SENATE—*Tuesday, January 27, 1981*

(Legislative day of Monday, January 5, 1981)

The Senate met in executive session at 10 a.m., on the expiration of the recess, and was called to order by Hon. NANCY LANDON KASSEBAUM, a Senator from the State of Kansas.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Let us pray.

Eternal Father, our need is our prayer this day. We do not pray for easy lives, but that we may be stronger persons. We do not pray for tasks equal to our powers, but for powers equal to our tasks. We do not pray for simple solutions to complex problems, but rather that Thou wilt show us the next step. So wilt Thou help us to do Thy work with courage and wisdom and at the end hear it said, "Well done, good and faithful servant."

In the name of Christ the Lord, we pray. 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. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., January 27, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable NANCY LANDON KASSEBAUM, a Senator from the State of Kansas, to perform the duties of the chair.

STROM THURMOND,
President pro tempore.

Mrs. KASSEBAUM thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

THE JOURNAL

Mr. STEVENS. Madam President, I ask unanimous consent that the Journal be approved to date.

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

LETTER OF RESIGNATION AND CERTIFICATE OF APPOINTMENT

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the letter of resignation of Senator Donald Stewart, of Alabama, and the certificate of appointment of Senator JEREMIAH DENTON, of Alabama, to fill that vacancy.

Without objection, the reading will be waived and the documents will be printed in the RECORD.

The documents were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., December 19, 1980.

The VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

DEAR FRITZ: Enclosed please find my letter of resignation addressed to Governor Fob James of Alabama, effective midnight, January 1, 1981.

Respectfully,

DONALD W. STEWART.

U.S. SENATE,
Washington, D.C.

Hon. FOB JAMES,
Governor of the State of Alabama,
Montgomery, Ala.

DEAR FOB: This letter is sent to inform you of my resignation from the United States Senate in favor of my successor effective midnight January 1, 1981.

I have been greatly honored by the people of Alabama who elected me to this high office and have sought to serve them in every possible way during my term in office. I can now best serve the State by allowing its newest Senator to take office early.

I hereby urge you to immediately appoint the Senator-elect to my vacated seat.

With best wishes for your health and happiness during this holiday season.

Warm regards,

DONALD W. STEWART,
U.S. Senator.

STATE OF ALABAMA,
GOVERNOR'S OFFICE,
Montgomery.

CERTIFICATE OF APPOINTMENT

To the President of the Senate of the United States:

This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Alabama, I, Fob James, the governor of said State, do hereby appoint Jeremiah Denton a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the resignation of Donald Stewart, is filled by election as provided by law.

Witness: His excellency our governor Fob James, and our seal hereto affixed at Montgomery this 2nd day of January, in the year of our Lord 1981.

By the governor:

FOB JAMES,
Governor.

STATE OF ALABAMA,
GOVERNOR'S OFFICE,
Montgomery.

CERTIFICATE OF ELECTION FOR SIX-YEAR TERM

To the President of the Senate of the United States:

This is to certify that on the 4th day of November, 1980, Jeremiah Denton was duly chosen by the qualified electors of the State of Alabama a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 3rd day of January 1981.

Witness: His excellency our governor, Fob James, and our seal hereto affixed at Montgomery, Alabama, this 6th day of January, in the year of our Lord 1981.

By the Governor:

FOB JAMES,
Governor.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. STEVENS. Madam President, I ask unanimous consent that following the four special orders on this morning there be a period for the transaction of routine morning business not to exceed 20 minutes and that Senators be permitted to speak therein for not to exceed 5 minutes each.

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

ORDER FOR RECESS FROM 1:45 P.M. UNTIL 5 P.M. TODAY

Mr. STEVENS. Madam President, I ask unanimous consent at 1:45 p.m. today the Senate stand in recess until the hour of 5 p.m. today.

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

ORDER CONCERNING ROLLCALL VOTES TODAY

Mr. STEVENS. Madam President, I ask unanimous consent that the rollcall votes ordered today, if there are any, not occur until 5 p.m. today and that at such time votes so ordered occur back to back.

I further ask unanimous consent, Madam President, that when the Senate begins the sequence of votes at 5 p.m., the second and succeeding votes be limited to 7½ minutes in length, with the five bells to sound 5 minutes before the end of the rollcall.

Mr. ROBERT C. BYRD. Madam President, reserving the right to object.

Mr. STEVENS. Madam President, I delete the request at this time for the shortening of votes that occur at 5 p.m. and hope that we can announce that later. We expect two to three votes at that time. My request now just covers the request that rollcall votes that are ordered not occur until 5 p.m. and that the votes that are ordered prior to 5 p.m. occur back to back.

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

COMMISSION ON WARTIME RELOCATION AND INTERNMENT OF CIVILIANS

Mr. STEVENS. Madam President, I ask unanimous consent, as in legislative

session, that the Senate proceed to the immediate consideration of the bill I am sending to the desk.

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

The clerk will report.

The assistant legislative clerk read as follows:

A bill to increase the number of members of the Commission on Wartime Relocation and Internment of Civilians.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

Mr. ROBERT C. BYRD. Madam President, reserving the right to object, and I shall not object, I wish to state that this matter has been cleared with Mr. EAGLETON, the ranking member of the committee on this side.

Mr. STEVENS. Madam President, I am indebted to the distinguished Senator from West Virginia. The bill has been cleared by the leadership in both Houses. The bill simply expands the membership of the Commission on Wartime Relocation and Internment of Civilians from its present seven members to nine. The Commission was established pursuant to legislation enacted last year to investigate the relocation and internment of Japanese and Aleut Americans during World War II. This bill will incur no additional cost to the Government.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the immediate consideration of the bill; and, without objection, the bill will be considered as having been read the second time at length.

The question is on the engrossment and third reading of the bill.

The bill (S. 253) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 253

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) subsection (b) of section 3 of the Commission on Wartime Relocation and Internment of Civilians Act is amended by striking out "seven" and inserting in lieu thereof "nine".

(2) Clause (2) of such subsection is amended by striking out "Two" and inserting in lieu thereof "Three".

(3) Clause (3) of such subsection is amended by striking out "Two" and inserting in lieu thereof "Three".

(b) Subsection (e) of section 3 of such Act is amended by striking out "Four" and inserting in lieu thereof "Five".

Mr. STEVENS. Madam President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Madam President, I move to lay that motion on the table.

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

Mr. STEVENS. I thank the Senator from West Virginia.

ORDER OF PROCEDURE

Mr. STEVENS. Madam President, it is my understanding that there are four special orders. I ask unanimous consent that the 15-minute special order of the Senator from Montana (Mr. BAUCUS), be transferred to the Senator from Arkansas (Mr. BUMPERS), and, further, I ask unanimous consent that the 15-minute special order granted to the Senator from New Mexico (Mr. SCHMITT), be vacated.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. WALLOP. Madam President, reserving the right to object, did I understand that the Senator from Montana (Mr. BAUCUS), asked that his time be given to Mr. BUMPERS?

Mr. STEVENS. That is correct.

Mr. WALLOP. Madam President, I would ask that the time of the Senator from New Mexico not be yielded back but be given to me, because I suspect I will need it.

Mr. STEVENS. Madam President, the Senator from Wyoming has one special order, as I understand it. I ask unanimous consent that the time granted to the Senator from New Mexico (Mr. SCHMITT), be transferred to my control.

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

Mr. STEVENS. Madam President, I state to the Senator from Wyoming that I will yield that time to the Senator.

Mr. WALLOP. I thank the Senator.

Mr. STEVENS. Madam President, I yield back the remainder of the leadership time on this side.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

WELCOME HOME

Mr. ROBERT C. BYRD. Madam President, for 14 months we have waited for our Americans in Iran to be returned. Our hopes and prayers and thoughts have been with our captive citizens. We have waited too long for this day. Our joy is simple relief: They are free; they are home at last.

The reception awaiting the returned Americans is a bit overwhelming. The American people clearly consider the former hostages worthy of honor. And with good reason. We are not a nation of nobles and commoners, but a country of Americans. When 52 of us were imprisoned, part of us, part of America was held by terrorists. When evil is done it is not the victim but the doer of the wrong who debases himself. The cruel Iranian terrorists are the losers. And those who suffered and persevered are those with human dignity.

The simple things in life are the most important and the most profound. And today the simple fact that these Americans have come home touches us deeply. They have endured pain, they have kept their faith in loneliness, and they have paid a price for being citizens of the United States. Freedom is not a gift, it must be earned every day. These Americans have reminded us of that basic truth. Despite the difficulties they have endured, we welcome them with enormous joy. They make all of us proud to be Americans.

A THOUGHTFUL ARTICLE ON NATIONAL DEFENSE

Mr. ROBERT C. BYRD. Madam President, one of Congress most important single responsibilities is the duty of maintaining a strong national defense program. In order to do this, we must continually examine our current defense philosophy and practices, and look for ways of improving our strategy and instruments of defense.

In view of the Soviet invasion of Afghanistan, Soviet, and Cuban adventurism in Africa, and the apparent Soviet shift from a limited defensive posture to a global military and naval offensive strategy, it is particularly important that we keep our security forces at the top level of efficiency and strength. We can only preserve our freedom and guard our national interests if we maintain the defensive forces necessary to carry out our national will.

Last Friday, the Wall Street Journal published a thoughtful article concerning our national defense philosophy. The article, entitled "The Case for Military Reform," was written by our distinguished colleague from Colorado, Senator GARY HART. Senator HART, throughout his career in the Senate, has demonstrated a growing acumen in defense matters. This reflective article should be a helpful contribution to our discussions on vital defense matters.

Madam President, I ask unanimous consent that this article from the Wall Street Journal be printed in the RECORD.

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

THE CASE FOR MILITARY REFORM

(By GARY HART)

Both major candidates in the presidential campaign put heavy stress on the need for a stronger defense. President Reagan is committed to increasing the defense budget, possibly by as much as $25 billion to $35 billion annually. But will increased spending really strengthen America's defenses?

The answer is: not necessarily. If the Reagan administration is serious about efforts to strengthen the military, it will have to look beyond the size of the budget. It will have to embrace a cause that has quietly been growing among defense academics and writers, officers in the field and a few elected officials: the cause of military reform.

Military reform means three basic changes:

It means spending more, selectively, for defense.

It means allocating funds to innovative weapons and programs.

And it means addressing a number of nonbudgetary problems which, although not related to defense spending, relate directly to winning or losing wars. This includes reexamination of basic defense doctrine and concepts.

UNDERFUNDED DEFENSE

First, we do need to increase the defense budget. Major elements in our defense establishment have been underfunded for some time. These include shipbuilding, military pay, operations and maintenance and strategic forces.

Second, we must direct our spending toward innovative weapons and programs. Just spending more will not solve our problems. We risk being like the French in the 1930s, debating how much to spend each year on the Maginot Line.

If what we are buying will not work on the

battlefield, then it does not matter how much of it we have.

Perhaps the Navy provides the best example of the need to spend our money for innovation. In an era when new weapons have made every surface ship significantly more vulnerable that it was 20 or even 10 years ago, the Navy has become dependent on just 13 ships—the 13 large aircraft carriers. Most other types of surface ships—cruisers and destroyers—are not only wedded to the aircraft carrier, they are themselves more vulnerable and increasingly less able to carry out their escort mission.

New concepts and technologies could free the Navy from many of its current problems. Vertical/short take-off and landing (V/STOL) aircraft could permit us to build smaller, less expensive carriers in much larger numbers. Modern diesel-electric submarines could complement our extremely expensive nuclear attack subs, enabling us to afford a much larger submarine force. Hydrofoils and surface effect ships could provide the high speeds—up to 80 knots—needed for truly effective antisubmarine ships. But this means spending our naval dollars in innovative ways, which we haven't been doing.

The third basic component of military reform, the need to attack some non-budgetary defense problems, is seldom addressed in our national defense debate. But these problems may be the most serious of all.

Our concept of land warfare is a good example. The doctrine of the Army still reflects the post-World War I French concept of a war of attrition dominated by massive firepower. Its object is to destroy the enemy physically, tank by tank and man by man.

The Germans demonstrated in World War II that a concept based on maneuver is more effective, especially for the side with fewer men and less equipment. The Russians learned maneuver warfare the hard way, from the Germans in World War II. We still haven't learned it. One can place the U.S. Army's field manuals side-by-side with those of the French in 1940 and find remarkable parallels. Unless we re-examine our entire concept of land warfare, it won't do much good merely to spend more money to buy more hardware.

The military education and promotion system is another example of a serious non-budgetary weakness. The military education system—the service academies, the command and staff schools, the war colleges—gives little attention to *ideas* about warfare. It emphasizes the study of management and lower-level leadership, not military history.

Promotion reinforces the effects of poor education. The services value the manager, tolerate the troop leader, but have virtually no place for the theorist.

We must give our officers a chance to think about warfare, both in our service schools and while on regular duty assignments. This means changes in the schools' curricula, including much greater emphasis on military history and theory, and possibly lengthening the school terms. It means upgrading and revitalizing our military journals. It means reducing the administrative load on the officer in the field, to give him time to think. And we should consider providing a formal career path for those officers who excel in military theory, to parallel those already existing for the troop leader and the manager.

Why have there not been stronger efforts from within the armed forces to create a place for the military theorist? This brings up what is perhaps our most fundamental military weakness: The armed services have in large part become bureaucracies.

Traditionally, the forces were organized on a "corporative" model. Each officer was inculcated with, and worked in every way to advance, the overall goals and purposes of his service. Today, only the Marine Corps adheres to this model.

NARROW OUTLOOK

The Army, Navy and Air Force have instead adopted the bureaucratic model, in which the officer specializes in one or several narrow functions, and the overall goals of the institutions are supposedly attained by linking the "boxes" which define each individual's job. Unfortunately the narrow outlook this produces often causes those overall goals to be forgotten, while decisions are based on what the institutions find comfortable—which is to say, what they have done in the past.

If we are to avoid the military dangers this trend toward bureaucratization could cause, we must reform the very basis of our armed services—the way they make decisions—while we also reform specific military concepts and force structures, military education and the promotion system. Otherwise, the other reforms will only be temporary, for the ongoing process of change and adaptation which must characterize an effective military will not develop. This may be the single most challenging defense task we face.

Military reform presents a difficult challenge to the new administration. But it also offers an enormous opportunity. It offers a new basis for something we lost in Vietnam—a genuine national consensus of defense. There is nothing ideological about the issue. It is a task in which liberals and conservatives can join. It will indeed require a joining of those who have differed in the past. But if we are willing to think new thoughts, and see today's problems in the light of present realities, not as reflections of debates long past, it can be done.

Mr. ROBERT C. BYRD. Madam President, I yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Madam President, I thank my good friend for yielding. I am happy that he put that article by GARY HART into the RECORD. It is an excellent article and should be called to the attention of all our colleagues.

AMENDING THE FOOD STAMP ACT OF 1977

Mr. PROXMIRE. Madam President, on January 15, I introduced S. 86, a bill to amend the Food Stamp Act of 1977 to revise eligibility to participate in the food stamp program.

Since floor statements could not be delivered that day, I am taking this opportunity to make brief remarks concerning S. 86.

BASIC PURPOSE DEFINED

Madam President, my bill aims to help bring the raging food stamp program under control through cutting back on the number of people who are eligible to participate.

The Congressional Budget Office estimates that the fiscal year 1982 savings to be realized through enactment of S. 86 would be $495 million.

This would be achieved through eliminating 2 million participants from the food stamp program. This is a 9-percent reduction.

My bill would also reduce by 5 million the number of persons potentially eligible to participate in the food stamp program. This represents a cut of 16 percent.

ELIMINATING DEDUCTIONS

Under the Food Stamp Act of 1977, as amended, the Federal poverty levels are only the nominal measure of income eligibility for food stamp aid.

Substantial amounts of any household's cash income are disregarded before that household's income is compared to the applicable poverty level. As a result, the effective income eligibility limits—on gross income—are much higher and vary from household to household.

Income eligibility for food stamp aid is based on a household's projected monthly cash income. This determination takes several steps. I will outline briefly what those steps are and how my bill cuts what I consider to be unnecessary or unjustifiable deductions.

After the gross projected monthly income is calculated, the first step is to deduct the amount of the annually indexed "standard deduction." At present, this amounts to a flat $85 per household per month. In other words, by disregarding $85 per household, the effective income elgibility limit for all households is automatically raised $85 above the poverty levels.

My bill would eliminate this standard deduction.

The second step is to deduct 20 percent of any earned income, as an allowance for taxes and work expenses and as a work incentive. This automatically raises the effective gross income limit above the basic poverty level (plus the $85 standard deduction), for households with earnings, by the equivalent of 20 percent of any earnings.

My bill would reduce this deduction from 20 percent to 15 percent.

THIRD STEP

The third step is to deduct: First, any household expenditure for dependent care related to employment, education, or training for work; and second, any shelter expenses exceeding 50 percent of household income remaining after all other appropriate deductions have been allowed—but only up to an annually indexed ceiling (now set at $115 per household per month) that applies to the total amount that may be claimed for both types of expenses.

As a result, for households with dependent care or high shelter expenses, the effective income eligibility limit can be as much as another $115 per month—over and above the effective income limit created by disregarding the standard deduction ($85) and 20 percent of any earnings.

My bill would eliminate the deduction for dependent care and shelter expenses. I should point out that this cutback does not have an adverse effect on those in cold climates who, of course, have higher fuel costs than those who live in other parts of the country. The Federal Government's fuel assistance program does an effective job of helping this particular group.

ELDERLY OR DISABLED

Madam President. the effective income eligibility limits that I have been discussing so far do not apply to households with elderly or disabled members.

There are no definable effective income limits for households with elderly or disabled members because these households are allowed to have a variable but much higher proportion of their incomes disregarded.

Specifically, elderly or disabled households are allowed to first, deduct any medical expenses of the elderly or disabled member (or spouse of such member) above $35 per month; and second, to deduct dependent-care and shelter expenses without regard to the $115 per month ceiling applied to other households—in addition to the $85 standard deduction and the 20-percent earned income deduction.

My bill would leave intact all provisions of the current food stamp law that apply to elderly or disabled households.

OUT OF CONTROL

Madam President, the food stamp program had a modest beginning in 1965, its first full year of operation. That year, there were 424,000 participants at a cost to the Federal Government of $35 million.

Compare those numbers with the current situation. There are now 22 million people participating in the food stamp program at what will be a cost to the Federal Government of over $11 billion, if the latest Carter budget is adopted. Moreover, another 10 million Americans are eligible to participate but do not.

Clearly, Madam President, the food stamp program is out of control. Steps must be taken—and taken now—to put some restraint and rationality into this well-intentioned but runaway program. My bill is aimed at doing just that.

Madam President I ask unanimous consent that the text of S. 86 be reprinted at this point in the RECORD.

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

S. 86

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Food Stamp Act of 1977.

(b) The heading of section 5 is amended to read as follows:

"ELIGIBLE HOUSEHOLDS; COMPUTATION OF INCOME".

(c) Subsection (e) of section 5 is amended—

(1) by inserting "(1)" after "(e)";

(2) by striking out "(A)", "(B)", and "(C)", and inserting in lieu thereof "(i)", "(ii)", and "(iii)", respectively;

(3) by striking out "(1)", "(2)", and "(3)" each place they appear, and inserting in lieu thereof "(A)", "(B)", and "(C)", respectively;

(4) by inserting "for purposes of determining the value of the allotment issued to a household under section 8" after "In computing household income" in the first sentence thereof;

(5) by striking out "clause (2)" in subclause (ii) (as redesignated by paragraph (2)) and inserting in lieu thereof "clause (B)"; and

(6) by adding at the end thereof the following new paragraph:

"(2) In computing household income for purposes of determining eligibility to participate in the food stamp program, the Secretary shall allow, with respect to all households with earned income, a deduction of 15 per centum of all earned income (other than that excluded by subsection (d) of this section), to compensate for taxes, other mandatory deductions from salary, and work expenses. Households containing a member who is sixty years of age or over or who receives supplemental security income benefits under title XVI of the Social Security Act or disability payments under title II of the Social Security Act shall also be entitled to—

"(A) an excess medical expense deduction for that portion of the actual cost of allowable medical expenses, incurred by household members who are sixty years of age or over or who receive supplemental security income benefits under title XVI of the Social Security Act, or disability payments under title II of the Social Security Act, exclusive of special diets, that exceed $35 a month;

"(B) a dependent care deduction, the maximum allowable level of which shall be the same as that for the excess shelter expense deduction contained in clause (B) of paragraph (1) of this subsection, for the actual cost of payments necessary for the care of a dependent, regardless of the dependent's age, when such care enables a household member to accept or continue employment, or training or education that is preparatory for employment; and

"(C) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable deductions have been allowed.".

(d) Subsection (a) of section 8 is amended by inserting "(other than paragraph (2) of subsection (e) thereof)" after "section 5".

TENTH ANNIVERSARY OF IDI AMIN'S RULE

Mr. PROXMIRE. Madam President, sadly, Sunday, January 25, 1981, would have been the 10th anniversary of the rule of the infamous Idi Amin Dada in Uganda. This is, of course, hardly a date in history to be celebrated but it certainly should be remembered on this occasion so that we can redouble our efforts to insure that such atrocities are not committed again.

While Idi Amin's actions may not rise to the level of genocide, his regime was characterized by murderous horrors of unbelievable proportions, including systematic exterminations executed by Amin's dreaded "death squads."

Amin's regime included tribal mass murders on a wide national scale on at least two occasions in recent Ugandan history. In early 1977, members of the Acholi and Langi ethnic groups in the northern regions of Gulu and Lira were systematically exterminated by Ugandan forces, as were their tribesmen in other parts of the country, including the capital of Kampala. The Baganda and Basoga ethnic groups were similarly exterminated by security forces, specifically the state research bureau in June 1977.

The cumulative effect of these reigns of terror was staggering. The Nobel Prize-winning human rights group, Amnesty International, estimates that during 1976–77 alone, several thousand Ugandans were murdered at the hands of their cruel leader, Idi Amin Dada.

Madam President, we must not allow this to happen again and we must affirm that genocide is an international concern, affecting the world community. Unless we ratify the Genocide Convention, we will lose a "bully pulpit," as President Theodore Roosevelt used to say, from which to condemn such inhuman attacks on humanity. Let us ratify the Genocide Convention now.

Thankfully, Idi Amin was overthrown on April 10–11, 1979, but we must not forget his legacy of mass murder and wholesale slaughter.

Mr. ROBERT C. BYRD. Madam President, I reserve the remainder of my time.

RECOGNITION OF SENATOR WALLOP

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wyoming (Mr. WALLOP) is recognized.

Mr. STEVENS. Madam President, will the Senator yield?

Mr. WALLOP. I am happy to yield.

Mr. STEVENS. Madam President, I ask unanimous consent that the time allocated to me be yielded to the Senator from Wyoming and to be under his control.

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

Mr. WALLOP. Madam President, I thank the acting majority leader.

LIMITING THE COAL SEVERANCE TAX

Mr. WALLOP. Madam President, it had occurred to me earlier to seek to rise to a point of personal privilege because of the numerous attacks on the motivations of my statement which I am about to present. I decided not to do that, but to keep this in the realm of an intellectual argument. I would hope that we can succeed in that matter and that further implications about the people of Wyoming be left out and the arguments made on the issue of severance taxes.

We take that issue as it deserves to be taken, on its merits.

