the age of 12. By 1932, in the depths of the Great Depression, he started his own grocery store with an investment of $600. But even then he knew that ultimately he would run a chain of stores—and Joe's vision has become reality with 51 major foodstores and 56 drugstores making up a company with assets of $60 million and annual net sales of $500 million. A truer example of Horatio Alger success does not exist.

Joe's first little store grossed $75 its first week of operation but, after being joined by his four brothers, Joe Bruno persevered. He was among the first to buy full-page grocery ads in the Alabama newspapers, and soon found himself head to head with grocery giants like A. & P. In 1971, Bruno's went public with its first stock issue, opened the doors to Big B discount drugs, and soon thereafter launched Food World, a new venture into discount food sales. The real icing on Joe's cake of dreams is the knowledge that A. & P. is selling its Alabama operations, while Bruno's is still growing strong.

When Dr. Norman Vincent Peale presents this award to Joe Bruno tomorrow, he will be seeing the real life version of his book "The Power of Positive Thinking." In Joe's own words, "If a person is willing to work for something, willing to persevere long enough, then he can make it * * *. I do not think there should be a stopping to anybody's dream. The more you dream, the more you want, the longer you live for it. If you stop dreaming, what is there left?"

The father of 2 and the grandfather of 10, Joe's dreams have been showered on his family and his community. Through active participation in the American Cancer Society, the American Red Cross, the Salvation Army, the Southern Benedictine College and others he has spread this positive attitude throughout the organizations and people he has touched.

Joe Bruno will step into the Horatio Alger Award limelight with such luminaries as Dwight D. Eisenhower and Clare Boothe Luce. And he will be the first Alabamian ever to do so. We are mighty proud to call Joe Bruno one of our own.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, May 13, 1980, may be found in the Daily Digest of today's RECORD

MEETINGS SCHEDULED

MAY 16

10:00 a.m.

Appropriations

HUD-Independent Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981 for the Department of Housing and Urban Development, and Independent Agencies.

1318 Dirksen Building

Appropriations

Interior and Related Agencies Subcommittee

To continue hearings on proposed budget estimates for fiscal year 1981, for programs of the Department of the Interior.

1224 Dirksen Building

Banking, Housing, and Urban Affairs

Securities Subcommittee

To resume hearings on S. 1533 and 1940, bills to provide an exemption for qualified small business venture capital companies.

5302 Dirksen Building

Judiciary

To resume hearings on the nomination of S. Arthur Spiegel, to be a U.S. District Judge for the Southern District of Ohio.

2228 Dirksen Building

MAY 19

9:00 a.m.

Judiciary

Improvements in Judicial Machinery Subcommittee

To hold hearings on H.R. 5563, to allow certain proceedings in the U.S. District Court for the District of Puerto Rico to be conducted in either English or Spanish.

1224 Dirksen Building

9:30 a.m.

Judiciary

To hold hearings on the nominations of Fred D. Gray, to be U.S. District Judge for the Middle District of Alabama; E. B. Haltom, Jr., U. W. Clemon, and Robert B. Propst, each to be a U.S. District Judge for the Northern District of Alabama.

2228 Dirksen Building

MAY 20

9:30 a.m.

Commerce, Science, and Transportation

*Science, Technology and Space Subcommittee

To hold hearings on industrial applications of recombinant DNA techniques.

224 Russell Building

Environment and Public Works

To hold hearings on S. 1631, proposed Fish Restoration Act.

4200 Dirksen Building

10:00 a.m.

Appropriations

Interior and Related Agencies Subcommittee

To hold hearings on proposed budget estimates for fiscal year 1981 for the Office of the Secretary and the Office of the Solicitor, Department of the Interior.

1223 Dirksen Building

Banking, Housing, and Urban Affairs

To hold oversight hearings on the implementation of the Chrysler Corporation Loan Guarantee Act.

5302 Dirksen Building

Commerce, Science, and Transportation

Aviation Subcommittee

To hold oversight hearings on the Civil Aeronautics Board's decision to grant increased fare flexibility to U.S. airlines.

235 Russell Building

Energy and Natural Resources

To hold hearings on S. 2665, proposed National Coal Production, Distribution, and Utilization Act.

3110 Dirksen Building

10:30 a.m.

Judiciary

Business meeting, to consider pending calendar business and nominations.

2228 Dirksen Building

2:00 p.m.

Office of Technology Assessment

The Board to hold a meeting on pending business items.

EF-100, Capitol

MAY 21

9:00 a.m.

Veterans' Affairs

To resume hearings on the Federal Government's efforts to assist Vietnam-era veterans in readjusting to society, and the use of expected appointments for disabled veterans.

412 Russell Building

10:00 a.m.

Commerce, Science, and Transportation

To hold hearings on S. 2523, to clarify certain antiquated inspection and manning laws which affect smaller commercial vessels, and H.R. 1198, to establish appropriate identifiable lines dividing inland waters of the United States from the high seas.

235 Russell Building

Energy and Natural Resources

Business meeting, to consider pending calendar business.

3110 Dirksen Building

Labor and Human Resources

Health and Scientific Research Subcommittee

To hold hearings on S. 1610, proposed Blood Assurance Act.

4232 Dirksen Building

MAY 22

9:00 a.m.