Madam President, I would like to say a few words at this time about this proposed legislation—S. 178—to set a mandatory ceiling of 12.5 percent on the severance taxes levied by coal producing States and local communities. The sponsors of this legislation have singled out Wyoming and Montana for their "allegedly" high coal severance tax rates, claiming that they place an inordinate burden on the utility consumers and inhibit the Nation's ability to utilize its vast coal reserves. They have painted a totally distorted and unfair picture of the situation. The actual effect of the coal severance taxes on the consumer is minimal and the impact on Federal coal leasing and mining is negligible.

First, it is patently unreasonable and misleading to consider Wyoming's 6.5-percent county ad valorem tax subject to legislative limitation. Traditionally across this Nation local property taxes on minerals have been based on a percentage or per ton rate of their severed

value rather than their in situ value. Clearly, if valued in situ, the tax revenue potential to the counties would be much greater.

Moreover, they would not, under any stretch of the imagination, be subject to the reach of Congress in regulation or status. Therefore, it is against the best interests of all users of coal to create a climate for a method of taxation that is less identifiable by and more harmful to that same consumer said to be the object of this political passion.

Second, to clear up a critical misconception underlying this legislation, the coal being taxed is not Federal. It has been severed according to a Federal lease agreement, with Federal royalties deducted, and the coal is the sole property of the coal lessee to sell for profit. In the case of Wyoming, at least, the severance tax is levied on the value of that coal after severance minus the production and transportation costs, inclusive of railroad shipping charges to the place of sale to the utility.

The transportation costs from Wyoming to the consumer make up the major portion of the price of delivered coal. For example, transportation accounts for approximately 75 percent of the price of the coal shipped from the Powder River Basin to Texas.

Therefore, to determine the effect of the coal severance tax on the consumer, it must be translated into its contribution to the end use cost to the consumer. A recent Congressional Research Service (CRS) issue brief entitled "Energy: State Severance Taxes" reveals that, using current 1980 data, Montana's 30 percent severance tax contributes only 3.6 percent to the end use cost of the electricity consumed. Using the same methodology, Wyoming's "17 percent" severance tax contributes only 1.3 to 2.5 percent to the consumer's end use costs.

Comparing these end use impact percentages to severance tax rates imposed on oil (12.5 percent) and gas (10 percent), the CRS study reveals that the coal severance tax impacts on the consumer are half as much or less. For the RECORD, I submit a table from that study, reflecting that severance taxes from 1980 on oil contributed 6.3 percent to end use and on gas 3.4 to 4.1 percent. I ask unanimous consent that it be printed at this point in the RECORD.

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

End product	Price at point of taxation	Amount of severance tax	End-use cost	Percentage of end-use cost as tax
Oil-fired powerplant (electric)	$17/bbl	$2.125/bbl	$0.07/kW	6.3
Home heating oil	$17/bbl	$2.125/bbl	$0.86/gal	6.3
Gasoline	$17/bbl	$2.125/bbl	$1.20/gal	4.1
Residential gas	$1.30/mcf	$0.13/mcf	$3.50/mcf	3.8
Coal-fired powerplant (electricity)	$12/ton (MT-9,300 Btu/lb)	$2.64/ton	$0.045/kW	3.6
Gas-fired (electricity)	$1.30/mcf	$0.13	$0.045/kW	3.4

Mr. WALLOP. The CRS study explains—

The reason for this is two-fold. First, coal in general, and western coal in particular, is cheaper per Btu than oil or gas. In December 1979, the national average cost of coal per million Btu was $1.29. This compares with $3.95 for residual fuel oil and $1.83 for natural gas for the same million Btu's. Second, while some products of crude oil and natural gas are used in a fairly direct manner (gasoline, home-heating oil, residential gas), coal is almost exclusively used in powerplants to generate electricity. Because of this, coal becomes a small input cost into the price of the final product as opposed to some oil and natural gas products, and therefore the impact of the severance tax is less.

These figures can also be contrasted with tax impediments on energy levied by the so-called consumer States. Many States and local communities levy gross sales taxes on electrical consumption which far exceed any burden placed on the consumer by Western severance taxes. Nearly 20 States have general sales or gross receipt taxes in excess of the 3.6 percent burden from Montana's severance tax.

Translating the end use figures to dollars is even more illuminating. The average residential consumer has a yearly electrical bill of $356. Assuming the highest CRS estimate of 2.5 percent for the end use impact of Wyoming taxes, that represents a grand total of $8.92 a year. That is 74 cents a month or $2.4 a day. If this legislation were enacted and mineral taxes lowered from the deceptive 17 percent to 12.5 percent, the savings would be less than a penny a day to that consumer. On a dollar basis, Montana and Wyoming are nowhere near the top in total dollar collections.

Figures for 1977 total severance taxes on all commodities show seven States with higher severance tax collections. Two have collections more than 10 times higher. In truth of fact, this legislation, which artfully isolates two small States with only seven congressional representatives to give supposedly "significant" relief to electricity consumers in a few States, is really underwritten by the major utilities. For example, the National Coal Consumers Alliance, a major backer of this proposed legislation, is funded by eight southern and midwestern utilities. This legislation is for them, not the consumers.

The Wyoming severance tax, moreover, has not been a significant barrier to coal development. In 1973, Wyoming produced 14 million tons of coal. Yet by 1979, after the enactment of the present severance tax, production increased five times to 72 million tons—a whopping fivefold increase. Production is estimated to double again by 1983.

As we all know, for the last 10 years, the Department of the Interior has been unable as well as unwilling to get a full blown leasing program operating and Federal leasing has been virtually nonexistent. However, a major Federal coal leasing program is now underway. This January the first major lease sales were held in southern Wyoming and northern Colorado (referred collectively as the Green River-Hams Fork Coal Region) and further extensive lease sales of all Federal coal is expected in the near future.

One must remember that the Federal Government already exerts a heavy hand in Wyoming and the West. The Federal Government holds title to 48 percent of the surface in Wyoming and 72 percent of the mineral estate. The Government has a virtual monopoly over Western coal reserves. The most direct control is in the Federal ownership of 60 percent of all the coal reserves west of the Mississippi. In addition, the Federal Government has de facto control over the development of an additional 15 to 25 percent of the non-Federal coal reserves by virtue of checker-board ownership patterns. Furthermore, complex laws and regulations give the Federal Government much control over which reserves are and are not produced, even on private lands. All this gives the Federal Government a monopoly position to control the amount, location, and price of coal that can be produced.

A second problem is transportation of coal. Nearly all Western coal is shipped by rail. The Federal Government's transportation policies have great effect on the use and price of coal.

These leasing and transportation policies are the primary culprits in limiting competition in the coal market. The Federal Government controls the rate of coal development, and the substantial flow of public dollars into synfuels development, which have resulted in staggering growth to the West, my State in particular. Now, this bill seeks to strengthen the Federal monopoly position in the West by controlling yet another facet, the ability of the States to levy severance taxes to provide for facilities to support energy growth.

It is grievously ironic to me that my State has received severe national criticism for the unsightly, yet very real impacts of the mineral "boom" phenomenon—in Rock Springs and Gillette, for example—and that this body would seriously consider limiting our ability to repair some of the damage done and to prepare for future growth.

This growth, and growth in other mineral areas such as oil and gas development, has already had serious effects on Wyoming. Statewide growth has been 41 percent in the 1970's, most of it taking place in the half decade between 1975 and 1980. Individual towns have exploded in size and population. Rock Springs grew from 12,000 to 19,000 in that period, Green River from 4,000 to 12,000. A rural, agrarian State is being literally pushed into the role of a national energy producer, and a State where people traditionally have taken care of themselves without the need for extensive public services is suddenly faced with mushrooming problems.

Most of the boom towns are small; adequate housing is nonexistent. Rents have skyrocketed to levels far beyond the capacity of many old-time residents. Towns are often hemmed in by Federal lands, so expansion, growth, and planning are difficult and haphazard. Sewers are not available. Roads are de-

teriorating under heavy truck traffic. Crime, alcoholism, and domestic violence are growing. Towns are hard pressed to compete for labor against the high-paying construction and energy jobs.

Development of facilities and services would be difficult enough if growth was a steady and long-term development. Unfortunately, construction forces are transient and usually several times larger than the eventual permanent work force. Ultimately, the mineral base will be depleted, bringing the bust cycle of the mineral economy. Estimation of the proper level of public facilities is difficult at best. Requirements for public development precede the development of revenue sources, compounding our problems.

To cope with this unprecedented growth, the Wyoming Legislature enacted its coal severance tax to pay for the social and public cost of mineral development. Severance taxes are supporting local governments, community colleges, fire protection districts, water and sewer districts, hospital districts, school districts, and road and street projects. Highways, disintegrating under the weight of mineral-laden transportation equipment, must be rebuilt and water development projects must be funded to provide scarce water for new populations, burdened municipalities, agriculture, and the mineral industry. Special funds have been set up to build and finance permanent housing for workers presently living in trailers.

A small portion of the severance tax revenue is being set aside to help the State diversify its economy and prepare for the day when our nonrenewable resources are gone. From the granite quarries of Vermont to the copper pits of Montana, ghost towns stand as stark reminders of the boom/bust nature of natural resource production.

Wyoming will see the same and perhaps more growth in the 1980's as the 1970's. The Nation needs increased oil and gas production from the Overthrust Belt, coal from the Green River-Hams Fork Region and the Powder River Basin, and synfuels from the numerous synfuels plants projected for the region.

Wyoming will sacrifice to meet the energy needs of the Nation. What Wyoming asks is to be allowed to continue to exercise traditional State authority to help build a foundation to continue energy growth with balance in the rest of our economy. We will produce, but we will sit in hell before we become the Nation's energy colony.

This is a traditional area for State decisions, and even the Government Accounting Office has reported that support for energy growth should be a State concern. Do not open up this area for more Federal control of legitimate State issues. I remind the Chair of the charge made by Alexander Hamilton in Federalist Paper 32 on the "Exclusive and Concurrent Powers of Taxation:"

> Although I am of opinion that there would be no real danger of the consequences which seem to be apprehended to the State governments from a power in the Union to control them in the levies of money, because I am persuaded that the sense of the people, the extreme hazard of provoking the resentments of the State governments, and a conviction of the utility and necessity of local administrations for local purposes, would be a complete barrier against the oppressive use of such a power; yet I am willing here to allow, in its full extent, the justness of the reasoning which requires that the individual States should possess an independent and uncontrollable authority to raise their own revenues for the supply of their own wants. And making this concession, I affirm that (with the sole exception of duties on imports and exports) they would, under the plan of the convention, retain that authority in the most absolute and unqualified sense; and that an attempt on the part of the national government to abridge them in the exercise of it, would be a violent assumption of power, unwarranted by an article or clause of its Constitution.

The Supreme Court has held that severance of natural resources is an intrastate action, rather than a part of interstate commerce. See, for example, *Heisler* v. *Thomas Colliery Co.*, 26 U.S. 245 (1922).

In conclusion, I restate President Reagan's caution in his inaugural address:

> All of us need to be reminded that the Federal Government did not create the States; the States created the Federal Government. So there will be no misunderstanding, it is not my intention to do away with government. It is, rather, to make it work—work with us, not over us; to stand by our side, not ride on our back.

Mr. President, I am unalterably opposed to this legislation in the 97th Congress, as I was in the 96th. It was, sensibly, not enacted during the last Congress, and I intend to do everything I can to see that it is not enacted in this one or in the future. Wyoming will not become an energy colony, sacrificing our precious environment and our quality of life on the altar of a hungry nation's desire for energy.

Madam President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The time of the senior Senator from Wyoming has expired.

ORDER OF PROCEDURE

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wyoming (Mr. SIMPSON) will be recognized for not to exceed 15 minutes.

Mr. WALLOP. Madam President, I suggest the absence of a quorum to await the attendance of my colleague.

The ACTING PRESIDENT pro tempore. Without objection, the time will be charged to the junior Senator from Wyoming.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WALLOP. Madam 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.

Mr. WALLOP. Madam President, I ask unanimous consent that the order for the recognition of Senators be changed so that the Senator from Montana (Mr. BAUCUS) may proceed at this time and that the Senator from Wyoming (Mr. SIMPSON) may follow with his remarks.

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

Mr. WALLOP. It is part of my request that the time that has been charged against the Senator from Wyoming remain charged against him and that the Senator from Montana be entitled to his full time.

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

MONTANA COAL SEVERENCE TAX

Mr. BAUCUS. Madam President, I rise to speak in support of a State's right to impose severance taxes, and, I urge the Senate not to open a Pandora's box by meddling in a State's taxing actions.

My State, Montana, is a natural resource State. Our economy prospers or suffers in direct correlation to the demand for our agricultural, timber and mining products.

That economic fact of life has resulted in a roller coaster of economic promise and collapse throughout much of Montana's past. During the 19th and 20th centuries, many of the critical decisions about our State's future were made in corporate boardrooms far from Montana's borders.

Their decisions were made based on what they think is appropriate—not on any particular sense of corporate responsibility. The bottom line—not the future of Montana's towns and communities—all too often has been the order of the day.

When a smelter closes down—as recently happened in Anaconda, Mont.—there is no economic activity to replace it. When the mill stops producing, families' savings are wiped out, their homes lose their value, and whole communities simply shut down.

Anaconda, Mont., has not shut down yet, but its road to economic health is rocky and steep.

But the human suffering far outweighs the willingness of Anaconda's parent company and the Federal Government to offer help.

This scenario has happened time and time again in Montana's past. It is not a pretty sight, and it is not an acceptable condition for the future. Montanans want the right to determine their future—just like all Americans.

Montanans remember this history quite well. That is why the Montana Legislature acted quickly, and responsibly, in the face of the rumored coal boom in the early 1970's.

We knew that coal had promise—that it was being sought as America's "energy ace in the hole." But we also remembered that, too often, others took the entire deck of cards and left Montana with only the hole.

We knew we would be called upon to contribute, so that a beleaguered nation could reduce its dependence on unreliable sources of oil from the Middle East.

We did not shrink from that obligation; nor did we seek an escape. But, we did see the potential costs, and we acted legitimately to protect ourselves from them.

The State did not simply enact a severance tax and drop the matter. We en-

acted strong reclamation laws to promote the restoration of our fragile land. The rains are not plentiful in Montana and the ground water flows are easily interrupted. Massive disruption of the vegetation, soils and waters of eastern Montana's ranching economy is a risky experiment. No one is sure if the fertility of the land can be restored.

Nor can we be certain that the area's social fabric, its relaxed rural character, will not be irreparably torn.

The legislature was keenly aware that the costs of coal development are both immediate and long term. In fact, the greatest costs, the biggest problems, will occur at the conclusion of this one-time harvest.

Our severance tax was designed to protect both our present and our future—to insure that some day we would not become wards of the Government, living on depleted land in a busted economy.

In this session of the Congress—as in the last—Montana's Coal Severance Tax is being unfairly attacked. We hear golden oratory about the need to "protect consumers" and increase coal production. I am no stranger to these concerns, but I recognize misplaced intentions when I see them.

The advocates of slashing Montana's coal tax may be long on hope, but they are short on evidence. Simply put, there is no convincing evidence of any kind that a 12½-percent cap on coal taxes would reduce a consumer's utility bill by more than a few cents a month.

Nor is there any convincing evidence of any kind that the Montana tax is hindering needed coal production. In the decade of the 1970's, Montana coal production increased 1,000 percent. Let me repeat: In 10 years, production increased 1,000 percent, and it is projected to increase again and again in the years ahead.

Those who wish to help electricity consumers in the Midwest should look not at the Montana coal tax, but at the costs of coal transportation. The Montana tax is only about 10 percent of the delivered price of coal.

The railroad that hauls the coal collects a whopping 60 percent of the delivered price. Over half the cost of coal is collected by a railroad that monopolizes coal transportation.

Over the last several years, Montanans have fought hard to restore competition to the railroads of the Northern Tier. We have been trying to save the Milwaukee Railroad so it could compete with the Burlington Northern and provide some incentive for lower rates.

I am not pleased to have to say it, but it is in fact the case, that we had very little help from those who are now taking potshots at Montana's coal tax. They passed up a golden opportunity to strike a blow for their State's electricity consumers.

Madam President, I do not deny that the Federal Government has an interest in reducing our dependence on foreign oil. But that does not mean the Federal bull should be loosed in the china shop of State resource taxation. The Montana tax simply does not slow the production of Western coal.

I do not deny that the Federal Government has a legitimate concern about the skyrocketing electricity bills of American consumers. But that does not mean the Federal Government should victimize States that are trying to stabilize their economic present and establish an economic future.

The question is not whether this Congress has constitutional authority to slash Montana's tax. We all know that issue would ultimately have to be decided by the courts. The real question is whether Congress wishes to continue badgering Western States by pressing this unfortunate proposal.

In the months ahead, I will be writing my colleagues to warn in greater detail about the grave dangers of the Federal intrusion in the traditional domain of State taxation. Virtually no State will be immune.

Many States have taxes whose impacts far exceed those of the Montana coal severance tax. For example, the sales and utility taxes paid by Illinois and Michigan electricity consumers are many times the Montana coal severance tax. In 1979, a typical Michigan electricity consumer paid 12 cents per month for Montana production taxes and over $2 in Michigan sales taxes.

In addition, many States are very successful in exporting their tax burden—far more aggressive in doing so than Montana. Illinois and Michigan are among them.

The principles behind this tax cap—that we in Congress are free to tell States how much they can tax—is a principle alien to our system of federalism.

Ultimately, no region of the country will benefit from the anger that will persist if this tax cap is adopted.

It will not aid consumers. It will not encourage energy conservation. It will not increase coal production. It will not improve coal transportation. It will not speed the day when this Nation stands tall with a clear, consistent national energy policy.

But, it will divide the country. It will intrude in areas traditionally handled by States. And it will further aggravate the tensions that already exist in the West as a result of Washington's lengthening reach.

It is, in short, not an answer. It diverts attentions from the real problem. And it is simply one more proposed solution that will only make our difficulties worse.

Madam President, I thank the Senator from Wyoming for yielding time. I thank the Senator also for establishing this hour so that we from producing States can present the facts, so that more Americans, particularly those Americans who are consumers, will fully understand the ramifications of our Western States' coal severance taxes. I hope we can work together on a more unified basis in our country to adopt a policy that makes more sense for all of us rather than one that is divisive.

I thank the Senator from Wyoming.

Mr. WALLOP. Madam President, may I say to my friend and neighbor from Montana that I appreciate his statement.

I hope our colleagues will take time, at least, to read the words spoken this morning by the Senator from Montana and the junior Senator from Wyoming because the issue is simpler than violent political rhetoric. It is one that lends itself to an intellectual approach to the argument as to whether or not indeed these consumers are being served.

I think the order now is back to the junior Senator from Wyoming, my colleague, Senator SIMPSON, is that not correct?

The ACTING PRESIDENT pro tempore. Yes.

RECOGNITION OF SENATOR SIMPSON

The ACTING PRESIDENT pro tempore. The junior Senator from Wyoming is recognized.

Mr. SIMPSON. Thank you, Madam President.

It is good to see you there in the chair, a member of our particular faith holding down the position of chairman of the session.

OPPOSITION TO S. 178 LIMITING STATE COAL SEVERANCE TAXES

Mr. SIMPSON. Madam President, with the introduction of S. 178, the spirited debate on Federal action to limit the taxing ability of the sovereign States and Indian tribes is now well on its way to becoming one of the perennial political jousting matches before Congress. Just as the efforts and arguments of this proponent in the last Congress were wholly unsuccessful, as my senior colleague from Wyoming says, so again will logic and horsesense again prevail in this session.

The chief purpose of my remarks this morning are to respond to the extraordinary assumptions and plain old erroneous information that has been presented regarding the purpose and the rate of mineral excise taxation on coal resources levied by the State of Wyoming. I first point out to the Members of the Senate that the people of Wyoming and the Wyoming Legislature have made and are making no conscious, premeditated. deliberate, evil, sinister, or devious attempt to levy mineral excise tax on coal resources in order simply to inflict an unfair burden on electrical rate payers in other States. The present rate of the coal mineral excise tax in Wyoming was set in 1977 at 10.5 percent and it continues at that rate—not the 17 percent figure as is often stated by the sponsors of this legislation.

The most important objection which I raise to this legislation is the possible adoption of a dangerous national precedent. If Congress acts to restrict the amount of taxation which mining States are able to levy on coal resources, then it should assuredly follow that Congress also act under its broad plenary commerce powers to restrict the level of taxation in the farm belt States, the manufacturing States, the timbering regions of this country and any other State which sustains within its borders a regional or national center of production.

Madam President, as a previous member of the Judiciary Subcommittee on the Constitution, I have had numerous occasions to review legislation that pro-

poses changes in that most basic charter of individual liberties and the pattern for our Federal system of Government—the Constitution of the United States.

Under the exercise of its enumerated powers, specifically the commerce clause of the Constitution, article I, section A, clause 3, Congress does have the necessary grant of authority and the plenary powers to act in a manner that is required to assure that no undue burden is imposed on interstate commerce—including marketing of coal resources. Plenary authority, to quote the words of Mr. Chief Justice Marshall in Gibbons against Ogden, "is the power to prescribe the rule by which commerce is governed." The only limitation which the U.S. Supreme Court has placed in the path of the Congress' regulation of interstate commerce has been the requirement that "the chosen means by (Congress) must be reasonably adapted to the end permitted by the Constitution."

I cannot in any way perceive how any such proposed legislation would be fully within the grant of legislative authority contained in the commerce clause, and thus if adopted, I feel this legislation would indeed be constitutionally defective. This legislation suffers from the constitutional debility of an attempt to regulate the activity of the States—in their authentic and legitimate activities as States—by means of this curious misuse of the commerce power. The U.S. Supreme Court has struck down such Federal intrusion as recently as 1976 in the case of National League of Cities against Usery.

Sponsors purport to beseech Congress to wield its commerce power in a fashion that would drastically impair the ability of the Western States to function effectively within a Federal system. This exercise of congressional authority certainly does not aline with the Federal system of Government as embodied in the Constitution.

Of the 10.5 percent of State mineral excise tax which Wyoming has adopted, fully 6.5 percent goes directly to "earmarked" accounts that are specifically targeted for the purpose of relieving the various problems that are directly or indirectly associated with the rapid industrialization that comes with Wyoming energy development. These coal tax revenues finance such traditional government functions as the construction of public utilities, providing for public health and recreation. developing water resources, and the building of highways and bridges. Certainly any attempt by the Federal Government to limit the ability of the State to respond to these dramatic social, economic, and environmental impacts would fly directly in the face of the Federal system of Government—as envisioned by our Constitution.

On this point alone the proposal is fatally defective since it is not a proper exercise of the enumerated powers which Congress has prescribed to override State sovereignty on those certain limited occasions when exercising its plenary powers to tax or regulate commerce. I should also point out that the severance tax structures of both the State of Wyoming and the State of Montana do not impose a tax burden that discriminates against "out of State" coal users in favor of its own residents or their local economies.

In previous testimony before this Congress Hubert H. Nexon, senior vice president of Commonwealth Edison Co., who is also president of the National Coal Consumers Alliance, decried the process of allowing State severance taxes to be passed on to electrical users in coal-consuming States. But I would point out to my colleagues that it is a fundamental principal of equity that those individuals who benefit to the greatest degree, and in the most direct fashion, do indeed have the responsibility of assuming the burden of paying for those benefits.