Special on Aging

To hold oversight hearings on the administration of mental health programs to serve the elderly and to review proposals to overcome service barriers to older Americans (the substance of S. 1177).

1202 Dirksen Building

10:00 a.m.

Environment and Public Works

Environmental Pollution and Resource Protection Subcommittees

To resume joint markup of S. 1480, proposed Environmental Emergency Response Act.

4200 Dirksen Building

Labor and Human Resources

Health and Scientific Research Subcommittee

Business meeting, to markup S. 2144, 2375, and 2378, bills to provide support for the training of professionals in health service needs.

4232 Dirksen Building

*Select on Indian Affairs

To hold hearings on S. 2513, to promote economic self-sufficiency among Indian Tribes by providing tax incentives to industries who hire Indians and locate on or near their reservations.

1318 Dirksen Building

MAY 23

10:00 a.m.

Energy and Natural Resources

Energy Conservation and Supply Subcommittee

To hold hearings on S. 1519, authorizing the Secretary of Energy to redress the capital repayment problems of the Southwestern Power Administration without undue burden to the current ratepayers.

3110 Dirksen Building

MAY 28

10:00 a.m.

Energy and Natural Resources

To hold hearings on the impact of acid rain in the atmosphere resulting from an increased use of coal.

3110 Dirksen Building

MAY 29

9:30 a.m.

*Veterans' Affairs

To hold hearings on proposed legislation to establish a cost-of-living increase for service-connected disability compensation.

412 Russell Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To hold hearings on proposed legislation relating to possible effects of excessive commodities speculation on the Nation's banking system and credit markets, focusing on futures trading in financial instruments or their equivalents.

5302 Dirksen Building

Select on Small Business

To hold oversight hearings on the implementation of Federal programs for women in business.

457 Russell Building

MAY 30

9:00 a.m.

Finance

Taxation and Debt Management Generally Subcommittee

To hold hearings on the following miscellaneous tax legislation. S. 2484, 2486, 2500, 2503, 2548, and H.R. 5043.

2221 Dirksen Building

10:00 a.m.

Banking, Housing, and Urban Affairs

To continue hearings on proposed legislation relating to possible effects of excessive commodities speculation on the Nation's banking system and credit markets, focusing on futures trading in financial instruments or their equivalents.

5302 Dirksen Building

JUNE 2

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To hold hearings to examine certain energy policy issues dealing with episodic, severe shortages in transportation fuel.

3110 Dirksen Building

Select on Indian Affairs

To hold oversight hearings on the implementation of Federal recognition procedures, relating to the acknowledgement of nonrecognized Indian tribes.

5110 Dirksen Building

JUNE 3

10:00 a.m.

Energy and Natural Resources

To hold oversight hearings to review the progress of the negotiations on the future political status of the Trust Territory of the Pacific Islands.

S-407, Capitol

JUNE 4

10:00 a.m.

Select on Indian Affairs

To hold oversight hearings on the implementation of the Judgment Fund Distribution Act.

5110 Dirksen Building

Select on Small Business

To hold oversight hearings on the implementation of the Small Business Administration's loan assistance programs as they apply to veterans of the Armed Forces (Public Law 93-237).

424 Russell Building

JUNE 5

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To hold oversight hearings on the implementation of the Department of Energy's Building Energy Performance Standards (BEPS) program.

3110 Dirksen Building

JUNE 10

9:30 a.m.

Judiciary

To hold joint hearings with the Labor and Human Resources' Subcommittee on Health and Scientific Research on S. 1865, proposed Radiation Exposure Compensation Act.

4232 Dirksen Building

Labor and Human Resources
Health and Scientific Research Subcommittee
To hold joint hearings with the Committee on the Judiciary on S. 1865, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building

10:00 a.m.
Select on Indian Affairs
To hold oversight hearings on the implementation of the Tribally Controlled Community College Act.
5110 Dirksen Building

JUNE 11

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the activities of the Inspector General of the Veterans' Administration.
412 Russell Building

JUNE 12

9:30 a.m.
Labor and Human Resources
Health and Scientific Research Subcommittee
To hold hearings on S. 2490, proposed Infant Formula Act.
4232 Dirksen Building

JUNE 17

2:00 p.m.
Appropriations
Transportation Subcommittee
To hold hearings on proposed budget estimates for fiscal year 1981 for the U.S. Railway Association and the Washington Metropolitan Area Transportation Authority.
1224 Dirksen Building

JUNE 19

9:30 a.m.
Veterans' Affairs
To hold hearings on S. 2020 and 2596, bills to provide educational assistance programs for those individuals who enlist in the Armed Forces, and to hold oversight hearings on the implementation of current educational incentive programs to promote an All Volunteer Force.
412 Russell Building

JUNE 24

2:00 p.m.
Appropriations
Transportation Subcommittee
To resume hearings on proposed budget estimates for fiscal year 1981 for certain programs of the Department of Transportation.
1224 Dirksen Building

JULY 1

10:00 a.m.
Veterans' Affairs
To hold oversight hearings on the implementation of small business loan programs for veterans recommended by the White House Conference on Small Business.
412 Russell Building

CANCELLATIONS

MAY 22

9:30 a.m.
Labor and Human Resources
Child and Human Development Subcommittee
To hold oversight hearings to examine issues affecting infant mortality, and preventable birth defects.
4232 Dirksen Building