An application of that equitable principal to the coal tax situation would assure that those electric ratepayers who benefit from power generated from the combustion of coal resources mined in another State would assume a portion of the cost of providing for those fuel resources. The social and environmental costs which Western States are expected to bear in the development of coal within the scope of a national energy policy are physically visible to anyone who has seen the surface mines, powerplants, coal unit trains, trailer camps and the modular schools in my own State and neighboring areas in Colorado, Montana, North Dakota, and New Mexico.

The graphic and principal costs of this growth are being borne by producing States and the mineral severance tax only assists in distributing a small portion of those costs to the consuming States. The commercial relationship between the coal company, the utility, and the State regulatory commission, in conjunction with the fuel supply agreements and automatic fuel escalation tariffs is what provides for the direct "pass through" of those costs and expenses. Tax reformers should direct their efforts at such institutions within their own States before proposing to trample on the sovereignty of their neighbors.

Over the years several studies have been performed on the "political economy" of tax shifting or tax exportation which various States may be able to produce within the overall structure of their State tax systems. In fact, it would appear that many bureaucrats and politicians are quite content to ascribe to the philosophy that it is their "responsibility" to shift as much tax burden as is possible from the residents to nonresidents. Before this Congress continues its efforts that will only lead America into the twilight zone of Federal preemption by prescribing the limits which any sovereign State may go to in its own tax efforts, I should wish to insert for the RECORD a table from the statistical abstract of the United States as prepared by the Department of Commerce on "tax exportation."

I ask unanimous consent that it be printed in the RECORD.

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

LONG RUN TAX EXFORTATION

State	1977 population (thousands)	1977 tax exportation (millions)
California	21,896	$4,781.6
Florida	8,452	1,088.6
Illinois	11,245	2,082.2
Michigan	9,129	1,716.8
Montana	761	124.2
Nebraska	1,552	290.0
Nevada	683	187.1
North Dakota	653	85.4
South Dakota	689	70.8
Wisconsin	4,651	741.1
Wyoming	406	91.5

Source: Population estimates from Statistical Abstract of the United States, 1978, U.S. Department of Commerce, Bureau of Census, 1978.

Mr. SIMPSON. I find it fascinating to note that those States which have been the most successful—yes—that is the term to be applied—in exporting their tax burden to nonresidents are composed of those States which rely chiefly on the use of coal from the States of Wyoming and Montana. This is a telling review and a factor that certainly must be borne in mind by those who propose to launch their step into the bold new world of central economic planning by the Federal Government.

Take a look at that list and you will see the names of Illinois, Michigan, California, Florida, Nebraska, and Wisconsin which export the largest proportion of their taxes. It is a most well-known phenomenon, certainly a most well-known phenomenon, in public finance, and I find it extremely interesting that the president of the National Coal Consumers Alliance, for all his obvious business acumen, is making claims to the contrary in his 1980 testimony before the Senate Energy Committee.

I further comment that those members of the National Coal Consumers Alliance who support this legislation are not those who are most concerned about the ability of western coal to play a significant role in meeting our critical needs under the present national energy policy being propounded by Congress. Rather, their concern is obviously and obsessively with the existing coal contracts and the "pass-through" clauses and escalation features of those contracts.

And guess what? They negotiated those, they did those. It is very frustrating to see what they negotiated themselves out of.

The additional cost that utilities must bear for various items such as black lung benefits, reclamation requirements. and other complex regulations under existing Federal legislation, has caused them to gin up this transparent assault on the tax structures of the sovereign States where these resources are produced. I do not think it will sell.

I would also wish to direct the Senate to a report that Data Resources, Inc., has issued which estimates that the cumulative private sector costs of complying with regulations pertaining to coal development will be $58.74 billion from 1979 through 2000. This analysis suggests that there is a need for a truly comprehensive governmental policy toward the

development of coal rather than the piece-by-piece regulatory approach that has been practiced. The extreme uncertainty in the development of Federal coal resources can be traced to actions at the Federal level, particularly the failure of the initial environmental impact statement on coal leasing to be able to withstand the judicial challenge in the case of NRDC against Hughes. Only recently has the Department of Interior been able to devise a preferred alternative for coal leasing that is "acceptable" to environmental concerns and now this untested program will not be fully operational until later this year—while this Nation cries out for full coal production. I think it is most important that you be aware that in the extensive final environmental impact statement on Federal coal development released in April 1979—in the section of that report which addressed the critical issue of State policies and legislative actions that could possibly become constraints on the development of coal resources in western regions—not once was the effect of State mineral severance taxes identified as a relevant factor. I would note that the report also stated—

Given the high probability of increasing coal development activities throughout the coal regions in the United States in the near future, it is unlikely that State governments will attempt to block this activity unless the quality of environment or health and safety of their populations are in clear danger, although some States had adopted somewhat more stringent environmental standards, a spirit of cooperation is apparent throughout the State and Federal legislation.

Madam President, the one area where the States are most adamant on this issue is concerning their continued ability to provide and develop revenue to meet the needs of a burgeoning population. To continue to quote from the report it was stated that—

Unless communities and local governments can be guaranteed that they will not suffer the ultimate cost of coal development, they are likely to take a more conservative position toward the development than the States or Federal government.

To conclude my remarks, I feel deeply that to adopt this legislation would only draw the battle lines for just such a response in the coal-producing regions. To posture before the electric rate payers of this country that S. 178 will make coal more available or make any real dent in their utility bill is the most extremely cynical and hollow promise I have yet heard in this Chamber. Passage of this bill will not produce those results or the relief the consumer is told he will enjoy. Wait until they find that one out.

For the electrical rate payer—and I believe that is the only one whose interests are at issue in this very unwise legislation—coal from Wyoming and Montana is still the best bargain available. On a dollar per million Btu basis, the cost of production, including taxes, for Western coal is less than half the cost from Midwestern and Eastern mines.

There is a table to illustrate that point, and I ask unanimous consent that it be printed in the RECORD.

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

AVERAGE PRODUCTION COSTS

[Expressed as dollars per million Btu for steam coal]

State	1976	1978
Kentucky	0.79	0.95
Indiana	.54	.79
Ohio	.67	.80
Illinois	.71	.91
Montana	.25	.37
Wyoming	.33	.43

Source: DOE, Energy Information Agency, 1976 DOE/EIA 0118/1(76), 1978 form EIA7.

Mr. SIMPSON. To conclude my remarks, I would say that the preemption of the ability of the States to function within their most traditional areas of public finance can only produce an extremely negative and most uncooperative climate for coal development that certainly will be most counterproductive for our overall energy policy mission. I thank the Senator very much.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming (Mr. WALLOP).

Mr. WALLOP. Madam President, I thank my friend and colleague, Senator SIMPSON. Again, I urge Senators to look at the words he has spoken and the tables he inserted as well as those that I inserted, the Senator from Montana inserted.

It is fine for all of us to stand on high platforms and seek recognition and adoration of the constituents whom we serve. But there is a higher purpose in all of this, and that is to exercise our intellect on subjects that come in front of us.

I think if we do people will see that what is sought by these limitations will not serve the best interests either of the consumer or the energy needs of America, as States, who are after all more friendly to the country than are the Arabs and where the resources and capital is flowing, derive benefit for all Americans by the production of resources within America.

WE DO NOT NEED MORE FEDERAL CONTROL

● Mr. SCHMITT. Madam President, the idea that the Federal Government should impose restrictions on the ability of a State government to generate revenues by utilizing its taxing powers raises some very serious questions over the unprecedented interference with the taxing prerogatives of State government.

I support the principle that the individual State has the right to decide within its lawful authority what taxes should or should not be imposed upon industry operating within that State. Certainly such a tax should not be so onerous as to damage the economic stability of the affected industry, but who is in a better position to make a determination than the State government.

The State of New Mexico levies a severage tax on nonrenewable resources extracted from the soil. Following the 1976 adoption of a constitutional amendment creating a severance tax permanent fund, the 1977 legislature enacted a new Severance Tax Act. These funds are deposited in a permanent fund which is invested for the purpose of providing a continuing source of revenue to the State treasury at some future date when these natural resources are depleted.

The problem of putting a value on the direct, present and future costs of natural resource development is difficult but still solvable. The problem of putting a value on the future economic needs of a State and proportioning that value on each barrel or ton of resource extracted is presently beyond calculation. Thus, each State must set its tax at the point it thinks best to cover direct costs and to balance future needs against the economic facts of life facing a given extraction industry.

We know that the supply of our natural resources is limited and New Mexico has wisely chosen to prepare for the future. We seek to avoid what has happened to many areas in Western States in the past where they found themselves in boomtown status at one time and left with holes in the ground and numerous environmental problems when the gold, silver, uranium, or the like was gone. All too often, after the mineral is depleted, the environmental and social damage remain, unemployed families remain and the State or local government picks up the tab.

Severance taxes are a means of having the consumers of our natural resources share the cost to the State for the adverse social and environmental effect that accompany the development of such resources.

In that New Mexico is one of the top 10 producers in every major category of energy-related minerals, our State has a special interest in the issue being discussed here today. As the demand continues to grow, New Mexico and the other Western States are expected to develop their vast resources to an even greater extent than in the past. Because of our State's small population and limited tax base, we are confronted with serious difficulties in dealing with the rapid growth that has been experienced in many areas as a result of increased exploration and production.

As these natural resources are developed, new towns are being built and existing communities are finding themselves doubling—even tripling in size. This, in turn, has imposed significant strain upon the local economic resources. The need for housing and such basic public facilities and services as sewers, roads, utility lines, police and fire departments, parks, playgrounds, health care, and schools must be met.

As noted in a GAO study on the development of the Rocky Mountain States, based on traditional separation of powers and responsibilities, it is mainly the State's responsibility to provide such services; and thus far, I have not seen governments from other States coming forth to offer to pay for such develop-

ment. Obviously, the taxing power of the State and local government has played a major role in the ability of the local government to deal with such development.

The U.S. Geological Survey has classified about 84 percent of New Mexico as prospective oil and gas lands, as well as large areas of land which have the potential for other mineral development. New Mexico is in concert with most of the Western States in our willingness and need to share these natural resources with other areas of the Nation, but any effort to impose Federal restrictions on our ability to impose legal taxation on such exploration will be an unwelcome and, we believe, unlawful infringement of our rights as an individual State.●

Mr. WALLOP. Madam President, the Senator from Arkansas has asked that I yield him 5 minutes for a statement on noncompetitive leasing, and I now yield the Senator 5 minutes.

The ACTING PRESIDENT pro tempore. The Senator from Arkansas.

Mr. BUMPERS. I thank my colleague very much for giving me this opportunity to speak on his time, even though he disagrees with my position on this issue.

NONCOMPETITIVE BIDDING

Mr. BUMPERS. Madam President, on January 23, the Bureau of Land Management announced a recordbreaking oil and gas lease sale totaling $43,021,599 on 24,876 acres within the Fort Chaffee Military Reservation in Arkansas. Roger L. Hildebeidel, BLM's Eastern States Director, announced:

> This is the biggest oil and gas lease sale ever conducted in BLM's Eastern States area, both in terms of the number of bids received and the total amount of dollars bid in the lease sale.

Madam President, I bring this lease sale to the attention of my colleagues because in 1979, the Eastern States BLM office leased an adjoining tract of 33,000 acres within Fort Chaffee for $1 an acre or $33,000 without competitive bidding.

The contract between the results of these two sales dramatically points out the insanity of continuing noncompetitive leasing for oil and gas on public lands.

In a competitive sale on a 26,000-acre tract in Fort Chaffee, the American people received over $40 million for their oil and gas rights. On a noncompetitive sale on an adjoining 33,000-acre tract in Fort Chaffee, not even 2 years before, the American people received $33,000. Allowing noncompetitive lease sales to continue does not make sense.

Madam President, let me give you more details about the competitive sale:

The highest amount bid for a single parcel of 640 acres was submitted by Arkoma Exploration Co., Little Rock, Ark., for $2,336,000. Another parcel received a high bid of $2,240,260 from Getty Reserve Oil, Inc., Oklahoma City. The highest bid per acre was $4,008 from Santa Fe Energy Co., Amarillo, Tex.; while the average of high bids for all 60 parcels amounted to $1,730 per acre.

Exxon Corp., Houston, Tex., was the high bidder on 26 parcels, including 23 in the Gragg-Booneville field. Other high bidders included Stephens Production Co., Fort Smith, Ark.; I.M.C. Exploration Co., Houston, Tex.; Samson Resources and Essex Exploration, Inc., both of Tulsa, Okla.

When I estimated the loss to the American taxpayer from the original sale at Fort Chaffee, I predicted we would lose $10 million. As you can see, I was not even close.

I have spoken many times on the Senate floor about the noncompetitive Fort Chaffee lease sale in the summer of 1979. I received a call from a friend who said that he heard Texas Oil and Gas Co. had leased 33,000 acres for oil and gas exploration in Fort Chaffee for $1 an acre. I told him that could not be true, but found out later that day he was absolutely right.

Under the Mineral Leasing Act of 1920, the U.S. Geological Survey (USGS) determined that the 33,000 acres were not within a "known geological structure" (KGS), and the Secretary could lease the lands under the law to the first applicant. The USGS issued such a narrow interpretation of KGS in this situation that they were oblivious to the fact that the 33,000 acre tract was surrounded by a producing gas field.

Fortunately, Secretary Cecil Andrus recognized that other regulations of the Department of the Interior had not been followed with the issuance of the leases and he canceled the leases. His decision was upheld by the Federal district court after a challenge was brought by the successful applicant.

Unfortunately, Madam President, the story does not end here. The Fort Chaffee incident is only one small example of the abuses that have occurred under the noncompetitive leasing system.

Under the existing system, only about 3 percent of Federal leases are sold competitively. Regardless of the fair market value of the tracts, the remainder are sold noncompetitively for an annual rental of $1 an acre for 10 years without any obligation to drill. In 1979, the Department of the Interior issued only 319 leases covering 62,608 acres competitively. In the same year, 10,530 leases covering 12,960,128 acres were leased noncompetitively.

Noncompetitive leases are issued in two ways. Lands which have never been leased for oil and gas are leased to the first person filing an application. Lands which have been previously leased for oil and gas are available through a filing system which treats all applications filed within a certain period as having been filed simultaneously. The winner of the lease is chosen by lottery. Both systems are subject to the Secretary of the Interior's discretion not to lease at all.

Last year, the Secretary of the Interior suspended oil and gas leasing on Federal lands because a Justice Department investigation disclosed fraudulent activity in the lottery and the over-the-counter systems on a scale never imagined by some of the most persistent critics of the existing system. Although noncompetitive leasing was resumed in the late summer under new regulations, fraudulent activities will continue until these valuable resources are sold on a competitive basis.

Three companies have pleaded guilty to fraud, and the investigation has continued under the direction of the Department of the Interior. More indictments are expected soon.

The overthrust belt, consisting of about 20,000,000 acres, is considered the most promising area of the country for developments of oil and gas. Yet under the existing system, 12,000,000 acres have already been leased for $1 an acre.

The advertising literature of filing service companies, which were created solely to take advantage of the present lottery system, is filled with examples of people who won noncompetitive leases and paid $1 an acre only to assign them for immediate cash bonus payments and future royalties. Information supplied by the Department of the Interior at hearings before the Senate Energy Committee showed that a lessee received $200,000 plus future royalties for a lease obtained from the Federal Government for $2,157, plus a $10 filing fee.

The argument has been made by opponents that a more competitive system will add unacceptable front-end costs which will impair exploration. These costs are not new or additional. They exist on every lease and are met by every operator who eventually gains a lease. Instead of competing for an assignment from a lease under a competitive system, operators will be competing for the initial lease itself under a more competitive system.

Arguments are made that independents, who indeed do most of the exploring in this country, will be cut out. Yet, of the leases competitively bid, both by the United States and the States, independents have consistently gotten over 80 percent of them.

Existing law does not require diligent development of oil and gas leases. The Department of the Interior estimates that most oil and gas leases are never drilled and those which are drilled are not developed until the last 2 years of the 10-year primary term. Based on the number of outstanding leases in 1979 and the number of wells actually drilled, it is estimated that only 1.3 percent of outstanding leases were drilled.

Madam President, I introduced a bill, S. 60, on the 2d day of the 97th Congress that would require competitive oil and gas leasing on all public lands. The bill is designed to assure a fair return to the public for development of its resources, reduce speculation, assure diligent development of oil and gas leases, and simplify leasing procedures to promote rapid development of oil and gas on Federal lands.

S. 60 contains a more stringent diligence requirement for exploring and developing leased tracts, provides for more flexibility in setting royalty rates on all tracts to be leased, permits the leasing of tracts of a larger size more capable of being explored and developed, and gives the Department greater authority to control speculative lease assignments.

The competitive leasing system required by S. 60 contains all the reforms necessary to insure an efficient, effective, and equitable leasing program which will be most responsive to our need for prompt exploration for, and development of, our Nation's remaining oil and gas resources.

At a time when every effort is being made to balance the budget and increase energy production, the noncompetitive leasing system is an anachronism. It is rife with invitations to fraud and inequities. Most major oil and gas producing States in the Nation have a competitive leasing system. Why should the United States let its lands by lottery? The law must be changed immediately, and S. 60 should be given the highest priority on the Senate agenda.

Madam President, I ask unanimous consent to have the entire January 23 BLM press release reprinted in the RECORD.

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

FORT CHAFFEE OIL AND GAS LEASE SALE DRAWS $13 MILLION IN HIGH BIDS

High bids amounting to a record breaking total of $43,021,599 were received in a competitive oil and gas lease sale held January 22 by the Eastern States Office of the Bureau of Land Management (BLM), U.S. Department of the Interior, at Alexandria, Virginia. The sale offering consisted of oil and gas lease rights to sixty parcels of federal land, totaling 24,876 acres, within the Fort Chaffee Military Reservation in Arkansas.

The parcels, ranging in size from 30 acres to the maximum of 640 acres, are all located on known geologic structures (KGS) in a five-township area of Ft. Chaffee near the Arkansas-Oklahoma border. The tracts are in areas known as the Bonanza, Gragg-Booneville, Greenwood, Kibler-Williams and Massard-Prairie oil and gas producing fields.

"In our view, this was a very successful oil and gas lease sale," said Roger L. Hildebeidel, BLM's Eastern States Director. "In all, 893 separate, sealed bids were received for the 60 parcels offered. Some parcels received as many as 36 bids; one parcel for oil rights only attracted just one bid. Two parcels received high bids of over $2 million each, and nineteen parcels drew high bids of over $1 million each."

The bid opening began at 8:00 a.m., January 22 and continued throughout the day with approximately forty representatives of oil and gas companies and the industry on hand to observe the bid openings.

The highest amount bid for a single parcel of 640 acres was submitted by Arkoma Exploration Company, Little Rock, Arkansas for $2,336,000. Another parcel received a high bid of $2,240,260 from Getty Reserve Oil, Inc., Oklahoma City. The highest bid per acre was $4,008 from Santa Fe Energy Company, Amarillo, Texas; while the average of high bids for all 60 parcels amounted to $1,730 per acre.

Exxon Corporation, Houston, Texas, was the high bidder on 26 parcels, including 23 in the Gragg-Booneville Field. Other high bidders included Stephens Production Company, Fort Smith, Arkansas; I.M.C. Exploration Company, Houston, Texas; Samson Resources and Essex Exploration, Inc., both of Tulsa, Oklahoma.

"This is the biggest oil and gas lease sale ever conducted in BLM's Eastern States area," Hildebeidel said, "both in terms of the number of bids received and the total amount of dollars bid in the lease sale. In recent months, we have received numerous inquiries from interested companies and the general public with regard to leasing Fort Chaffee lands," he added. "Since the parcels are all in producing oil and gas fields, the potential for additional production because of this sale is very good."

Under the terms of the Mineral Leasing Acts of 1920 and 1947, the Bureau of Land Management has the authority to lease oil and gas under Federal public domain and acquired lands through competitive bidding procedures on known geologic structures.

All the bids are now subject to evaluation by the U.S. Geological Survey (USGS) before leases can be issued by BLM. Based on existing geological data, USGS determines whether the bids meet minimum acceptable values.

Each of the parcels will be leased subject to standard stipulations for environmental and resource protection as well as with special surface disturbance stipulations meeting the requirements of the Fort Chaffee U.S. Army Garrison, Department of Energy and Geological Survey. Besides the bonus bids paid to obtain lease rights, lessees must pay an annual rental to the Federal Government as well as a royalty on any oil and gas production attained from the leases.

BLM's Eastern States Office, which has mineral leasing responsibilities for Federal lands in the 31 states bordering on and east of the Mississippi River, holds competitive oil and gas offerings periodically upon request from the public, or upon recommendation from the U.S. Geological Survey.

U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF LAND MANAGEMENT, EASTERN STATES OFFICE: HIGH BIDS—FORT CHAFFEE, ARK., COMPETITIVE OIL AND GAS LEASE SALE, JAN. 22, 1981

Parcel	Bonus bid	Bid per acre	Bidder
1	$800,640.00	$1,251.00	Towner Petroleum Co.
2	236,000.00	590.00	Essex Exploration.
3	48,132.00	700.00	Andover Oil Co.
4	444,500.00	1,270.00	Stephens Production Co.
5	445,770.00	1,270.00	Do.
6	563,360.00	1,121.16	Do.
7	1,077,777.78	2,058.20	Samson Resources Co.
8	29,020.92	177.00	Atlantic Richfield.
9	312,000.00	487.50	Old Dominion Oil Corp.
10	1,030,400.00	1,610.00	Stephens Production Co.
11	1,632,000.00	2,550.00	Arkoma Exploration.
12	1,920,160.00	3,000.25	Getty Reserve Oil, Inc.
13	579,534.50	937.00	Nova Energy Corp.
14	157,771.76	1,111.22	Samson Resources Co.
15	1,190,560.00	2,126.00	Gulf Oil Corp.
16	1,623,040.00	2,536.00	Sun Oil Co.
17	1,344,160.00	2,100.25	Getty Reserve Oil, Co.
18	1,176,140.00	2,100.25	Do.
19	282,957.90	1,163.00	Hadson Petroleum Co-p.
20	96,120.00	801.00	Towner Petroleum Co.p.
21	88,858.00	1,400.00	Arkoma Exploration.
22	100,969.59	2,121.21	I.M.C. Exploration.
23	214,551.82	1,560.15	Do.
24	1,024,000.00	1,600.00	Exxon Corp.
25	256,000.00	1,600.00	Do.
26	320,000.00	1,600.00	Do.
27	185,519.30	305.00	Helme·ick & Payne.
28	171,360.00	476.00	Essex Exploration.
29	2,336,000.00	3,650.00	Arkoma Exploration.
30	2,240,160.00	3,500.25	Getty Reserve Oil, Inc.
31	1,408,821.00	3,777.00	Essex Exploration, Inc.
32	1,499,793.60	4,008.00	Santa Fe Energy Co.
33	490,938.00	1,400.00	Arkoma Exploration.
34	490,000.00	1,400.00	Arkoma Exploration Co.
35	868,000.00	1,400.00	Do.
36	460,609.40	1,212.13	I.M.C. Corp.
37	611,250.00	1,600.00	Exxon Corp.
38	612,035.00	1,600.00	Do.
39	611,555.00	1,600.00	Do.
40	611,200.00	1,600.00	Do.
41	608,000.00	1,600.00	Do.
42	603,315.00	1,600.00	Do.
43	552,000.00	1,600.00	Do.
44	554,785.00	1,600.00	Do.
45	1,024,000.00	1,600.00	Do.
46	1,024,000.00	1,600.00	Do.
47	1,024,000.00	1,600.00	Do.
48	1,024,000.00	1,600.00	Do.
49	812,420.00	1,600.00	Do.
50	448,530.00	1,600.00	Do.
51	1,024,000.00	1,600.00	Do.
52	1,024,000.00	1,600.00	Do.
53	896,000.00	1,600.00	Do.
54	1,024,000.00	1,600.00	Do.
55	553,600.00	1,600.00	Do.
56	553,715.00	1,595.72	Do.
57	64,000.00	1,600.00	Do.
58	48,000.00	1,600.00	Do.
59	256,000.00	1,600.00	Do.
60	305,617.87	2,612.11	I.M.C. Exploration.
Total	43,021,599.00		

Mr. BUMPERS. Madam President, the gist of this news release is that 24,876 acres of land in the Fort Chaffee Military Reservation in Arkansas, which happens to be about 2 miles from my home, brought a recordbreaking total of $43,021,599. One tract of land actually brought $4,008 an acre for an oil and gas lease. Private landowners around there, who got as much as $50 to $100 an acre for leasing their lands, thought they just died and had gone to heaven. This land is surrounded by producing gas wells, and everybody knows this is probably a producing area. But the average price per acre on this 24,000 acres was $1,700.

Let me repeat the history of why this lease sale is relevant.

In August of 1979, the Bureau of Land Management leased 33,000 acres at Fort Chaffee for a dollar an acre under the 1920 Mineral Leasing Act. It was a tract that had never been leased before, and under the noncompetitive leasing procedures of the Bureau of Land Management, the first to file gets the lease for a dollar an acre. Texas Oil and Gas happened to get there first, and they leased 33,000 acres for a dollar an acre.

I have made this speech on the floor several times before and you are going to hear it no telling how many more times until we do something about our outrageous system of giving away the resources that belong to all the people of the United States.

The 24,000-acre tract that was competitively leased is not the same tract as the 33,000-acre tract that was leased

noncompetitively. As a matter of fact, the 33,000-acre tract will bring more than the 24,000-acre tract. And yet, nobody in this body really seems to be as agitated about this as I am.

Under this noncompetitive leasing system everybody in the country can bid by putting their name in a hopper and having their name drawn out like a raffle every 2 months.

One name happened to be pulled out for $2,000 for a 2,000-acre tract of land and he turned around in 30 days sold it to an oil company for $200,000. If the tract had been competitively leased there is no telling what it would have brought.

Why in the name of all that is good and holy would we give away the resources of this country in any such silly way?

Back in 1920 maybe it made sense. But in this day and time when this country is striving to become energy sufficient and oil is $40 a barrel—it makes no sense.

The Senators out West say the overthrust belt has the greatest potential for oil development of any place in this country. The overthrust belt is estimated to contain 20 million acres and 12 million of it has already been sold for a dollar an acre.

In 1979, 319 leases covering 62,000 acres were let on a competitive basis. In that same year, 10,530 leases, covering almost 13 million acres, were let for a dollar an acre.

Now, the President says he wants to get Government off the people's back and balance the budget. Here is a case where the Treasury got $43 million when it would have received $24,000 if the leases had been issued noncompetitively.

The ACTING PRESIDENT pro tempore. The time of the Senator from Arkansas has expired.

Mr. BUMPERS. Will the Senator yield me 1 more minute, please?

Mr. WALLOP. I am happy to yield 1 more minute, but on the condition that the Senator understands that I disagree with what he is saying.

Mr. BUMPERS. Madam President, that makes the Senator's generosity that much more magnanimous, because I know that he disagrees with it.

Finally, Madam President, the original Fort Chaffee lease scandal not only brought into high focus what an outrageous leasing system we have in this country, but it also pointed out that the system is rife with fraud.

When the Secretary of the Interior started an investigation of the lottery system, he found that some companies were, in violation of the law, putting their name in the hopper dozens of times and greatly increasing their chances of winning. Three companies have already pled guilty. Many others are still under investigation.

There is no way to eliminate fraud in a noncompetitive system. Not only is the system outrageously inequitable to the people of this country, it is rife with fraud and it always will be.

I intend to make this speech just as often as the urge hits me over the next 6 years. If it takes that long to make the American people realize that they ought to be outraged, it will be worth it. They ought to be writing to every Member of this body, and pointing out what is happening to the roughly 528 million acres of Federal lands under the jurisdiction of the Interior Department, especially the millions of acres that have been leased for a dollar an acre. It is a shame.

And I thank the Senator again for yielding.

Mr. WALLOP. I thank my colleague from Arkansas. I am sure that there are more words that we will hear on the subject before the year ends and the session of the Congress is out.

Madam President, I am prepared to yield back the remainder of the time of Senator SCHMITT that I have.

I thank my colleagues.

The ACTING PRESIDENT pro tempore. The Senator from Montana has 5 minutes remaining.

Mr. BAUCUS. I yield back the remainder of my time.

Mr. BAKER addressed the Chair.

The ACTING PRESIDENT pro tempore. The majority leader.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, the request I am about to make has been cleared with the minority. Previously, an order was entered, am I not correct, to provide for the consideration of the nominees on the Executive Calendar beginning with Dr. Jeanne Kirkpatrick? Madam President, will the Chair please state the order?

The ACTING PRESIDENT pro tempore. Mr. DAVID STOCKMAN was to be first, followed by Dr. Kirkpatrick and Mr. Casey.

Mr. BAKER. Madam President, I ask unanimous consent that the order be changed to provide for the consideration of the nomination of Mr. William Casey to be Director of Central Intelligence to be the first order of business, and that when the Senate goes into executive session we proceed with its consideration.

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

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business. Is there morning business?

HAZARDOUS WASTE

Mr. MITCHELL. Madam President, last year the Congress enacted legislation to deal with the growing problem of hazardous wastes. That bill is a very important first step. But there are additional problems that remain unresolved, the most important of which is compensation to people who are harmed by these environmental poisons.

I emphasize that the new law is a meaningful first step to respond to the severe threats posed by spills, leaks and releases of hazardous substances, as well as toxic dumpsites.

Authority is provided for immediate cleanup of releases of toxic chemicals into the environment and for the restoration of natural resources damaged by such releases.

A fund of $1.6 billion is established to finance these remedial actions. The fund is financed primarily through fees paid by the chemical industry.

A party may also be held strictly liable for the cleanup of chemical contamination and natural resource damage for which he is responsible.

I do not minimize the significance of this legislation.

But the law is deficient because while it provides for the cleanup of places, and compensation for damage to things, it provides nothing for what is the most important part of the problem: injury to people.

The guiding principle of those of us who wrote the superfund bill was that those found responsible for harm caused by chemical contamination should pay for the costs of that harm. But the existing law abandons that principle when the damage involved is to a person.

A victim of chemical poisoning cannot seek from the fund out-of-pocket medical expenses for an illness resulting from the action or inaction of another party.

In this law we are telling the people of this country that under our value system a property interest is worth compensating but human life is not.

Neither logic nor compassion, good government nor commonsense compel this result. It is simply a failure of will on the part of Congress to deal with what is the most serious part of the problem—injuries to persons.

Of course, the response is that the injured person still has a legal cause of action against the party causing the injury. To that I ask: If such a course is satisfactory for injured persons, why are we permitting direct recovery from the fund for injury to natural resources? The answer, obviously, is that private causes of action are agonizingly slow and inordinately expensive. It takes years, many years, and dollars, many thousands of dollars, to pursue one of these cases to a final determination through the courts. Those who discharge wastes know this, and the consequence is legal guerrilla warfare in which the objective is to force the other party to settle early. So we do not want damage to natural resources to await the workings of that process: We want prompt, full compensation in such cases so we can replant trees in the park and so we permit claims against the fund for damage to natural resources.

But if this cause of action is unacceptable to the Congress for governments whose natural resources are damaged, why is it acceptable for people who have been injured or killed?

By what standard of justice or decency is damage to property more important than damage to persons?

Our failure to provide compensation from the fund for persons who are injured is even less defensible when we recall that the original bill provided liability only for out-of-pocket medical expenses. There would have been no compensation for the pain and suffering of an individual, or for the psychological

damage he or she might sustain, or for the ultimate loss, death.

Having made the judgment that property is more important than persons, none of us here should delude ourselves or the people of this country about what we have done. Most particularly, we must not delude the thousands of people who are the victims, who are waiting for our help.

Madam President, people have been tragically harmed like this in virtually every State of the Union.

We had the opportunity to help them, not make them whole, but at least provide them with compensation for their out-of-pocket medical expenses, and we have not done that. Instead we apparently decided that, as the chemical industry says, toxic chemicals are a societal problem, and society at large should be paid for them.

This law represents a beginning. But we have far to go to fulfill our duty to the people we represent. I will soon introduce amendments to provide a remedy for persons who are injured by toxic substances. My bill will provide two methods of recourse. First, a person would be able to recover from the fund for his medical expenses. Second, an injured person would be given the right to sue directly a party responsible for his injury.

I intend to exert every effort to remedy this irrational elevation of things over people. I hope my colleagues will join me in that effort.

Mr. GLENN. Madam President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SIMPSON. Madam 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.

SENATE JOINT RESOLUTION 9—FISCAL RESPONSIBILITY

Mr. SIMPSON. Madam President, last year the Judiciary Committee's Constitution Subcommittee took an historic step. For the first time in history, the subcommittee reported to the full committee a proposed amendment to the U.S. Constitution which would reform the procedures by which the Federal Government establishes its tax and spending policy.

This action certainly has had a long incubation period—given the clearly expressed demand of the American people for some kind of constitutional restraints on the fiscal behavior of the Federal Government.

Last year's amendment, Senate Joint Resolution 126, would have insured for the first time that the American people could determine which politicians really act in accordance with the popular expression of thought and opinion in these areas of public policy and fiscal responsibility, and which politicians do not. I am pleased to be a cosponsor in this session of Senate Joint Resolution 9 which will promote that same fiscal responsibility.

I. INTRODUCTION

We have reintroduced this resolution in order to correct a serious flaw in our political process, which today is dangerously biased toward ever-increasing levels of spending and taxation, and thus toward the problems which such increases bring, including the problems of inflation and of the increasing influence of the Federal Government in our lives, and a correspondingly decreasing power of individuals over their own destinies.

I will not attempt today to amplify my remarks on the existence and significance of these problems. I trust that most of my colleagues already appreciate this reality. Furthermore, there will be ample later opportunity for the presentation of statistics and other evidence which will even more dramatically disclose the size of the hole into which we have fallen.

II. INFLATION AND EXCESSIVE GOVERNMENT POWER ARE CAUSED IN LARGE PART BY EXCESSIVE GOVERNMENT SPENDING

Madam President, it is our view that both of these problems—both inflation and excessive Government power—exist in large part because of excessive spending by the Federal Government.

The relationship between Government spending and Government power is obvious. The relationship between spending and inflation is perhaps less so. For this reason, Madam President, I would wish to say a very few words about inflation—inflation in terms of both its immediate and fundamental causes. The immediate cause of a true inflation, a general rise in prices, is the Federal Reserve Board's action in increasing the money supply faster than the American people increase their production of goods and services—in other words "too many dollars chasing too few goods." This occurs when "the FED" instead of seeking the monetary goal of maintaining stable prices—that is, avoiding both inflation and deflation—pursues economic goals—lower interest rates, higher investment and productivity, lower unemployment and the like—through increasing the money supply, not only faster than the production of goods and services, but faster even than what is expected by those making the economic decisions. This greater rate is necessary to the achievement of these goals since what is being attempted is in effect to dazzle people into thinking that the resources which Government uses are still available for private investment.

Therefore, although the immediate cause of inflation is the action taken by the Federal Reserve Board, the fundamental cause is related to the economic problems which the Federal Reserve's actions are intended to solve. That fundamental cause is really excessive Government spending—the allocation to Government of so much of the Nation's resources than an insufficient amount is left for private capital investment. Whether such spending is financed by debt or by taxes, the economic problems associated with high interest rates and reduced capital investment will tend to result, thus causing pressure on the Federal Reserve Board to inflate the money supply.

III. EXCESSIVE GOVERNMENT SPENDING IS CAUSED BY BIASES IN THE POLITICAL PROCESS

Why have massive increases in Federal spending occurred? To some extent, of course, such increases result from a genuine shift in the will of the people—in the kind of services and control the American people want from their Government. There is another reason, however, which is not quite so noble and democratic in character. In fact it is quite undemocratic. Putting it simply, our political process is defective. It is tilted toward ever increasing levels of spending because of the political advantage which can be gained from the creation of additional spending programs, and the lack of political advantage—indeed the significant disadvantage—gained by opposing or repealing such programs. This situation results from the fact that the awareness of interests of special interest groups which benefit from a particular spending program are very great and so is their lobbying pressure and the credibility of their implicit threats to withhold political support.

On the other hand the potential opponents of such programs—those that generally bear the cost—are the taxpayers at large, who are unlikely to be more upset by one unnecessary Federal program than another and who do not have the time and energy to be aware and vocal about all of them. Consequently lobbying pressure against such bills is usually much less focused and intense and the risk of loss of significant political support as a result of a vote for the program is likely to be small.

In the absence of additional balancing factors, greater political advantage is usually perceived to lie in supporting a spending program than in opposing it.

Because of the availability of deficit spending and the automatic increases in tax revenue that occur as a result of individuals being pushed into higher tax brackets through inflation or real growth in income, politicians seldom need to take the politically disadvantageous step of actually voting for a tax increase. Thus the political advantage of voting for spending programs is generally not offset by the political disadvantage of voting for a tax increase to pay for them.

IV. ELIMINATION OF THE BIAS TOWARD SPENDING REQUIRES THE CREATION OF CONSTITUTIONALLY MANDATED POLITICAL OBSTACLES TO BOTH DEFICIT SPENDING AND AUTOMATIC TAX INCREASES

Eliminating only one of those sources of bias—easy availability of deficit spending or automatic tax increases—would not be enough to restore a more desirable balance to our political process. We must take care of them both. Even if deficit spending were totally prohibited, spending could still increase because of automatic tax increases. No politically disadvantageous vote for a tax increase would be necessary. If automatic tax increases were eliminated, but deficit spending could be easily obtained through simple majority vote, then spending could increase without significantly greater obstacles than those that exist today.

Furthermore, we must correct these biases by constitutional amendment. We have seen how unsuccessful the statutory

approach is. For example, Senator HARRY F. BYRD, JR.'s statutory balanced budget requirement has had no apparent effect and that is most unfortunate.

V. THE NEW AMENDMENT WOULD REDUCE THE SPENDING BIASES WHICH ARE INHERENT IN OUR PRESENT POLITICAL PROCESS

The new amendment would make it more difficult for politicians to support spending increases without the genuine support of the people as a whole. Under its terms, if a simple majority of Members of Congress wished to increase spending for one program, they would have to reduce or oppose other programs—placing interest groups in competition with each other for a fixed spending amount rather than with the taxpayer—or they would have to place themselves on record as voting for a tax increase.

Section 1 of the amendment requires that Congress adopt a budget every year, which would set forth the total receipts and expenditures of the Federal Government—including expenditures now treated as "off-budget." Such budget could not be in deficit unless three-fifth's of each House of Congress have so approved. The amendment thus establishes a norm, which can be avoided only if a consensus greater than simple majority exists. As already indicated, if the requirement were merely for a simple majority, no more control would exist than at present. We believe that a three-fifth's majority would be a sufficient obstacle to deficit budgets without removing totally the flexibility which many persons desire to retain in case of economic difficulty such as serious recession. It should be noted here that the environment for such a vote would be quite different than that surrounding the vote on the debt limit. A vote on a deficit budget would occur at the planning stage when defeat of the proposal would still permit adjustments to be made so that the Government would still be able to function in the spending year, although not at as high a level than if the deficit budget had been accepted. In contrast a vote on increasing the debt limit is frequently taken in a crisis atmosphere when rejection would shut down the Government.

Section 1 also provides that the Congress shall not pass, and the President shall not sign, any appropriation bill which would cause total expenditures for any year to exceed the expenditures in the budget for such year. In practice this would require the use of estimates. If the expenditures authorized in a specific appropriation bill, when added to sum of estimated expenditures under permanent appropriations and the expenditures in the appropriations bills already passed for the year, would cause the level of expenditures in the budget to be exceeded, then such bill could not be approved by Congress or the President. No waiver would be available. The bill could only be approved if an increase were adopted in the total budget, which would require a three-fifth's vote if a deficit would result, and a tax increase otherwise.

Since all spending from the Treasury must be authorized by appropriation, such a restriction on appropriation bills would restrict Federal spending to the level set forth in the budget.

Section 2 of the amendment prohibits increases in the share of national income going to the Government unless a majority of Congress plus the President—or two-thirds of Congress in the face of a Presidential veto—are willing to vote "on the record" for a specific increase in that share. If a majority of the people as a whole truly support an increase, a simple majority of their elected representatives, along with their President, should be able to accomplish such an increase. Unlike the norm of keeping expenditures no higher than receipts, which should require a simple majority to violate, there is no norm with respect to the taxes and other receipts which should go to Government. Furthermore, increases in taxes and other types of Federal receipts are usually politically unpopular. The majority vote requirement by itself would offset the political advantages to increased spending.

Section 3 of the amendment would allow waiver of the balanced budget requirement during wartime since it would be curious to require a supermajority to finance a war when only a majority is necessary to declare it.

The meaning of all terms can be made clear in legislative history. It is our intention to do that. For example, it will be made clear that the budget which is required must include all expenditures, including what are now known as off-budget items, and that the meaning of the term "receipts" does not include the proceeds of Federal borrowing.

VI. THE PROCEDURAL REFORM CONTAINED IN THIS JOINT RESOLUTION IS PREFERABLE TO AN EXPLICIT SPENDING LIMITATION

Madam President, I am certain that some of my colleagues will wonder why we did not simply limit Federal spending directly. Let me briefly explain. We do not believe it desirable to limit spending to any particular arbitrary fraction of the GNP or other similar measure, nor do we believe that requiring supermajorities for spending increases is justified.

First, it could be deemed "antidemocratic" to lock any particular economic theory or policy into the Constitution. If a majority of the people truly want increased spending, we are not aware of any principle which would justify our saying to them that they may not have it. We are simply attempting to correct a political process which allows increases to occur even when the people do not want them.

Second, such theories and policies may well be mistaken. Consequently, complex and detailed formulations are especially inappropriate.

Third, much of the concern which the public feels about Government spending exists because it is perceived as leading to increased taxes. The amendment which insures that politicians will be more accountable to the public for tax increases is a direct response to that major concern.

Finally—and this is related to our concern that democratic principles not be violated—such an explicit spending limit may not be as constitutionally appropriate. Provisions of the Constitution, including all amendments except the 18th amendment, either, first, establish the structure of Government and basic details of the political process used to establish the will of the national majority, or, second, restrict majority rule in order to protect individual rights or the rights of the States.

To prohibit a majority from spending more than some arbitrary amount does not seem to fail within either category.

We have attempted to draft an amendment that primarily accomplishes a procedural reform, that perfects our political process so that we may rely on it to accurately reflect the actual will of the majority.

Thus, the amendment is intended to make politicians accountable for their support of higher spending through its requirement—in the absence of three-fifths support for deficit spending—that politically advantageous spending programs be balanced by politically disadvantageous tax increases, not automatic tax increase but tax increases resulting from recorded votes.

We have not sought to insure any particular level of spending, even though as individuals we have, of course, our own preferences. We have attempted to eliminate the biases toward spending that exist in our political process without replacing them with new biases.

Given public opinion today, we believe that sections 1 and 2 of our amendment would together act as the effective spending limitation which many Senators seek. At the same time a different result is possible in the future if the will of the people reflects different concerns and different priorities. The present proposal as embodied in Senate Joint Resolution 9 is a most logical one and I commend it to you.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

Mr. GOLDWATER addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

Mr. GOLDWATER. Madam President, I believe the order of business is the confirmation of William Casey to be Director of Central Intelligence.

CENTRAL INTELLIGENCE

NOMINATION OF WILLIAM J. CASEY, OF NEW YORK, TO BE DIRECTOR OF CENTRAL INTELLIGENCE

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of Executive Calendar No. 14, the nomination of Mr. Casey to be Director of Central Intelligence, which the clerk will state.

The legislative clerk read the nomination of William J. Casey, of New York, to be Director of Central Intelligence.

Mr. GOLDWATER. Madam President, on January 13, 1981, a hearing was held before the Select Committee on Intelligence at which Mr. Casey appeared and testified, and he was passed favorably by the committee with one vote abstaining.

I am not sure whether that abstaining vote will be cast as yea or nay today.

In order to make this proceeding as short as possible, at certain places I will insert material into the RECORD. I will be assisted by the very fine Senator from New York.

Madam President, I ask unanimous consent that a brief resume of William Casey's life be printed at this point in the RECORD.

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

WILLIAM JOSEPH CASEY

March 13, 1913, born in New York City.

1934, B.S. Fordham University.

1937, LL.B. St. John's Law School.

1938–1949, Chairman of Board of Editors, Research Institute of America.

1942–1945, U.S. Naval Reserve, LT Chief, Secretariat, and Chief of Intelligence Operations, OSS, European Theater.

1947–1948, Special Counsel, Senate Small Business Committee.

1948–1962, Instructor in tax law at NYU.

1953–1970, Chairman of Board of Editors, Institute for Business Planning.

1950–1971, Law partner, Hall, Casey, Dickler and Howley, NYC, and predecessor firm.

1966, Republican Congressional Candidate from Third District of New York; lost in primary to Steven Derounian.

1969–1970, Member, President's Task Force on International Development.

July 1969–April 1971, Member, General Advisory Committee, Arms Control & Disarmament Agency (ACDA).

1970–1971, President, International Rescue Committee.

April 1971–February 1973, Chairman, SEC.

February 1973–March 1974, Under Secretary of State for Economic Affairs.

March 1974–January 1976, President and Chairman, Export-Import Bank.

March 1974–January 1976, member, Commission on the Organization of the Government for the Conduct of Foreign Policy (Murphy Commission).

March 1976–May 1977, member, President's Foreign Intelligence Advisory Board (PFIAB).

1976–1980, member of board of directors: Gamble-Skogmo, Litco Corporation, the Trib, etc.; member, advisory board to American Stock Exchange; counsel to law firm of Rogers & Wells; member, International Rescue Committee.

March 1980–November 1980, Campaign Mgr., Reagan Presidential campaign.

Affiliations: Veterans of the OSS, Association of Former Intelligence Officers.

Publications: Tax Sheltered Investments; Lawyers Desk Book: Forms of Business Agreements; Accounting Desk Book; Tax Planning on Excess Profits: How to Raise Money to Make Money: How Federal Tax Angles Multiply Real Estate Profits, and others.

Mr. GOLDWATER. Madam President, I ask unanimous consent that the opening statement of Mr. Casey before the committee be printed at this point in the RECORD.

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

OPENING STATEMENT OF WILLIAM J. CASEY

Mr. Chairman, I am William J. Casey. I have been nominated by the President-elect to serve as Director of Central Intelligence. It is an honor for me to be here today to meet with you and the other members of the Committee for the purpose of discussing my qualifications for this post. I believe it to be vital that this nation have a strong and effective intelligence organization with a wide range of capabilities and the flexibility to adapt and focus them on whatever exterior threats or problems confront the President, the National Security Council, the Congress, and the Executive Branch. It may be helpful to outline the experiences which have formed my views on intelligence.

In World War II, as a naval officer, I had intelligence assignments first in Washington as an aide to William J. Donovan, then the director of the Office of Strategic Services, and subsequently in London as an aide to Colonel David K.E. Bruce, the commanding officer of the Office of Strategic Services in the European Theatre of War commanded by General Eisenhower. Our activities there consisted primarily of working with British and French intelligence and supporting French resistance forces to develop support for the allied armies which invaded and liberated France. When it became clear in the Fall of 1944 that there would be hard fighting in Germany, I became engaged in shifting what had been a French-oriented organization, to one that could function effectively in Germany. When we were surprised by the Hitler counter-offensive in what became known as the Battle of the Bulge, I was appointed Chief of Secret Intelligence for OSS in the European Theatre. In this capacity, I was charged with sending observers to rail and other transportation centers in Germany to report on the movement of German forces, targets suitable for air attack and similar military information.

For a few years immediately after World War II, I worked with General Donovan, General Quinn, who is here today, and with colleagues in wartime intelligence in urging that our nation needed a permanent central intelligence and in studying how such an organization should be organized and function. Since that time, I have spent my working life as a practicing lawyer and as an author, editor and entrepreneur, all of these activities involving somewhat the same kind of gathering, evaluation and interpretation of information which good intelligence work requires. I maintained an interest in foreign policy and national defense. As a founding director of the National Strategy Information Center, I supported the establishment of chairs and professorships in national security on 200 campuses throughout the United States.

During 1969, President Nixon appointed me to the General Committee on Arms Control, on which I served during the preparation and negotiations for SALT I. This experience impressed upon me the vital significance of good intelligence in establishing adequate defense, in negotiating arms control arrangements and in verifying that those arrangements are being observed. I was also a consumer of intelligence as Under Secretary of State in 1973 and 1974. As a member of the Commission of the Organization of the Government for the Conduct of Foreign Policy, known as the Murphy Commission after its chairman Robert Murphy, I took a special interest in the organization of the intelligence community, in improving the relevance and quality of analysis and developing a more effective relationship between producers and consumers of intelligence.

In 1976, President Ford appointed me a member of the President's Foreign Intelligence Advisory Board. There my special interests were economic intelligence and the experiment in the competitive analysis of Soviet strategic intentions, the potential capabilities of Soviet air defense and the accuracy of Soviet missiles.

There is no need for me to describe to this Committee the varied and complex challenges that confront our nation, the complexity of the political, military and economic forces with which we must deal or the importance of good intelligence to the formulation and execution of effective policies. If I am confirmed for the position for which I have been nominated, it will be my purpose to provide for our policymakers, in the Congress as well as the Executive Branch, timely and accurate information, analysis and estimates on which they can rely, in establishing the defensive strength that we need, in seeking arms control, in developing and maintaining satisfactory relations with other nations, and in competing in an increasingly interdependent global economy. Our foreign policies and defense strategies can never be better for long than our intelligence capabilities. In an era of increasing military vulnerability, effective intelligence is of far greater importance than it may have been some years ago when we had clear military superiority. Anticipating potential problems, understanding the reasons behind events and foreseeing all the potential opportunities—both diplomatic and military—will be critical to successful international relations over the next decade. We are in a period where investments in intelligence capabilities will yield major returns.

Generally, there is poor public perception and understanding of the value of the American intelligence community to the security of the free world. The CIA, in particular, suffers institutional self-doubt. Many of its most competent officers have retired or are about to retire. The morale of much of the agency is low. Too often the agency has been publicly discussed as an institution which must be tightly restrained, stringently monitored or totally reorganized. Little has been done in recent years to stress publicly the critical role which the intelligence community must play in the formulation and execution of our nation's foreign policies and defense strategies. Too many have worked to reduce the feeling of self-worth of intelligence officers. Too few have worked to motivate the best minds in this country to see the intelligence profession as one which is desperately needed for our national security.

While members of the community realize that they cannot receive public recognition for particular tasks well done, they rightfully expect the support of the government which they serve. All too often their "failures" are widely publicized, but their "successes" by their very nature are generally hidden.

We need to make it clear that, while we work to improve it, the intelligence community has our full trust and confidence, that the intelligence profession is one of the most honorable professions to which Americans can aspire, and that we have an appreciation for the dedication and professionalism of its members. We should call on young Americans to serve their country in the field of intelligence. We should ask American scholars to serve their country by sharing their scholarship and insights with those in the community who are responsible for preparing the intelligence analyses used to develop foreign policy and defense strategy.

In the months ahead, this nation will continue to confront major international crises. This is not the time for another bureaucratic shake-up of the CIA. Instead, it is a time to make American intelligence work better and become more effective and more competent and make the members of its establishment respected and honored.

In almost every instance in recent years, so-called "intelligence failures" have been the result of shortcomings in intelligence analysis. The necessary relevant information was generally available, but sometimes either good analyses or sound conclusions did not follow. To be truly beneficial to consumers, data collected must be subjected to critical and insightful analysis conducted by

trained, competent professionals who have a rich background in the subjects involved. The issues which we have to deal with require the best analytical capabilities applied to unclassified as well as classified sources.

The attractiveness of intelligence analysis as a profession, part-time as well as full-time, should be increased. We must tap the insights of the nation's scholars in the effort to upgrade the quality of intelligence analysis. We must search for new and better ways to get continuing input from the outside world in order to gather information available inside and outside the government and get the best analyses of the full range of views and data available. A revival of the President's Foreign Intelligence Advisory Board can contribute substantially to this, and there are many other possibilities. When I was Chairman of the Securities and Exchange Commission, I created a large number of task forces made up of members of the SEC staff and people experienced in various phases of the investment industry. Assigned to report on regulatory needs for new forms of investment and trading, on minimizing paperwork and regulatory burdens, making investment analyses more widely available, and similar subjects, we observed insight and perspective which was just not available in Washington.

It is not enough to have good information and accurate assessments. The findings and views of the intelligence community must be forcefully and objectively presented to the President and the National Security Council. I assure you that I will present these views without subjective bias and in a manner which reflects strongly held differences within the intelligence community. It will be my purpose to develop estimates which reflect a range of likely developments for which policymakers must prepare in a manner which emphasizes hard reality undistorted by preconceptions or wishful thinking. As we look back at the recent past, we need to remember how early intelligence reports on Soviet missiles in Cuba in 1962, on Soviet divisions preparing to enter Czechoslovakia in 1968, on Arab preparations to attack Israel in 1973, were obscured by judgments that it would not be sensible for these weapons and divisions to have other than defensive or training purposes. Alternative possibilities and their implications must be fully set forth in our assessments so that they can be reflected in our preparation and in our policies.

To carry out its assignment the intelligence community needs both public support and the full participation and cooperation of the Congress. I am pleased that after a period of turmoil the Executive and Legislative Branches have now institutionalized their arrangements in the Intelligence Authorization Act of 1981. I pledge care and diligence in protecting the legal rights of American citizens. I pledge also to work closely with Congress on this as well as in monitoring and improving the performance of the intelligence community. Particularly through the Intelligence Committee's study of U.S. intelligence products, procedures and budgets, Congress will provide a valued independent source of review to ensure we are achieving all that is humanly possible and the Congress will be in a position to provide any necessary legislation.

I will cooperate fully in facilitating the oversight through which Congress can ensure that the intelligence community operates within the limits of the law. This will provide the American people with additional assurance that U.S. intelligence will fully respect their civil liberties, and further strengthen public confidence in our intelligence community.

We have a common purpose in having a comprehensive intelligence system of unqualified preeminence, operating efficiently and within the requirements of our laws.

I expect to conclude that there are some steps which should be taken to improve our intelligence performance. If confirmed, I will promptly, in consultation with the leaders of the intelligence community and the Congress, review without preconception the system as it now exists and how it is working.

Many Senators and Congressmen have put forward a number of suggestions to protect the identities of U.S. intelligence officers and provide relief from some aspects of the Freedom of Information Act. I, too, share the concerns that led to these actions, and I hope that Congress will complete the important work initiated in the last session.

I will examine how we are utilizing the resources we have to produce intelligence. Are we attracting enough of the best people, and providing them with the best possible training? And, are we providing adequate incentives so that we can keep the most competent of those we have now? I know you and your counterpart committee in the House, and academic experts outside of the Congress, have been studying these matters. I would plan to review my finding with you as soon as possible to determine how we can build on our strengths and reduce areas of weakness.

I welcome any questions you may have.

I am happy to yield to my friend from New York for any comments at this time.

Mr. MOYNIHAN. I thank the Chair; I thank my distinguished chairman, the Senator from Arizona.

Madam President, with the indulgence of the Chair and the Senate, I have a brief statement which I feel it important to read in the Senate on this occasion.

Madam President, I rise in support of the confirmation of William J. Casey, of New York, as Director of Central Intelligence. I think it is particularly important to inform the Senate of those parts of Mr. Casey's testimony before the Select Committee on Intelligence which concerns his understanding of the relationship between the intelligence community and the Congress.

I should point out that our statutory intelligence oversight provisions, which are contained in the Intelligence Authorization Act enacted by the 96th Congress in 1980, are unique. There is no other democratic nation in the world in which there is such a close, confidential relationship between the intelligence community and the legislature. There is no other democratic nation in the world in which the legislature has such a wide-ranging statutory right to intelligence information.

These oversight provisions require that the congressional intelligence committees be kept fully and currently informed of all intelligence activities, including significant anticipated intelligence activities; that they be furnished any information or material concerning intelligence activities which they request in order to carry out their authorized responsibilities; and that they be informed of any illegal intelligence activities or significant intelligence failures. When the President determines that "extraordinary circumstances affecting vital interests of the United States" require it, he may limit the prior notification of a significant anticipated intelligence activity to eight Members of Congress, the majority and minority leaders of the two Houses and of the two intelligence committees.

These requirements, while creating the presumption of the fullest cooperation, are not, however, absolute. In drafting the legislation, it was recognized that there are conceivable circumstances in which the President, as Commander in Chief, might act alone. In consequence, two preambular clauses of the statute provide that the exchange of information will take place to the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods.

Madam President, because Mr. Casey will be, if confirmed, the first Director of Central Intelligence to take office under the new oversight regime, and because of the reservations contained in the oversight law itself, I judge it necessary to return to this subject during the committee's questioning of him. It seemed important to me to insure that when difficult questions arose under the law the Director of Central Intelligence would be inclined to put the narrowest possible interpretation on those clauses which could be used to restrict congressional access to information. After outlining the oversight legislation, I put the matter in the most severe terms, asking Mr. Casey:

(H)ow do you feel about telling this Committee things we need to know (that) you would just as soon not more than two people in the world knew?

Mr. Casey's reply, I believe, demonstrated his intention to continue the satisfactory relationship our committee had with the intelligence community during the past administration:

Senator, I intend to comply fully with the spirit and the letter of the intelligence oversight act. I intend to provide this Committee with the information it believes it needs for oversight purposes. I believe the detailed implementation is something we will work out as we go along. I would intend to follow the practices that have been worked out with the President (and with) the incumbent of . . . the office for which I've been nominated. And there are some reservations of constitutional authority that relate to the President's constitutional authority.

I cannot conceive now of any circumstances under which they would result in my not being able to provide this Committee with the information it requires. I would obviously have to be subject to and discuss with the President any particular situations which I cannot now foresee, and I would do that in a way that this Committee would know about.

It should be noted, however, that with respect to activities conducted abroad other than those intended solely for the collection of necessary intelligence, the President has an unconditional obligation to report to the intelligence committees "in a timely fashion." This insures that, regardless of the sensitivity of the operation or of any other circumstance, the Congress will eventually be informed of any covert action undertaken in a foreign country.

Mr. Casey took note of this development in his opening statement:

I am pleased that, after a period of turmoil, the Executive and Legislative Branches have now institutionalized their arrangements in the Intelligence Authorization Act for fiscal year 1981. And I pledge to conduct the relations of the Intelligence Community with the Congress in a consultative mode.

Madam President, I believe that to have been a forthcoming and satisfactory answer.

Mr. Casey's answer convinces me that he would be a vigorous advocate, in the councils of the executive branch, for a consultative, rather than confrontational, approach toward congressional rights and prerogatives in the field of intelligence.

Madam President, if the Senate confirms the nomination of Mr. Casey, and I am confident it will do that, I believe it can look forward to a continuation of the current favorable relationship between the Congress and the executive branch concerning intelligence matters.

(Mr. DANFORTH assumed the chair.)

Mr. MOYNIHAN. I thank the Chair and I thank my distinguished chairman.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the text of the oversight provisions of the Intelligence Authorization Act for fiscal year 1981 (Public Law 96–450), which is our basic oversight statute.

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

PUBLIC LAW 96–450

CONGRESSIONAL OVERSIGHT OF INTELLIGENCE ACTIVITIES

SEC. 407. (a) Section 662 of the Foreign Assistance Act of 1961 (22 U.S.C. 2422) is amended—

(1) by striking out "(a)" before "No funds";

(2) by striking out "and reports, in a timely fashion" and all that follows in subsection (a) and inserting in lieu thereof a period and the following: "Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947."; and

(3) by striking out subsection (b).

(b)(1) The National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding at the end thereof the following new title:

"TITLE V—ACCOUNTABILITY FOR INTELLIGENCE ACTIVITIES

"CONGRESSIONAL OVERSIGHT

"SEC. 501. (a) To the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods, the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities shall—

"(1) keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives (hereinafter in this section referred to as the 'intelligence committees') fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (A) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (B) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate;

"(2) furnish any information or material concerning intelligence activities which is in the possession, custody, or control of any department, agency, or entity of the United States and which is requested by either of the intelligence committees in order to carry out its authorized responsibilities; and

"(3) report in a timely fashion to the intelligence committees any illegal intelligence activity or significant intelligence failure and any corrective action that has been taken or is planned to be taken in connection with such illegal activity or failure.

"(b) The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) and shall provide a statement of the reasons for not giving prior notice.

"(c) The President and the intelligence committees shall each establish such procedures as may be necessary to carry out the provisions of subsections (a) and (b).

"(d) the House of Representatives and the Senate, in consultation with the Director of Central Intelligence, shall each establish, by rule or resolution of such House, procedures to protect from unauthorized disclosure all classified information and all information relating to intelligence sources and methods furnished to the intelligence committees or to Members of the Congress under this section. In accordance with such procedures, each of the intelligence committees shall promptly call to the attention of its respective House, or to any appropriate committee or committees of its respective House, any matter relating to intelligence activities requiring the attention of such House or such committee or committees.

"(e) Nothing in this Act shall be construed as authority to withhold information from the intelligence committees on the grounds that providing the information to the intelligence committees would constitute the unauthorized disclosure of classified information or information relating to intelligence sources and methods.".

(2) The table of contents at the beginning of such Act is amended by adding at the end thereof the following:

"TITLE V—ACCOUNTABILITY FOR INTELLIGENCE ACTIVITIES

"Sec. 501. Congressional oversight.".

Mr. GOLDWATER. Mr. President, I thank my friend from New York for that fine statement about Mr. Casey. I might just add that Mr. Casey is not a newcomer to intelligence; he was a member of that wonderful organization, the OSS, which was the start of the CIA. The OSS, Mr. President, was the first real effort this country had ever made at establishing intelligence.

I remember a remark made by Secretary of War Stimson just before World War II, when asked about intelligence and the need for espionage and so forth. He said, "Gentlemen do not read other people's mail." That is how we are starting to struggle through World War II, without any intelligence on the enemy, without any intelligence on ourselves.

Mr. Casey served in the OSS and then retired and has been a very, very successful lawyer, author and publisher, and has been successful in all the ventures in which he has taken part.

Mr. President, so that the record might be complete, I ask unanimous consent to have printed in the RECORD a statement required to be completed by Presidential nominees relative to their financial holdings, and so forth.

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

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name (including any former names used): William J. Casey.

Address (list current residence and mailing address): Glenwood Road, Roslyn Harbor, N.Y.

Position to which nominated: Director, CIA.

Date of birth: March 13, 1913; place of birth: New York.

Marital status: Married. Full name of spouse (including any former names used by spouse): Sophia Kurz.

Names and ages of children: Bernadette Casey, 35 yrs.

Education, institution, dates attended, degrees received, and dates of degrees:

St. Agnes High School, 1926–1928, none.

Baldwin High School, 1929–1930, 1930.

Fordham University, 1930–1934, BBS, 1934.

Catholic University of America, 1935–1936, none.

St. Johns Law School, 1936–1937, LLB, 1937.

Honors and awards: Bronze Star, WWII; William Donovan Award 1974; Honorary Doctorates; Fordham University, St. John's University, Adelphi University, Molloy College.

Memberships: Organization, office held (if any), dates:

New York Bar Association, Member, 1950 to date.

International Rescue Committee, President, 1970–71.

Citizens Commission on Indochinese Refugees, Co-Chairman, to date.

American Bar Association, Member, 1970–to date.

Nassau County Bar Association, Member, 1956–to date.

Council on Foreign Relations, Member, 1973–to date.

Atlantic Council, Director, 1976–to date.

Employment record:

1937–1950, Chairman, Board of Editors, Research Institute of America; 292 Madison Avenue, New York.

1950–1971, Partner, Hall, Casey, Dickler & Howley, & Predecessor; 270 Park Avenue, New York, Practice of law.

1954–1971, President & Editor, Institute for Business Planning & Predeces, Englewood, N.J.

1971–1973, Chairman, SEC Washington, D.C.

1973–1974, Undersecretary of State for Economic Affairs, Washington, D.C.

1974–1976, Chairman, Export Import Bank, Washington, D.C.

1976-to date, Counsel to Rogers & Wells, 200 Park Avenue, New York.

Government experience:

Member, General Advisory Commission on Arms Control.

Member, Presidential Task Force on International Development.

Member, President's Foreign Intelligence Advisory Board.

Chairman, Task Force on Equity and Ventury Capital, SBA.

Member, Commission on Organization for Conduct of Foreign Policy.

Published writings:

Lawyers Desk Book, 1965; Tax Sheltered Investments, 1952;

Estate Planning Desk Book, 1956; Forms of Business Agreements, 1966;

Accounting Desk Book, 1967;

Where and How the War Was Fought, An Armchair Guide to the American Revolution. Published by Morrow 1976;

Life Insurance, Real Estate, Mutual Funds Desk Books; Executive Pay Plans; How to Finance a Business; Renegotiation Forms of Business Agreement; Forms of Wills & Trusts; Charitable Giving and Foundations; numerous articles and speeches in law reviews and other journals.

Political affiliations and activities:

1980—Campaign Director, Reagan-Bush and Reagan for President. Contributions of $1,000 to Reagan, Bush, Connally, Baker primary campaigns $10,000 Republican National Committee, $2,000 Senatorial campaigns in New York.

1978—$10,000 Duryea for Governor in New York.

1976—Ford campaign $1,000.

1974—$1,000—Wilson for Governor in New York.

1972—$300 Nixon campaign.

Qualifications: I have been successful in directing Federal government organizations at the Securities and Exchange Commission and the Export Import Bank, and in working with a large range of government agencies and committees during my tenure as Undersecretary of State.

I have had intelligence experience in building the American intelligence service in Europe in World War II, and in directing clandestine intelligence operations into Germany during the last six months of World War II. Since then, I have been an active consumer and user of American intelligence as a member of the General Advisory Committee on Arms Control and as Undersecretary of State. I have also had an opportunity to study the organization and operation of our intelligence services as a member of the Murphy Commission on the Conduct of Foreign Policy and as a member of the President's Foreign Intelligence Advisory Board.

During my entire working life my activities as a lawyer, author and editor have involved the gathering, analysis and evaluation of information and applying it to practical purposes.

As far as it can be foreseen, state your plans after completing government service. Please state specifically any agreements or understandings, written or unwritten, concerning employment after leaving government service, in particular concerning agreements, understandings or options to return to your current position:

I have no plans at present, but in the past after completing government service I have always returned to the practice of law. I have no agreements, understandings or options to return to my present position.

Have you been an attorney for, or a representative or registered agent of, a foreign government, or any entity under the control of a foreign government? In your present position are you formally associated with individuals who are attorneys for, or representatives or registered agents of, foreign governments or entities? If the answer to either or both questions is yes, please describe each relationship on a separate sheet:

Neither I nor my firm currently represent any foreign government or any foreign government entity. The firm is performing commercial related legal work for a variety of privately-owned foreign companies.

Describe the financial arrangements you have made or plan to make, if you are confirmed, in connection with severance from your current position. Please include severance pay, pension rights, stock options, deferred income arrangements, and any and all compensation that will or might be received in the future as a result of your current position or your past business or professional relationships:

None, except that upon termination with firm I will receive a severance amount to be agreed upon.

Please list below all corporations, partnerships, foundations, trusts, or other entities toward which you have fiducial obligations or in which you hold directorships or other positions of trust:

Capital Cities Communications, Director.
Long Island Lighting Company, Director.
Long Island Trust Company, Director.
St. Francis Hospital, Roslyn, N.Y., Trustee.
Intend to resign these upon confirmation.

PROPERTY HOLDINGS OF WILLIAM CASEY

Listed securities:
Capital Cities Communications;
Investment Annuity, Inc.;
Philip Morris;
Datapoint Corp.;
Dennison Manufacturing;
International Business Machines;
Rolm Corp.;
Johnson & Johnson;
Raychem Corp.;
Englehard Minerals & Chemicals;
Ranchers Expl. & Dev.;
AMAREX, Inc.;
Apache Corp.;
Atlantic Richfield;
Dome Petroleum;
Kerr-McGee;
Mesa Rty.Tr. Unit Ben. Int.;
Southland Royalty;
Standard Oil Indiana;
Superior Oil;
Halliburton;
Schlumberger Ltd.;
Long Island Lighting Co.;
Permian Basin Trust; and
San Juan Basin Trust.

Limited partnership interests:
Min-Sub—small submarine venture;
REALCO—waste recycling venture;
Penverter—computer input venture;
ITA—importing venture;
COAP Planning—computerized financial analysis; and
North Courts—racquet ball courts.

Real estate:
Home in Roslyn, N.Y.
Home in Palm Beach, Fla.
Capitol Towers Unit II—Interest in garden apartments, Sacramento, Calif.

List all loans, mortgages, or other indebtedness in excess of $1,000: None.

Please describe all gifts of pecuniary value in excess of $500 received in the past five years. None.

Please list any legal actions in which you are presently either a plaintiff or defendant, and any legal actions in the last five years in which you have been a plaintiff, defendant, or witness.

Defendant: Kurz v. Casey—action against me and wife as owners of lawn mower brought by widow of brother-in-law who had heart attack while mowing lawn at house occupied by him but owned by us—action dismissed from bench—1979 in Supreme Court, Nassau County, N.Y. in 1979—notice of appeal filed.

Maiden v. Biehl—derivative action brought on behalf of bondholders against directors, accountants (Harkness & Sells) and investment bankers selling bonds of Multiponics, an agricultural company of which I was a director—has been pending in Federal Court, Southern District of New York for over five years.

Scheuer vs. Trustee holding Sacramento garden apartments for my benefit involves claim for inflation adjustment and payment of compensation for managing property.

Witness: National Cash Register v. Ginsberg, N.Y. Supreme Court—witness to conversation action on contract against client. Character witness U.S. vs. Clifford—Eastern District, N.Y.

Character witness U.S. vs. Gleason—Southern District, N.Y.

Describe any business relationship, dealing or financial transaction (other than tax-paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated. None.

List any lobbying activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy. List specifically any appearance before any committee of the Congress, and any other effort in any capacity to influence an action of a committee of Congress.

1978–1979 Testified as Co-chairman of Citizen's Commission for Indo-Chinese Refugees before Senate and House Subcommittee on Immigration and before Subcommittee of House Foreign Relations Committee on visit to Islands in S.E. Asia to which boat people were going to escape Vietnam—urged stronger relief measures for these refugees.

Participated with partners of my law firm in making representations on behalf of client who builds condominiums in Florida on impact of condominium legislation pending in Senate and House—1980.

Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to the above items:

By disposing of assets or establishing a blind trust if necessary.

List sources and amounts of all income received during the last five years, including all salaries, fees, dividends, interest, gifts, rents, royalties, patents, honoraria, and other items exceeding $500. (If you prefer to do so, copies of U.S. income tax returns for these years may be substituted here, but their submission is not required.)

	1980	1979	1978	1977	1976
Salary and directors fees	160,000	96,050	208,595	116,000	114,528
Fees, royalties	17,000	49,000	57,150	26,517	6,885
Dividends	67,000	53,374	41,164	30,684	43,259
Interest	15,000	46,027	43,122	43,259	14,498
Gifts					
Rents	51,000	1,200			
Other, exceeding $500	7,000	7,124	3,964	5,010	4,269
Total	317,000	252,775	353,995	221,470	183,439

CLIENT LIST

Diamond Distributors, Inc.
Bear, Stearns & Co.
Capital Cities Communications.
Est. of Jos. E. Ridder, Dec'd.
Charles Atwood.
Cox & Company.
John Foglia Sr.
Kephart Communications Inc.
Environmental Research & Technology.
Fidelity Management & Research.
Anthony G. A. Fisher.
Sidney Colen.
Jeremiah Burns, Inc.
Resource Asia.
Parr Meadows Racing Association Inc.
Robert Ross.
Litco Corp. of New York.
Long Island Trust Co.
Promenade Magazines, Inc.
Dr. Irving I. Dardik.
Mitchell P. Kobelinski.
Fitch Investors Service, Inc.
Armor Products Inc.

Jack Farber.
Lauraine G. Smith.
Nassau County.
King Kullen Grocery Stores.
Energy Transition Corp.
Andrew Duell.
Milton Zipper.
Saudi American Lines Company.
The Institute for Economic Affairs.
Gladding Corp.
The Wackenhut Corporation.
Philip J. Sagona.
Housatonic Valley Paper Co.
Servo Corporation of America.
Semiconductor Specialists Inc.
S. G. Warburg & Co. Ltd.
Korvettes Inc.
Edward Swanson.
Florida Condominium Corp.
The Alternative Education.

Other information:

Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense? No.

Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination. None.

Please provide the Committee with the names and current addresses of five individuals whom you believe are in a position to comment upon your qualifications for the office to which you have been nominated:

John J. McCloy, 1 Chase Manhattan Plaza, N.Y. 10005.

Richard Helms, 4649 Garfield Street, N.W., Washington, D.C. 20007.

William Rogers, Rogers & Wells, 200 Park Avenue, New York, N.Y. 10017.

Stanley Sporkin, 8816 Brierly Road, Chevy Chase, Md. 20015.

Leo Cherne, Research Institute of America, 589 Fifth Avenue, N.Y. 10017.

Are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so? Yes.

Are you willing to provide such information as is requested by such committee? Yes.

Mr. GOLDWATER. Also, because Mr. Casey was a member of the Murphy Commission on the Organization of Government for the Conduct of Foreign Policy, which made a rather complete recommendation in the areas of intelligence, executive-congressional relations, and so forth, I ask unanimous consent that a statement on this subject be printed in the RECORD.

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

MURPHY COMMISSION

Mr. Casey was a member of the Commission on the Organization of the Government for the Conduct of Foreign Policy (Murphy Commission) from March 1974 through January 1976. The Commission was established in July 1972 to propose improvements in the means by which foreign policy is made and implemented, in both the executive and legislative branches.

The Commission submitted specific recommendations in the areas of intelligence, executive-congressional relations, and congressional organization and procedure, among others. The executive summaries of these findings are excerpted below.

INTELLIGENCE

National security and the effective conduct of U.S. foreign policy require maintenance of intelligence capabilities of the highest competence. Intelligence in a democracy must meet three tests: to provide accurate information and competent analysis concerning the issues of greatest concern to policymakers; to avoid unnecessary costs and duplication; and to function in a manner which commands public confidence.

Firmer oversight of the intelligence community is required. This is difficult to achieve for a variety of reasons.

The community consists of many agencies, with differing objectives and lines of command. The great bulk of its budget and manpower falls within the Department of Defense, yet the Secretary of Defense clearly should not also serve as the nation's chief intelligence officer. Prior efforts to deal with this situation have taken several forms, but have hinged on the Director of Central Intelligence (DCI). In addition to his responsibilities for CIA, the DCI has been charged with the oversight and leadership of the entire intelligence community.

This arrangement has worked only partially. Having line authority over their own agency but only limited influence over other intelligence units, DCIs have tended to devote themselves largely to CIA affairs.

Several changes are necessary. To supervise effectively the intelligence community, the DCI must be a close assistant to the one official who does ultimately command each element of the community: the President. In order to meet his community-wide responsibilities, as well as to be the President's principal intelligence adviser, the DCI should have an office in close proximity to the White House and be accorded regular and direct contact with the President. He should delegate much of his authority for the day-to-day direction of CIA to his deputy. In addition, some extensions of the DCI's current responsibilities for community-wide planning and budgeting are recommended.

To make clear exclusively foreign responsibilities of the Central Intelligence Agency and of its Director, the CIA should be retitled the Foreign Intelligence Agency (FIA), and its Director, the Director of Foreign Intelligence (DFI).

The Director of Foreign Intelligence should have a broad understanding of foreign and national security affairs, managerial skill, sensitivity to the constraints within which an American intelligence service must operate, independence and high integrity. The DFI should normally be a person of stature from outside the intelligence career service, although promotion from within should not be barred.

In view of the special importance and sensitivity of intelligence, the President should have sources of advice independent of the DFI. The President's Foreign Intelligence Advisory Board (PFIAB) should become the principal such source. Each incoming President should review and make such changes in PFIAB's membership as may be required to give him high personal confidence in that body's values and judgment. PFIAB's staff should be enlarged and drawn in part from sources outside the intelligence community.

The quality and relevance of intelligence need continuing upgrading, with a more active NSC Intelligence Committee (NSCIC) as the principal forum for resolution of differing perspectives of consumers and producers. Analytic improvements are also needed, notably in the areas of Foreign Service reporting, economic intelligence, and the process by which National Intelligence Estimates (NIEs) are produced. A better balance between technical and human means of intelligence collection is required.

To supplement steps taken in recent years to improve resource management, a multi-year plan for allocation of intelligence responsibilities across the community should be prepared, and on the basis of this plan, an annual consolidated foreign intelligence budget should be developed.

Covert action. Many dangers are associated with covert action. But we must live in the world we find, not the world we might wish. Our adversaries deny themselves no forms of action which might advance their interests or undercut ours. In many parts of the world a prohibition on our use of covert action would put the U.S. and those who rely on it at a dangerous disadvantage. Covert action should not be abandoned, but should be employed only where such action is clearly essential to vital U.S. purposes and then only after careful high level review.

Present practices for review and approval of covert action are inadequate and should be strengthened. Covert actions should be authorized only after collective considerations of their benefits and risks by all available 40 Committee members. In addition, covert action should be reported on the proposed Joint Committee of the Congress on National Security or to some other appropriate congressional committee.

EXECUTIVE-CONGRESSIONAL RELATIONS

A new era of cooperation between the executive and congressional branches in foreign relations is vital to the security of our Nation and to the peace of the world.

Major foreign policy problems of the future will increasingly arise from the tightening economic and physical interdependence of nations, and problems of interdependence will sharply affect the domestic economy and therefore merge with domestic political issues. Foreign policy will therefore touch the American public more directly, and will involve the Congress to a greater degree. Moreover, the Constitution gives the Congress the sole power to regulate commerce with foreign nations: as that commerce becomes more central to our foreign relations, the Congressional role must inevitably grow. The Congress, then, must be prepared to play, effectively and responsibly, a broader role than before in those issues with both foreign and domestic dimensions.

Balance and effectiveness in the future conduct of our international relations is necessary, not a radical shift in power between the branches. The executive must conduct relations with other countries. The President must have the flexibility to negotiate effectively and provide responsible leadership in meeting international demands of increasing complexity. But measures are needed to provide for a fuller sharing of responsibilities in that broad region where both branches must act together.

A Classification System Based on Statute. Too much information in the field of foreign policy is classified too highly, and too long. A number of corrective actions have recently been taken, but the classification system still operates without any statutory basis. Procedures so important and potentially so dangerous as those which restrict the ability of a free people to review the operations of its own executive departments should be defined and circumscribed by law.

The Congress should consider legislation establishing a comprehensive classification system based on the following guidelines:

Mandatory classification of specified types of information relating principally to national defense and the sources and methods of intelligence.

Mandatory exemption from classification of certain other information.

Classification or exemption from classification of all other information on the basis of specified criteria balancing the need for secrecy against the potential value of disclosure.

CONGRESSIONAL ORGANIZATION AND PROCEDURES

To improve the coherence and consistency of Congressional actions affecting other nations, the House Committee on International Relations should be accorded "special oversight functions" over reciprocal tariff agreements, in addition to its other responsibilities for trade policy issues. It should also exercise concurrent legislative oversight over international financial organizations, together

with the House Committee on Banking and Currency. A review by the Senate of its own committee system also now seems appropriate. Subcommittees in both Houses should be more fully utilized to strengthen the basis of committee action, and to provide greater interchange with working-level executive officials as should joint subcommittees hearings.

A New Joint Committee. Since political, military and economic aspects of foreign policy have become interlocked, Congress should contain some forum in which those interrelations can be directly weighed. At the same time Congress is requiring greatly increased consultation with senior foreign policy officials of the executive branch. The result is a potentially unsustainable demand on senior executive officials for multiple appearances before Congress. To help resolve both problems, and to provide more effective oversight over the intelligence community, a Joint Committee on National Security should be established. It should perform for the Congress the kinds of policy review and coordination now performed in the executive branch by the National Security Council, and provide a central point of linkage to the President and to the officials of that Council.

In addition, it should take responsibility for Congressional oversight of the Intelligence Community. The Joint Committee should include the leaders of the key foreign, military, and international economic committees from each House, and several Members-at-Large appointed by the party leaders. It should be vested with authority to:

Receive, analyze and refer reports from the President under the War Powers Act.

Receive and review analytic products of the intelligence community.

Oversee the system of information classification discussed above.

Establish a code of conduct to govern the handling by Committee members of classified or sensitive information.

In two specific areas the Joint Committee might usefully have authority to report legislation to the floor of each House. These are to consider the creation of a statutory system of information classification; and (if intelligence oversight is assigned to it), annual authorization of funds for the intelligence community.

In the event that this Committee is not established a Joint Committee on Intelligence should be created to assume the important task of Congressional oversight of the intelligence community.

Mr. GOLDWATER. Mr. President, if there are any questions, I shall try to answer them.

Mr. PROXMIRE. I have some questions.

First, I agree wholeheartedly with Chairman GOLDWATER and Senator MOYNIHAN, that this man is well qualified. He has had more experience than probably any other head of the Central Intelligence Agency. He did serve in the OSS and on the Murphy Commission. He obviously is a man of valuable experience in this area, and that is greatly to his credit and to the credit of President Reagan for having made the appointment.

My difficulty with this nominee is what seems to be—and maybe I am being unfair to him, because this is an unusual area—a paucity of responses to questions at the hearings, and questions I submitted in writing. As I say, I understand fully that much of what the CIA does has to be classified and should be classified.

In response to a question as to his plans for increasing the budget of the intelligence community or its personnel authorization, Mr. Casey replied that he has not yet studied the figures.

Recognizing that no potential agency head will be informed about all the details of his budget, I ask Chairman GOLDWATER why it is not possible for this nominee to have at least general ideas about the direction in which this budget will be required to move, up or down. We do not need specifics, because they are classified, but we should know his general plans.

Mr. GOLDWATER. The preparation of the budget for intelligence purposes, as my friend realizes, is a very difficult thing. We are in the process now of preparing that budget, and Mr. Casey, to my knowledge, has not seen it, although he probably has had a look at it since he has moved over to the CIA headquarters.

It is arrived at in a rather peculiar way. The Armed Services Committee has a hand in it. The Intelligence Committee has a hand in it. There is a big part of that budget that is highly classified, that we cannot even talk about in the committee.

So it is difficult to give the Senator an answer, and it would be just as difficult for Mr. Casey.

Mr. PROXMIRE. I appreciate fully what the Senator is saying about the Carter 1981–82 budget. I am not talking about that. I am talking about the disposition of the new Director of the Central Intelligence Agency—whether he would feel that, on the basis of his great experience, this agency should have more personnel, more resources to do the job, or whether they can make the reductions we would all like to see in all agencies, where possible.

Mr. GOLDWATER. I can only say from my experience—and I depend on my colleague to say what he thinks—that in the CIA, itself, there probably will be a slight increase in personnel. I cannot say that for certain. However, after the Church committee got through with the intelligence family of our country, there were wholesale leavings. The unfortunate thing is that a number of people who left were the older people. When I say "older," I do not mean by age but by experience—those men who had become expert assessors of intelligence.

This may be difficult to believe, but we are having more applications to join the CIA today than we can handle. But we are very short in this highly qualified, specialized branch, of being able to take bits of intelligence from the whole family—and we must keep in mind that there are 19 members of the family in this town and around the country—and make a proper assessment to give to the Joint Chiefs of Staff, to give to our committee, to give to the President.

So I can only say that I think there will be more people working for the CIA How many, I would not want to guess.

Mr. MOYNIHAN. Mr. President, I say to my distinguished friend from Wisconsin that, as he of course knows, the budget documents, estimates, and trends of the intelligence community, while kept in the Select Committee on Intelligence, are available to him at any time, and we would welcome his formidable capacity in these matters.

Mr. PROXMIRE. I believe that Senator GOLDWATER has answered very well. All I am asking is to find out what the disposition of this particular nominee would be. I realize that the budget document is going to come down, but I want to know what his feeling is. I may disagree with the budget documents because I have confidence in Mr. Casey. I would like to know what he feels, not what the administration is proposing, necessarily—although that is important, too—but how he feels about the Agency he is going to take over.

Mr. GOLDWATER. I do not think we can say what he feels. He has been in office only a week. I will say that he has obtained as his assistant Adm. Bobby Inman—and his name is Bobby, not Robert or Bob.

Mr. PROXMIRE. He is an outstanding man. He has testified before our committee.

Mr. GOLDWATER. I think he is the outstanding intelligence expert in the world, and his job also is related to the Senator's question; because Mr. Casey wants to use Admiral Inman to sort of put the whole show together more than it is, more than having these different agencies sort of shooting off on their own, to have a concentration of intelligence more closely gathered.

Mr. PROXMIRE. I appreciate that.

I understand that when the Central Intelligence Agency was created, it was created precisely for the purpose that the title "Central Intelligence Agency" implies—to pull together the diverse kinds of intelligence we got from military, naval, FBI, and so forth.

I asked Mr. Casey a number of questions about the structure of the intelligence community, none of which he answered with any clarity.

I asked him if he should have control over the budget of NSA and DIA, and he said he could see advantages and disadvantages.

I asked him if the CIA should be split into covert and analytical sections. He said he is studying the matter and has not reached any definite conclusions. It would be helpful if he could have given us more of his thinking.

Mr. GOLDWATER. I say to the Senator that these matters concern us very much. We are now in the process, as a committee, of forming a new subcommittee. When we decide what the function of this subcommittee is going to be in foreign intelligence and American rights, we will be better able to answer the Senator's question. But right now, I do not think we would be able to do so

Mr. MOYNIHAN. I join in welcoming the thought that Admiral Inman is going to take on a general, community-wide role. Previously, the position of deputy director was primarily confined to the day-to-day running of the Agency itself. He is a superb man, and it is an act of genuine patriotism for him to stay at a time when he was thinking o. leaving.

I say to the Senator from Wisconsin

that, in all truth, if Mr. Casey were to have come forward with confident answers to the very probing questions of the Senator from Wisconsin, I would have been a little alarmed about Mr. Casey. He is not the kind of man who tells you things he does not know. He is not the kind of man who decides he knows things until he has learned them.

However, I will agree with the chairman that there is no question that the analytic capacities of this community have deteriorated—at least, in my opinion—and that they need to be restored. This need not involve greater expenditure, but it means changes of a managerial kind.

Mr. PROXMIRE. May I ask Chairman GOLDWATER does he feel that the Director of Central Intelligence, Mr. Casey, should have functional control over the budgets of the various intelligence agencies?

Mr. GOLDWATER. I think he should have and will have, through our new President, a hand. I would not say it is a final hand because each agency really is a separate identity in the intelligence community. They prepare their own budgets. However, I cannot answer that question until I hear what the President is going to suggest relative to a more closely united intelligence group.

Mr. PROXMIRE. Certainly it would be more unified, would it not? We would have more discipline and be able to enforce greater discipline in the whole operation.

Mr. GOLDWATER. That is part of it. But we have such a diversity. We have parts of the intelligence community that are engaged totally in extremely secret work in the electronics field that have really no close relationship to what we are talking about. So I would rather wait and see.

I do not know just what the President is going to recommend in this particular line, and I would not want to try to outguess him.

Mr. PROXMIRE. Does the chairman believe the CIA should be split into two different organizations with covert and analytical capabilities?

Mr. Casey said he did not know or was not familiar with the charge that there was duplication.

Mr. GOLDWATER. No, I do not think with our intelligence system that that would be advantageous. We have the ability to perform covert work, clandestine work. It would be my hope, and I know I speak for my friend, also, that we would give the foreign intelligence officers a little more leeway in these fields. Today, if they want to perform a clandestine or covert action they literally have to come back to Washington to get permission and as a result of that and other problems, like the disclosure of name, rank, and serial number of these foreign agents, our information gathering ability has deteriorated greatly.

I would rather see this operate under one roof than split it up into others.

Mr. PROXMIRE. When the Senator says, "come back to Washington," is he saying come back to Congress or come back to the President? Does the Senator not feel in covert operations the President should have clear and complete responsibility and control?

Mr. GOLDWATER. Come back to the President, if it is a minor question, come back to the CIA itself, and if it involves a rather involved covert action, they, I think, would come to the committee. Under the responsibilities that were given the committee by the Senate, they have to report covert actions to us.

I, as an individual, am not certain that I like that. I think probably, also, many people in this Congress learn of the activities of intelligence but I will say thank God we have not had any leaks from the committee members and we are proud of that.

Mr. MOYNIHAN. Mr. President, will the Senator mind if I just add that the present reporting provisions are statutory, and that I do not think the committee anticipates any proposals to change them. This committee is more than amply informed, and I think the chairman is properly sensitive that so much information is on hand here. But that is the choice we have made and the arrangement is working.

Mr. PROXMIRE. Mr. Casey indicates that he would be opposed to making a public breakdown of the budget of the CIA, and so would I. I think that would be obviously wrong.

Mr. GOLDWATER. We do not do it now.

Mr. PROXMIRE. I note he does not rule out making public the overall total. The previous Director, Admiral Turner, said he would have no objection to making public the overall total, and I understand the administration took that position. The House of Representatives was opposed to it.

I wonder if the distinguished chairman could tell me his position on that?

Mr. GOLDWATER. Yes; I would be opposed to it because any Senator in this body who wishes to see it can come to our office over in the new Senate Office Building and observe not only the budget but any piece of classified material that we have. We have to protect that figure. It would be extremely dangerous to disclose money.

Mr. MOYNIHAN. May I just, so that the record will be clear, indicate my complete agreement with the chairman on this matter. Congress has this information. It need not, it seems to me, go any further.

Mr. PROXMIRE. I am not so sure. The Senator may well be correct, and that certainly is a position, as I say, a number of responsible and thoughtful people share. On the other hand, I am not talking about a breakdown; I am just talking about a notion of how big this is. Is it $1 billion, $500 million, $3 billion?

I call attention to the Constitution which one sentence of it says:

> No money shall be drawn from the Treasury but in consequence of appropriations made by law, and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

Mr. GOLDWATER. That is true, but the Senate wrote a little resolution called Senate Resolution 400, and while they did not overlook the responsibilities of the Constitution, they did not spell out for the public to know that the Senator or any Member of this body has access to the breakdown and the total. I cannot tell the Senator the total. It is a big amount. Let me put it that way.

Mr. PROXMIRE. I realize we have access, but again I think debate and public disclosure wherever possible is cleansing and constructive. I am talking about the overall amount, not a breakdown.

Mr. GOLDWATER. I might point out when we begin to use dollars and our enemy knows about the amount of those dollars, they have a pretty good idea of what we are doing in the intelligence field just as we have a pretty good idea of what they are doing when we know the amount of rubles that they are paying out.

Mr. PROXMIRE. I notice that both Mr. Colby and Mr. Turner said there would be no national security problem in making the overall figure available. But I respect the distinguished Senator from Arizona very much on that, and I think he may be correct.

I notice with great interest that Mr. Casey leaves open the door to using U.S. reporters and members of the press for intelligence operations. He says he will adhere to current regulations and procedures, but if improvements in intelligence performance are needed, he will consult with the Select Committee on Intelligence.

Let me ask: If Mr. Casey does decide to make greater use of U.S. reporters and members of the press than current regulations allow, will the committee make this fact known to the Senate so it can be debated by all Members and not just the committee?

Mr. GOLDWATER. I will not be opposed to telling the Senate any thing that we reach a decision on in that field, but I might say, and I feel very strongly about this, that I see no reason why a newspaper man or woman or reporter cannot be just as patriotic toward this country as any of us who are perfectly willing to go overseas and do anything we can to help our country, and I think I speak for nearly every newsman in this country who rather resent the implications that for some unknown reason we should not look on them as people who would be willing to help their country with knowledge that they gained.

Mr. PROXMIRE. There is no question at all about the patriotism of our newsmen. The problem, however, of course, is we value very highly in this country freedom of the press. One of the greatest values we have is the freedom, objectivity, and honesty of the press, and if the press is going to be paid by a Government agency secretly to engage in activity it does perhaps color the view that people have as to what they are reading. If they read a report in the New York Times or the Washington Post, and it is written by a CIA agent who is getting paid by the Government, one would put a different slant on it than if it were written by someone who was

completely independent and outside the Federal payroll.

Mr. MOYNIHAN. Mr. President, if the Senator will not mind if I speak to that, this might be one of those issues which are bound to arise even with as close a relationship as we have on the committee where I would have to respectfully disagree with my chairman. I am adamant on the view that it is in the interests of the press that relations with the intelligence community be prohibited. It is for their protection. We do in fact sacrifice the rights, as it were, of individuals who might wish to do this, but the larger institutional and constitutional regime is to me controlling here.

I say to the Senator from Wisconsin that if there is any such change contemplated, this full body will know about it, and he may be sure of the openness of the chairman on this matter.

Mr. PROXMIRE. That is exactly what I asked for, and I appreciate it.

Mr. MOYNIHAN. Mr. President, will the Senator be gracious enough to allow me to put in the RECORD the CIA regulations concerning relationships with journalists. I ask unanimous consent to so do, Mr. President.

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

CIA REGULATIONS CONCERNING RELATIONSHIPS WITH JOURNALISTS

AS OF 19 APRIL 1976

Correspondents and representatives of public media. CIA will not enter into any paid or contractual relationship with any full-time or part-time news correspondent accredited by any U.S. news service, newspaper, periodical, radio or television network or station. CIA recognizes that members of this group may wish to provide information to the CIA on matters of foreign intelligence of interest to the U.S. Government. The CIA will continue to welcome information volunteered by such individuals.

AS OF 3 MAY 1977

Correspondents and representatives of public media. CIA will not enter into any paid or contractual relationship with any full-time or part-time news correspondent accredited by any U.S. news service, newspaper, periodical, radio or television network or station. CIA recognizes that members of this group may wish to provide information to the CIA on matters of foreign intelligence of interest to the U.S. Government. The CIA will continue to welcome information volunteered by such individuals. The policy against paid or contractual relationships with members of the U.S. media is not meant to preclude the use of such personnel as guest speakers (paid or otherwise) in CIA training courses.

AS OF 30 NOVEMBER 1977

Journalists and staff of U.S. news media organizations:

(1) Policy. The special status afforded the press under the Constitution necessitates a careful policy of self-restraint in regard to relations with U.S. news media organizations and personnel. Accordingly, neither the Agency nor the Office of the Director will:

(a) Enter into any relationship with full-time or part-time journalists (including so-called "stringers") accredited by a U.S. news service, newspaper, periodical, radio, or television network or station, for the purpose of conducting any intelligence activities. The term "accredited" means any full- or part-time employee of U.S. or foreign nationality who is formally authorized by contract or by the issuance of press credentials to represent himself or herself either in the U.S. or abroad as a correspondent for a U.S. news media organization or who is officially recognized by a foreign government to represent a U.S. news media organization.

(b) Without the specific, express approval of senior management of the organization concerned, enter into any relationships with nonjournalist staff employees of any U.S. news media organization for the purpose of conducting any intelligence activities.

(c) Use the name or facilities of any U.S. news media organization to provide cover for any Agency or employees or activities.

(2) Limitations.

(a) The policies set forth above are not designed to inhibit open relationships with journalists (as for example contracts to perform translating services or to lecture at training courses) which are entered into for reasons unrelated to such persons' affiliation with a particular news media organization. Willingness on both sides to acknowledge the fact and nature of the relationship is the essential characteristic of the open relationships which will be entered into with journalists under this provision.

(b) In addition, no person, including full-time or part-time accredited journalists and stringers, will be denied the opportunity to furnish information which may be useful to the U.S. Government. Therefore, unpaid relationships with journalists or other members of U.S. news media organizations who voluntarily maintain contact for the purpose of providing information on matters of foreign intelligence or foreign counterintelligence interest to the U.S. Government will continue to be permitted.

(c) Likewise, regular liaison with representatives of the news media will continue to be maintained, through the Office of the Assistant for Public Affairs to the Director, to provide public information, answers to inquiries, and assistance in obtaining unclassified briefings on substantive matters.

(3) Exceptions. No exceptions to the policies stated above may be made except with the specific approval of the Director.

Mr. MOYNIHAN. I would note that the first version of these regulations was promulgated by Vice President BUSH in 1976, at which time he was the Director of Central Intelligence.

So you have here a situation where the Vice President was very much of the view which, I think, I would share with the Senator from Wisconsin.

Mr. GOLDWATER. Mr. President, let me make my point clear. I am not in favor of putting press people on the payroll because that type of work we get done without the use of our newspaper people. But I do not want any newspaper person to feel he is prohibited from coming home and saying, "I have heard this."

Mr. MOYNIHAN. Indeed they are not.

Mr. GOLDWATER. That is right.

Mr. PROXMIRE. Let me ask the same question about using missionaries for intelligence purposes. Mr. Casey states he will adhere to the regulations and procedures that now apply to members of the clergy, but that he might recommend changes. If changes are recommended with respect to using the clergy for intelligence purposes, will the committee report this to the Senate?

Mr. GOLDWATER. Oh, yes. I know of no effort which has been made, I know of no effort being planned, to use the clergy.

Again if a missionary wants to voluntarily say, "I have heard this" or "I have seen that" I think that is up to the individual.

Mr. PROXMIRE. Let me ask the distinguished chairman, I asked Mr. Casey in writing what the benefits and risks are of the CIA training foreign intelligence personnel. He said he was not familiar with the issue.

Does the chairman have an opinion as to the risks and benefits of training foreign intelligence personnel? Why could not Mr. Casey with his years of intelligence experience, provide an answer to that question?

Mr. GOLDWATER. Well, I rather hesitate to answer that question. Let me see if I can put it in a way that will not violate my sense of secrecy.

We have to have what we call eyeball information. It is one thing to get information that maybe comes from a satellite or some other source that our enemy has a certain weapon. It is much more valuable to have a man who has gone in, put his hands on it, read the mark number, has seen it, and, if possible, gets photographs. That man would be more likely a foreign person than an American.

I would say they are as valuable a part of our intelligence service as any part I can think of.

Unfortunately, the activities aimed at the intelligence community have caused us to lose many of our friends around the world who were willing to tell us things we would not have known otherwise.

Mr. PROXMIRE. I did not state my question clearly. What I meant to stress was whether or not we should use our CIA to train foreign CIA's in various foreign countries; in other words, foreign intelligence personnel trained by our own people so that the American CIA would train some other countries' intelligence personnel and what the opinion of the chairman might be in that event.

Mr. GOLDWATER. Well, let me just say that if that need comes, I would not oppose it.

A need like that is a very serious need. The judgment is not made overnight. The committee can be informed of such use. We have had none of it lately.

Mr. PROXMIRE. You see what this Senator had in mind were the risks involved in this kind of thing with, perhaps, another regime taking over and blaming the United States for repressive measures and for all the evils and ills, if any, that the previous regime had imposed. It is that kind of matter in which I am interested.

Mr. GOLDWATER. We get blamed for everything anyway.

Mr. PROXMIRE. I realize that. It may be a price worth paying, but it is something we ought to have our eyes open about.

Mr. GOLDWATER. Maybe the Senator is thinking of incidents such as reportedly occurred in Chile which, frankly, never occurred but the American people were led to believe they had occurred.

I will not say the CIA has never gone into another country and done a little spade work on our behalf. I think that is their business.

Mr. PROXMIRE. One final question:

The CIA was set up, according to the CONGRESSIONAL RECORD that was made at the time—and I read the CONGRESSIONAL RECORD very carefully—for the purpose of combining our intelligence operations and bringing them together. I think they have done a valuable job in that respect, and I think it is absolutely essential. No foreign policy can be successful if it does not have good intelligence; no military policy can be successful. We have to have it.

At the same time, however, the CIA has recently engaged in covert operations which were no part of the original charter.

I have talked to Congressman Judd, for example, who is still in Washington, a neighbor of mine, and who was, of course, a very fine Congressman, as the Senator knows, and who had a great deal to do with setting this up.

Whatever President Truman said as the President in office at the time this was set up, he did not seem to contemplate either the covert action.

We have a whole record of errors and mistakes and embarrassments that have been caused by covert actions in Cuba, Guatemala, Laos, Tibet, Indonesia. and elsewhere, and I do not know of any record of real success.

For years they could point to Iran as a great success. People have mixed feelings on that now. It certainly was a success for many years and very important to us to have the Shah instead of Mossadegh in power. But, of course, that has crumbled to ashes.

I just wonder if the Intelligence Committee has thought of studying this as objectively as possible to determine whether or not covert action as distinct from intelligence. and aggressive. vigorous intelligence. I mean not only reading other people's mail but doing everything you have to do to find out what is going on. whether covert action has been justified as a matter of history? We have had 30 years now of CIA operations and the question is whether covert action has been justified or not as a matter of history.

Mr. GOLDWATER. I would not presume to answer that question with the thought that I am speaking for Mr. Casey, and that is what we are here for. I think what the Senator is really touching on are the actions of our Intelligence Committee.

Now, because the Senator brought it up, I think we might as well get the record clear. All of the so-called violations by our intelligence community that have taken place over the many years were directed by the President. The assassination attempts in Cuba were under the orders of the Commander in Chief, and when the Commander in Chief says to do something you do it even though it is against the rules.

The rules have been reunderstood to the point that the intelligence agencies can now argue with the President on anything they are ordered to do that they think would be wrong for the country.

But all the mischief they have gotten into has been the result of a long series of orders by Republican and Democratic Presidents alike.

So again I am only talking now for myself and not for Mr. Casey. I might say though in connection with this that even though the CIA was created to create a cohesive body, so were the Joint Chiefs of Staff.

Yet I learned the other night, to my great surprise, that unless every decision by the Joint Chiefs is unanimous, it has to go to the Secretary of Defense for decision. I am going to see what we can do about changing that because if five good four-star generals cannot agree, I do not know how somebody who has been the president of this corporation or that corporation can make a better judgment. This is the way it goes. You know this through the history of our country, the late history, where we have tried to make things better, and many times we have made them worse.

Mr. PROXMIRE. I realize there may well have been some brilliant successes in covert operations, but I think the general feeling on the part of many people and on the basis of the only facts we have is that covert operations have been dismal failures again and again and again. They have been counterproductive; they have caused embarrassment; they have not achieved what we would like to have achieved and, under those circumstances, I think we ought to take a harder look at it. It may be that we ought to concentrate exclusively on aggressive intelligence and recognize that covert operations have failed. Maybe not.

Mr. GOLDWATER. We have had many successful covert operations.

Mr. PROXMIRE. That is what we do not know about. We would like to have a report on that.

Mr. MOYNIHAN. Mr. President, I will observe that any such activities are known to this committee. All covert activities are known to this committee. If the Senator wishes, they could be made known to him, although it is a presumption that the committee is assigned to do this.

Mr. GOLDWATER. Mr. President, I might add, too, that the committee can say no to the covert action.

Mr. PROXMIRE. Mr. President, may I say that is reassuring. I want to thank the distinguished chairman and Senator MOYNIHAN for their very helpful response.

Mr. President, I intend to vote for the nominee. I think he is well qualified. I am hopeful that he will have a successful 4 years as Director of the CIA.

Mr. GOLDWATER. I thank my friend from Wisconsin.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. Mr. President, I understand that the voting today will not take place until 5 o'clock.

The PRESIDING OFFICER. Rollcall votes will be postponed until 5 o'clock.

Mr. GOLDWATER. Mr. President, I have nothing else to say. I wish to thank my distinguished friend from New York for the valuable help that he gave, as he always does.

Mr. MOYNIHAN. Mr. President, the chairman is, as he is characteristically, gracious.

There is a question whether one Senator on this side wishes to speak. I wonder if the chairman would be indulgent and allow me to suggest the absence of a quorum.

Mr. GOLDWATER. Yes.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

Thes PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GOLDWATER. 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. GOLDWATER. 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. GOLDWATER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BIDEN. 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. BIDEN. Mr. President, although we have now come near the end of the long list of nominees for posts requiring the advice and consent of the Senate, the position of Director of Central Intelligence is by most standards one of the most important on that list. The Director holds responsibility for managing a large and diverse group of agencies that must provide timely and accurate intelligence so that other departments and agencies of the U.S. Government can implement foreign policy and guarantee national security. The jobs of the Secretaries of State and Defense, for example, can be made either significantly easier or significantly more difficult depending upon the quality of the intelligence with which they are supplied.

Moreover—since by far most of the Government activities which provide that intelligence are secret and hidden from direct inspection by the American people—the advice-and-consent process in the Senate offers one of the few occasions when the officer who directs those activities receives public scrutiny. Because his actions and their consequences will be largely hidden from public view, the Senate's advice and consent on the nomination of a Director of Central Intelligence should perhaps be weighed more carefully than it is in the case of any other nominee on whom the Senate must pass judgment.

For just the same reasons, however, the personal qualities and qualifications of the nominee remain supremely important. The American people will know very little about what management decisions the Director of Central Intelligence makes or what counsel he provides to the President or other high officials

in the U.S. Government, and they will know even less about the means by which those decisions and counsels are arrived at. That is as it must and should be, but the necessary result is that the Director must have the public's trust and confidence. In our desire for an effective intelligence service that can provide our Government with the information necessary to national security and even our survival, we must not forget that in a democratic society it is just that public trust and confidence that will ultimately determine how effective our intelligence services will be. Along with the President, the Director of Central Intelligence must be the repository and the focus of that public support. It is an enormous and unavoidable responsibility of that office.

However, the demands on a Director of Central Intelligence do not end there. Precisely because his decisiosn and actions must be weighted and executed without the benefit of public comment, debate, and persuasion, the Director himself must have a special talent for initiative and for the disinterested evaluation of all sides of many difficult arguments, as well as a special sensitivity for the responsibilities of intelligence agencies in a free and open society. He must be a self-starter, a judicious mediator, and a self-restrainer.

Finally, the Director of Central Intelligence must have a keen appreciation, not only of the special responsibilities that fall upon the intelligence community to supply our Government with timely, accurate, and reliable information, but also of the ever-present temptation to misuse intelligence resources. The abuses that were revealed by the Church committee and that led to the formation of the present congressional intelligence committees were not fictitious. They were real, they seriously infringed upon the civil liberties at the foundation of our national life, and they violated that all-important public trust. If we allow our recollection of those abuses to fade, we may be condemned to repeat them—and the final victims of such a repetition would be the intelligence community itself and our national security.

These considerations, in my judgment, make the Senate's advice and consent on the nomination of a Director of Central Intelligence not only an occasion for the most careful deliberation on the part of the Intelligence Committee and the full Senate, but also make the occasion an opportunity to generate among the people the trust and confidence a Director must have. We should not make our decision in haste, but when we have arrived at it, it should offer the nominee the best possible footing from which to shoulder his new responsibilities.

That is why I have had a difficult time in deciding how to vote on the nomination of Mr. William Casey as Director of Central Intelligence. My reservations have been institutional rather than personal. Mr. Casey has a wealth of experience and a solid record of accomplishment both inside and outside government. His career in both public and private sectors has demonstrated that he is an unusually competent and independent man. And he is certainly no stranger to the intelligence community. From his work in the OSS during World War II to his service on the President's Foreign Intelligence Advisory Board in the early 1970's, Mr. Casey has a long history as both a producer and a consumer of intelligence. He is quite possibly the best qualified candidate to become Director of Central Intelligence who has ever appeared before us.

What made deciding on Mr. Casey's confirmation difficult for me was that at the conclusion of the Intelligence Committee's formal consideration of his nomination, so many questions remained both unasked and unanswered. The intelligence issues that, to my mind, required vigorous discussion but prompted only cursory questioning of Mr. Casey were not unimportant. They included such significant matters as the protection of the civil liberties of American citizens in respect to covert intelligence activities, proposed legislation for intelligence agencies, and measures likely to improve the value and timeliness of U.S. intelligence. On the morning following the Intelligence Committee's confirmation hearing, I notified the chairman and vice chairman of the committee that I could not support Mr. Casey's confirmation until I had received more information from him on his views on several of these specific issues. I did not think that the committee could fulfill its responsibility to the Senate and to the American people solely on the basis of its brief confirmation hearing.

The Intelligence Committee does not often show its face in public. On the occasions when it does, it is particularly important that it provide grounds to reinforce the belief of the American people that the committee is filling its oversight role well. The committee should provide evidence that it is demanding both aggressive, effective intelligence activities and scrupulous respect for civil liberties.

It is difficult for the members of the Intelligence Committee to tell the American people that they should take our word that secret intelligence activities are consistent with both the Constitution and the Nation's need for intelligence if the committee's public investigations leave important questions unasked.

Under these conditions, I sent Mr. Casey several pages of written questions seeking his opinions on a number of important intelligence issues.

Since then I have spoken with Mr. Casey several times. He has consistently supported the current oversight relationship that has developed between the Intelligence Committee and the agencies. He has pledged to consult with the committee in the event that he sees any need for altering the Executive orders and guidelines that currently govern intelligence activities. In my most recent conversation with Mr. Casey last Thursday, he reiterated his determination to keep the committee fully and currently informed and he repeated that he could foresee no objection to providing the Intelligence Committees prior notice of covert activities.

Additionally, Mr. Casey sent me a general statement of his principles regarding the oversight responsibilities of Congress. Most important of all, as I understand it, Mr. Casey believes that there is no necessary conflict between the need for good intelligence and the need for effective congressional oversight of the intelligence community—that, in fact, making and keeping the intelligence community accountable to that oversight provides the kind of constructive criticism that results in a better intelligence product.

As a result of these encouraging exchanges, I will vote in support of Mr. Casey's confirmation as Director of Central Intelligence.

I remain somewhat concerned, however, that Mr. Casey has not been more specific in presenting his views on the use of intrusive intelligence-collection techniques against American citizens. I am also somewhat concerned that Mr. Casey has not unconditionally acknowledged the oversight authorities that the Intelligence Committees now possess by law via the Intelligence Oversight Act of 1980. There are no conditions, ambiguities or deferrals in that statute.

That act and its legislative history make explicit the authority of the Intelligence Committees to request and be supplied with any information or material concerning intelligence activities in the possession of any Department or Agency of the United States. It is understandable, however, that a nominee for an executive post might not at first be intimately acquainted with all the legislation affecting that post. We have all grown familiar with this situation in the many nominations we have considered.

On the basis of Mr. Casey's experience, testimony and subsequent elaborations, I am inclined to give him the benefit of the doubt. The Intelligence Committees themselves are now equipped with statutory authorities for their oversight responsibilities. I hope and I now believe that Mr. Casey will turn these authorities to the intelligence community's advantage in seeking congressional advice and in upholding the current dialog between the Congress and the intelligence agencies in the conduct of their vitally important activities.

I wish him success in his new role. And as a Senator and a member of the Intelligence Committee, I promise him my support for the responsible execution of his duties as Director of Central Intelligence.

Mr. President, I had a good deal of difficulty deciding how to vote on the Casey nomination. I have resolved that doubt by deciding to vote for Mr. Casey. But, for the record, I would like to reemphasize why I had the difficulty that I did. It is twofold. One relates difficulty to the mood and the sense of the times as to the role of the Congress relative to the intelligence community; and the second is Mr. Casey himself.

Let me start with the second first. Mr. Casey is a man of great breadth of experience, a man who was in the intelligence service and in a very responsible position back at the time when

I think no one even fathomed that there would be such a large, wide-ranging organization as exists today. He had been a consumer of intelligence in various governmental capacities over the last 30 years.

He has had a very distinguished career and, in my opinion, is the brightest among the bright men, that have been recommended by the President of the United States for a Cabinet-level position.

But my problem with Mr. Casey is that he is understandably very circumspect. It is very difficult to get direct answers from him for two reasons, in my opinion: First, he is reluctant to give direct answers, which I guess is the nature of the beast and the nature of the office; and, second, he has been out of touch with many aspects of congressional-executive relationships.

For example, he was not fully conversant with the details of Executive orders that are in existence governing the oversight relationships that Presidents Ford and Carter operated under. He was not fully conversant with some of the laws changed by the Congress, everything from the Freedom of Information Act to proposals that are on the docket.

That I can understand, but it did cause some great concern on my part.

In addition to the opening hearings that we had, which, with all due respect to the ranking members and the chairman, I thought were too brief, I pursued my concern by asking written questions, to which I received a very candid reply by telephone. The reply was, "Well, Senator, I can set six or seven agency guys answering these questions for you but they will not be mine. I am awfully busy right now with a lot that is going on and I would rather defer answering them in detail."

On a scale of 1 to 10, I give Mr. Casey a 10 for his candor and on the question of whether or not he was forthcoming with answers I give him a two.

I pursued further questions on the telephone. My main concern with him was whether he fully appreciated the change that has occurred with regard to the role of congressional oversight. I discussed the issue with him at length, exasperating him on occasion.

I reminded him of that television program I recently saw which honored Mr. William Buckley when Morley Safer or someone was asking Mr. Casey questions. He started out saying, "Well, we all know the good William Buckley. How about the bad William Buckley?" Mr. Casey blew up and said, "What do you mean the bad William Buckley?" He reacted the same with me. Finally he said, "I am tired of answering these kinds of questions. I will not be put into a box."

After he realized that I was not trying to put him in a box but to get a sense of where he stood, he was very forthcoming. We talked about everything from the War Powers Act, which is not his responsibility, to issues of under what circumstances he would exercise what I believed to be a loophole that exists within the intelligence oversight statute we passed last year that says the President can exercise his constitutional authority and decide not to provide prior notice of covert actions. He was very frank. We talked about that in relation to a mission like the hostage rescue mission if the CIA had been——

The PRESIDING OFFICER. All time of the Senator from Delaware has expired.

Mr. GOLDWATER. Mr. President, are we operating under controlled time?

The PRESIDING OFFICER. We are. There were 15 minutes allocated to the chairman and 15 minutes to the ranking member.

Mr. GOLDWATER. I ask unanimous consent that my friend can continue for 5 minutes. I feel obligated to ask that because it was my insistence that caused the meeting to be short. I would like to extend it here.

The PRESIDING OFFICER. The Senator from Arizona has 6 minutes which he can yield if he wants to.

Mr. GOLDWATER. Oh, well, go ahead.

Mr. BIDEN. I thank the Senator.

I will try to sum up. He went into some detail, for example, that had that been a CIA operation, he would have felt constrained to inform the committee in advance. He thought that is what would have had to have been done under the law as it now exists. There are other examples he gave me. The point is he satisfied me as to his willingness and his understanding of the necessity, both in terms of the law and in terms of improving the agency, to be forthcoming with the Intelligence Committee, and with the Congress as a whole.

There are other things that he did, much of which I referred to in my earlier statement.

Let me move to the first point I made. One of the things which caused me concern is the attitude toward the intelligence committees and oversight that is now expressed, I think, in the Congress. It is read as being a new mood which prevails as a consequence of the last election. It is that somehow the Church committee did a great disservice to the intelligence community and, further, that the Congress has gone too far in deciding what its oversight should be. I am not quoting or paraphrasing either the ranking member or the chairman, but I am talking about the mood as I perceive it, though I may be wrong. That is, that the conclusion we must reach is that we must unleash the CIA. That was a phrase that became popular about 10 months ago, unleashing the CIA.

I respectfully suggest that when the CIA was unleashed and not overseen by the Congress, its track record was not all that good. I am not talking about the dirty tricks. I am not talking about exploding cigars and stupid schemes to assassinate heads of state. I am talking about the quality of the information they produced when they were unleashed. It was not all that good.

I was a consumer, as a member of the Foreign Relations Committee, during the concluding days of the Vietnam war. I was a consumer in the Intelligence Committee at its outset. And the CIA was not all that good when it was unleashed. This does not mean they were bad. It does not mean they were not competent. It does not mean our single overriding aim should not be to have the best intelligence agency in the world. But I think we should dispense with the figment that somehow if we just got out of their hair, all of a sudden the product produced would be excellent and all of a sudden, if they did not have to report to us and give us notice, that they would become, by those facts alone the agency we want them to be.

I respectfully suggest that things have not changed since the first commission was set up after Pearl Harbor to determine why we did not know in advance about the attack on Pearl Harbor.

One of the conclusions reached by that commission and subsequent commissions, including one under President Nixon, was that the agencies become sharper when they have an outside group looking at them. It makes them work better. That is the purpose of this committee, not merely just to protect the rights of America, which is an overwhelming concern. It is to make them work better.

Mr. Casey agrees with that. Mr. Casey indicated he thought that was the view that the Agency should have toward the Congress. Because of the fact that he expressed that view and his views on other specific matters, I have concluded that he warrants my support. I would encourage my colleagues to vote for him. I look forward to working with him. I thank the chairman for yielding to me and the ranking member for listening to me.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated January 19, 1981, addressed to me by Mr. William J. Casey, to which I have previously referred.

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

JANUARY 19, 1981.

The Honorable JOSEPH R. BIDEN,
Select Committee on Intelligence,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BIDEN: Following our telephone conversation, I would like to elaborate on some of the areas from which you have drawn questions. As I stated in my response of 16 January, until I have had an opportunity to reflect more deeply on some of the complex matters raised in your letter, and have consulted with senior officials of the Agency, I would rather not respond in detail.

On the subject of Congressional Oversight, as I stated in my testimony, I intend to continue and build upon the solid relationship established between the Select Committee on Intelligence and the Intelligence Community over the past several years. In that regard, I view the Oversight language contained in the Fiscal Year 1981 Intelligence Authorization Act to be a solid foundation. If confirmed as DSI, I intend, in accordance with the provisions of that Act, to keep the Select Committee fully and currently informed as provided in the new law and to consult with the Committee should there be a need to change the terms of Executive Order 12036. As I stated in my testimony, I do not intend to recommend any changes in the Executive Order or in the procedures governing Agency activities until I have had a chance to study how they are working and made my views known to your Committee.

I have not yet formed an opinion as to whether or not statutory charters are necessary for the Intelligence Community. Frankly, I would hope that your Committee and the Intelligence Community would concentrate during the first session of the 97th Congress on the resource, operational and analytical needs of the Community. I believe that the Congress ought to move speedily to pass an Intelligence Identities Protection Act and a modification of the Freedom of Information Act as it affects requests for intelligence material. I likewise think that cover should be improved for U.S. Intelligence personnel serving abroad.

I believe that the DCI has an obligation to present the views of the Intelligence Community forcefully and objectively to the President and to the National Security Council, free from any political or partisan influence or consideration as well as any substantive bias and in a manner which reflects strongly held differences, if any, within the Intelligence Community. I believe that concern for the quality of analysis and the estimative process will consume large amounts of my attention as DCI and I can assure you that I intend to pursue these and the other responsibilities of the Director of Central Intelligence with vigor and in a close working relationship with the Intelligence Committees of the Congress.

I hope that these brief responses will alleviate any concerns you may have.

Sincerely,

WILLIAM J. CASEY.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the time available for the debate on this nomination be extended for 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Chair.

I would like to respond to my friend from Delaware in a very direct fashion, I hope. That is to say that if the mood which he describes is widespread in the Senate, it does not extend to the Senator from New York.

In my opening statement today, I put into the record the question that I had put to Mr. Casey at the time concerning the existing statutory regime of oversight, and that unavoidable gray area where we allow the President exemptions to the general rule to the extent consistent with his constitutional responsibilities.

I asked him:

How do you feel about telling this committee things we need to know that you would just as soon not more than two people in the world knew?

He said:

Senator, I intend to comply fully with the spirit and the letter of the Intelligence Oversight Act.

He said:

I cannot now conceive of any circumstances under which [reservations resulting from the President's Constitutional authority] would result in my not being able to provide this committee with the information it requires.

I said I judged that to be a forthcoming and satisfactory answer.

Mr. BIDEN. If the Senator will yield on that point, I concur with the Senator's judgment. I shall give a specific example:

When I asked him about his view about the Iran rescue mission, he said, "Didn't you all know about that?"

I said, "No, as a matter of fact, we didn't."

He said, "Oh."

So he even expressed surprise that we did not know what had happened in that case and if it had been an agency operation, he would have felt compelled to tell us under the new oversight law.

Mr. MOYNIHAN. The law was not then in effect, as I understand it.

Mr. BIDEN. No, it was not. I understand that.

Mr. MOYNIHAN. The second thing I would like to say is about the quality of intelligence. Let us remember that the most innovative step that has been taken, I believe, in this field in a very long time was the A team—B team experiments as we know them. That was proposed by the President's Foreign Intelligence Advisory Board in 1976, at a time when Mr. Casey was a member of the board. Mr. Leo Cherne, who was also on the board, and Mr. Casey were very much of that view. Mr. BUSH, now our distinguished Vice President, had the executive courage to say, yes, let us try that. Let us find out if what we are doing is not very good at all. As we know, the B team results were very critical of the then established judgments in the agency, and in the community.

I would like to make a point without the least touch of animus and with the greatest friendship and respect for my friend from Delaware. He does remember that when the community estimates of the Soviets' warmaking capacity and propensity were put to a competitive test, as it were, the results were hardly supportive of the views of those who thought we had been overreacting to the presence of the Communist regimes in the world. Indeed, the resistance to the B Team's conclusion was to be found very much on the part of persons who had been presuming that the CIA, by vartue of its origins and function, had a predisposition toward exaggerating events.

I would think that if there is one rule of intelligence, Mr. President, which we should hold on to, that was set forth by Hannah Arendt in her book on totalitarianism. She says that the great tactical advantage of the totalitarian elite in the 1920's and 1930's in Europe was a capacity to turn every statement of fact into a question of motive. That is a mark of the totalitarian mind. It is a tendency we all have and it is the firm, fixed responsibility of our intelligence community to resist it and, it is our responsibility, when they come to us with facts, to welcome their delivery, however unwelcome the implications.

Mr. BIDEN. But also to question them.

Mr. MOYNIHAN, And to question them. We have some residual intelligence, too, despite the distractions of office and we try to exercise it. None does, with greater energy—firm, fixed, terrier-like energy—exercise it than the Senator from Delaware, whom I thank for his remarks.

Mr. BIDEN. If the Senator will also entertain maybe a slightly inappropriate analogy, I view our function as not unlike that of the B team.

Mr. MOYNIHAN. Well said.

Mr. GOLDWATER. I might close, Mr. President, by commenting that it is the type of observation made by the Senator from Delaware that can do more to help this committee than anything I know of. I do not think anyone would expect for 1 second that you can put 15 men together and have them agree on such a very complicated subject as intelligence.

My original intelligence experience was gained under the British, in China. I repeat what my friend from New York said: We are the only legislative body in the world that has any touch with intelligence. I happen to think the English have about the best intelligence system because of their total secrecy. That will not work in this country. So, if you find the chairman occasionally being a little bullheaded——

Mr. BIDEN. I have never found that, Mr. President.

Mr. GOLDWATER. Oh, you will. You can blame it on our "Limey" friends.

I thank the Senator for his comments and for his questioning of Mr. Casey. I think he has added a great deal to our understanding.

Mr. THURMOND. Mr. President, I rise in support of the pending nomination, that of William J. Casey for the position as Director of the Central Intelligence Agency.

Mr. President, this nominee has two very important advantages in connection with the duties of this office. First, he has had experience in this field, and second, he is a personal associate of President Reagan and would therefore have ready access to the new President.

In my opinion these two points weigh heavily in favor of the nominee and will result in positioning him to render a distinct service in this highly sensitive responsibility.

Mr. Casey, an attorney by profession, served during World War II with great distinction in the old Office of Strategic Services. This experience should serve him well in future years as he directs our intelligence service during the Reagan administration.

In addition to this service, Mr. Casey has also had other Government experience as Under Secretary of State for Economic Affairs in 1973–74, Chairman of the Securities and Exchange Commission from 1971 to 1973, and head of the Export-Import Bank from 1974 to 1976.

On the personal side, Mr. Casey has worked closely with President Reagan in past years, and especially in 1980 when he assumed the duties of campaign manager.

Mr. President, I believe Mr. Casey would render an outstanding service as CIA Director and I urge that the Senate give expeditious and favorable approval to his nomination.

● Mr. D'AMATO. Mr. President, I support the nomination of my long time friend and fellow New Yorker, William J. Casey to be Director of the Central Intelligence Agency.

Mr. President, this Nation needs an intelligence gathering agency second to none in the world, and it needs a man of ability and integrity to direct its affa'rs. William J. Casey has made his mark as an intelligence officer, as a successful businessman and attorney, and in public service. He has a reputation for honesty, wisdom, and toughness of character—all of which are needed to carry out successfully the high office of CIA Director.

Mr. Casey was born in Elmhurst, N.Y., on March 13, 1913. It is said that he was such an energetic young man, his friends called him "Cyclone."

He went on to earn his bachelors degree from Fordham University in 1934, and his law degree from St. Johns University 3 years later.

During World War II, he was commissioned a lieutenant in the U.S. Navy. During the war, he served as a member of the office of strategic services in Europe. He left the OSS with a reputation as a forceful manager, who could make tough decisions with speed, and the ability to make sure those decisions were carried out.

Since World War II, Bill Casey has been in and out of public service serving as special counsel to the Senate Small Business Committee, associate counsel for the Marshall Plan, as a member of the Securities and Exchange Commission, and President of the Import-Export Bank. When he was not in public service, he pursued a successful career as a businessman and attorney, and is the author of more than 30 manuals for executives and attorneys.

Throughout his career, Bill Casey has been remarkable for his ability to understand quickly the most complex and difficult problems, and has pursued his many interests in life with tenacity and skill. His long and brilliant career in private and public life, makes him the best possible choice for this one of the Nation's highest and most crucial posts.

Consistent with his views about life, Bill Casey recently said this about his role at the CIA:

> We need to have a strong intelligence service. Even though we may not have the biggest intelligence service, we want to have the best.

Mr. President, America deserves the best. Bill Casey is one of America's finest and most able servants. I support him, not just because he is a friend and fellow New Yorker, but because he is a man of unique ability, and one who loves his country.

Mr. President. I urge all mv Senate colleagues to join me in supporting this truly gifted American.●

Mr. GOLDWATER. Mr. President, I yield back mv time.

Mr. MOYNIHAN. I yield back my time, Mr. President, whatever it may be.

OFFICE OF MANAGEMENT AND BUDGET

NOMINATION OF DAVID A. STOCKMAN, OF MICHIGAN, TO BE DIRECTOR

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of Executive Calendar Order No. 13, the nomination of Mr. STOCKMAN to be the Director of the Office of Management and Budget. The clerk will state the nomination.

The assistant legislative clerk read the nomination of DAVID A. STOCKMAN, of Michigan, to be Director of the Office of Management and Budget.

Mr. ROTH. Mr. President, I am pleased to bring before the Senate today the nomination of DAVID A. STOCKMAN to be Director of the Office of Management and Budget.

As the Members are aware, the job to which Congressman STOCKMAN has been nominated is, without question, one of the most important in the Federal establishment next to the President. Therefore, the ability, philosophy, and dedication of the nominee to this position are very important to the successful development of national policy and the effective management of Federal programs.

We tend to overlook the importance of this latter aspect of the Director's responsibilities. Most people are aware of his key role in budgetary matters, but equally important is the fact that the Director is responsible for the effective and efficient management of Federal programs.

It is very important that the Director of OMB be very close to the President, both as an adviser and as the chief manager of Federal operations. There are many issues facing our Nation which are of great importance and in which the Director will play a significant role. No. 1. in my view, is the economy and particularly inflation. It is critical that we bring the Federal budget under control because excessive Federal deficits contribute to runaway inflation. As the President's chief adviser on the Federal budget, the views and actions of the head of OMB will be very important in formulating a coherent and workable economic policy.

The Federal regulatory structure is another important issue which must be confronted in the very near future. The costs of over-regulation on the consumer and the economy must be reduced. Regulations can be, and should be, both effective and less expensive and time-consuming. The Director of the Office of Management and Budget has an important role to play in achieving the goal of more effective and less burdensome regulation.

Finally, the structure and functions of Government are being questioned now as at no time in the recent past. I strongly believe that the American people place as a top priority the streamlining of Government in order to provide better services to those who qualify or who are in need. From his central vantage point in the operations of the Federal bureaucracy, the Director is in a postion to help put into effect structural and procedural reforms within the agencies which can reduce costs and improve performance.

All of these matters, and others I do not have time to mention, are major aspects of the job of OMB Director. The Governmental Affairs Committee questioned Mr. STOCKMAN on these, and other, matters at length. In fact, the nominee appeared before our committee for over 5 hours and answered questions from members in a thoughtful and enlightening manner. While there may be disagreements concerning Mr. STOCKMAN S views on certain policy issues, I do not believe that any of the members of our committee would disagree that the nominee has the qualifications to successfully fulfill the duties of Director of the Office of Management and Budget.

The committee met on January 19th to consider the prospective nomination of Mr. STOCKMAN to be the new OMB Director. Since Mr. STOCKMAN'S nomination had not yet been formally submitted to the committee, a "sense of the committee" vote on the prospective nomination was taken. The committee voted unanimously to report to the Senate its recommendation that the nomination of Mr. STOCKMAN be acted upon favorably when received from the new President.

Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a brief report prepared by the committee on the Stockman nomination.

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

SUMMARY REPORT FROM THE COMMITTEE ON GOVERNMENTAL AFFAIRS

NOMINATION OF DAVID A. STOCKMAN TO BE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

The Committee on Governmental Affairs, under whose jurisdiction would fall the nomination of David A. Stockman to be Director of the Office of Management and Budget, having considered the nominee, reports favorably thereon with the recommendation that Mr. Stockman be confirmed.

Training, education and experience

Mr. Stockman has been a Member of Congress since 1977 and has represented the Fourth District in the State of Michigan. He was Executive Director of the House Republican Conference from January 1972 until June of 1975 and also worked briefly as an aide to Congressman John Anderson of Illinois. He holds a Bachelor of Arts degree from the University of Michigan and did graduate studies at Harvard University in Philosophy.

Mr. Stockman has been an active participant in various economic policy issues and specifically has concerned himself with the federal budget and national energy policy.

Committee action

Under procedures established by the Committee for considering nominations, a detailed biographical and financial information questionnaire was submitted to Mr. Stockman. In addition, the Committee transmitted to the nominee a prehearing questionnaire requesting written responses to substantive policy issues relating to the mission of the Office of Management and Budget and the responsibilities he would assume as Director. The biographical information questionnaire, together with Mr. Stockman's responses are included at the end of this report. It is the policy of the committee that a nominee's financial disclosure statement is not reproduced or published. However, this information is retained in the committee offices for inspection by the public.

On December 23, 1980, the Committee received Mr. Stockman's responses to the biographical and financial information questionnaire. At that time, arrangements were made with the accounting firm of Arthur Andersen and Company to review the nomi-

nee's financial statement and supporting documentation. The firm has informed the Committee that it finds no irregularities in the nominee's financial records.

In addition to providing for a review of the nominee's financial statement, committee procedures require an independent review of a nominee's background. This requires a review of any investigative reports prepared concerning the nominee, including the Federal Bureau of Investigation's summary report on the background of a nominee, and interviews with such persons as may be necessary. In considering the nomination of Mr. Stockman, all of these requirements were met and a confidential staff report, which concluded that no further investigation is required, was filed with the committee and made available to other members of the committee.

On January 8, 1981, Mr. Stockman appeared before the Committee to testify on his appointment to be Director of the Office of Management and Budget. The committee questioned the nominee on a wide range of issues for over five hours.

Conflict of interest

During his confirmation hearing, the chairman questioned Mr. Stockman concerning stock he holds in a family owned grape harvesting company called Birchlawn Corporation. It is recognized by the Committee, that these holdings are very small. However, a Federal Statute (18 USC 208) prohibits an official from participating in particular matters affecting personal financial interests, without regard to the size or value of the holding.

Mr. Stockman by letter has indicated to the Committee that he is aware of 18 USC and that he will abide by its terms.

Committee recommendation

On January 19, 1981, the Committee on Government Affairs met to consider the prospective nomination of Mr. Stockman. Having considered the nominee's experience, qualifications, suitability and integrity, for the position of Director of the Office of Management and Budget, the Committee finds the nominee has the necessary integrity and is affirmatively qualified by reason of training, education and experience to be Director of the Office of Management and Budget. The Committee therefore recommends that he be confirmed by the Senate.

Rollcall vote in committee

Since the new President had not yet been sworn in when the Committee considered the proposed nomination of Mr. Stockman, a formal vote of approval could not be given. However, by a vote of 16 yeas to 0 nays the Committee approved a "Sense of the Committee" motion concerning the nomination of David A. Stockman to be Director of the Office of Management and Budget. The rollcall vote was as follows:

Yeas—16: Senator Percy, Senator Mathias, Senator Danforth, Senator Cohen, Senator Durenberger (proxy), Senator Mattingly, Senator Rudman, Senator Eagleton, Senator Jackson, Senator Chiles, Senator Nunn (proxy), Senator Glenn, Senator Sasser, Senator Pryor, and Senator Levin.

Mr. ROTH. Mr. President, I now yield 2 minutes to the junior Senator from Georgia.

Mr. MATTINGLY. I thank the Senator. Mr. President, I am pleased to cast my vote to confirm DAVID STOCKMAN as Director of the Office of Management and Budget.

DAVID STOCKMAN represents exactly what the American people were talking about on this past November 4. The voters of this country went to the polls and elected a new administration and a new Senate to face problems head on and with a commonsense approach.

No one better represents that new mandate than DAVID STOCKMAN. It has been my pleasure to work closely with this man in the past few years. We served together on our party's Economic Affairs Council and Tax Policy Committee. I have been consistently impressed with his intelligence, honesty, and commitment to the economic policies of hope and opportunity. Mr. STOCKMAN understands the magnitude of the problems this Nation faces. But more important, he understands the economic policies needed to solve those problems.

What is needed in the areas of budget and fiscal policy is fundamental reform. Over the past decade, working Americans suffered a loss in their standard of living as they began to pay for more than 40 years of bad economic policy.

By basing fiscal policy decisions on short-term political pressures, former Congresses have relied on increased Government spending to stimulate the economy. As a result, the economy is plagued with chronic budget deficits, soaring Government spending, and an oppressive tax burden which have choked off economic growth and resulted in double-digit inflation.

That is exactly why, at this time in our country's history, we need a man like DAVID STOCKMAN in charge of the Office of Management and Budget.

DAVID STOCKMAN, in his writing and by his actions, has shown that he understands the economic realities before us, that he has the courage to deal with those realities, and that he will make the tough decisions that will get our economy moving in the right direction to give all the people of this country a bright economic future.

In putting DAVID STOCKMAN at the helm of the Office of Management and Budget, President Reagan has recognized that he needs men who will do more than merely manage the Government. He needs men who will make policy and follow through on it quickly.

Time, however, is running out. We must help the taxpayers of America by reducing inflation, thereby creating economic growth, restoring the integrity of the paycheck, and creating jobs.

More than anything else, we have to demonstrate quickly and conclusively that the budget can be controlled—and we have to establish once and for all that the budget disorder can be cleaned up.

DAVID STOCKMAN has the guts and stamina to do the job.

The American people who spoke so loudly last November want DAVID STOCKMAN to do this job. And, I urge my colleagues to support DAVID STOCKMAN for Director of the Office of Management and Budget.

The PRESIDING OFFICER (Mr. HUMPHREY). The Senator from Ohio.

Mr. GLENN. Mr. President, I was one of those in committee who did vote for Mr. STOCKMAN. As I said at the time, I did it with very serious reservations, and I reserved the right to change my vote on the floor, which I may or may not do at this time—probably not; but I have some very serious reservations I will go into.

Mr. President, we are considering today the No. 2 most powerful position in the U.S. Government. I do not say that lightly. I believe that because this office does not have the title of "Secretary of," it has not received the proper attention it deserves and a proper critical analysis.

From looking around the Chamber today and seeing how many Senators or even staff members representing Senators are on the floor, and even from a cursory glance at the press galleries, it is obvious that there is little interest in this office. It is presumed that the nomination will go through, and it will. It will be an overwhelming vote. However, I should like to put us on notice as to some of the things in Mr. STOCKMAN's past that we should watch out for.

We are considering today the nomination for the second most powerful position in the U.S. Government, the Director of the Office of Management and Budget. Because of the importance of this position, it behooves us to examine very carefully the nominee for this post.

I have a number of remarks to make concerning Mr. STOCKMAN, but before I deliver them, I should like to say a word about my philosophy in discharging my duty of giving advice and consent for Presidential appointments to Cabinet-level positions.

Very simply, it is my belief that we should examine a candidate's integrity, No. 1, and then his qualifications to hold the post—not necessarily his specific views, unless those views become so extreme as to make his appointment inappropriate; and this becomes, in Mr. STOCKMAN's case, a hard call. However, barring any disqualification on those grounds, an incoming President has a right to have the nomination of his choice confirmed.

Viewed in a certain light, I have much agreement with the views of Mr. STOCKMAN. He wants to cut the budget; so do I. He wants to make the country more productive; so do I. He wants to make our whole system of government more efficient; so do I. Those are admirable aims, and in fighting our economic problems, no one would disagree with those aims. In other words, Mr. STOCKMAN's objectives and mine are really the same. But in the process of achieving those objectives, we cannot just set out to deliberately and systematically wreck a system which has been painstakingly put together over a long period of time.

I know that we need changes, but we cannot use the proverbial meat-ax approach to some of those things without doing a gross injustice to a lot of people. It is in this respect that I am very much concerned about Mr. STOCKMAN's views; because I think he has been so set on proving that all the past Government in recent years has been wrong that he would advocate such drastic changes that will cause untold misery possibly to millions of people.

Prior to his coming before the Governmental Affairs Committee for his confirmation hearings, I read very carefully a number of articles which Mr.

STOCKMAN had written over the past few years concerning such subjects as energy policy and welfare.

I also read a number of printed interviews that Mr. STOCKMAN gave to various publications, including the Village Voice. One would have to conclude from his written views, prior to coming to our hearing, that Mr. STOCKMAN is an absolute believer in the free marketeer "Adam Smith" variety, laissez faire economics; a man who believes in laissez faire ideology carried to the furthest extreme, and not only for domestic policy but worldwide.

Let me read just a series of statements here that caught my attention when I was studying Mr. STOCKMAN'S background before he came before the committee. These are admittedly taken out of context, and I will go back after I read them on the different subjects to which they apply and then put them in their context in the hearings and give his reply to questions in the hearings about these specific items.

The first quote is one on energy. This is from an earlier writing in The Public Interest in the fall of 1978:

The decision to eschew an economic policy of trading on the world market for the 90 percent of the non-U.S. oil and gas resource base that remains to be developed in favor of a cramped, inward-looking policy of autarky may prove to be the most costly national error of the last half of the twentieth century—if it is not soon reversed.

In other words, we should be going out around the world and making ourselves more dependent on non-U.S. sources that could be developed around the world; and that not doing that may be our most costly national error.

On the subject of farm policy:

For too long, the Congress has relied on unwieldy acreage management and subsidy programs as a means of stabilizing farm prices and improving farm income. . . . Faced with ever-rising costs, increased regulatory pressures, and shifting patterns of domestic demand, our farmers can no longer rely on programs which seek artificially-induced price movements through domestic supply manipulations.

In other words, we must rely on a boom or bust farm policy.

Another quote dealt with monopolies and antitrust policy. He was asked a question in an interview, "Who defines the market and its rules?" His reply:

I suppose the government has got to set some terms, enforcement of contracts and that kind of thing. But you don't have to structure competition. That's where I disagree with the whole antitrust tradition which has been very strong in the Hart Subcommittee, the FTC bureau of competition. That's wrong.

A further quote:

My view is that a monopoly never develops unless it's sanctioned by governmental authority. There's no such thing as a privately developed and composed monopoly.

And he was further asked the question: "Well, what about the early Standard Oil trust?" His reply, and I quote again:

You can go into a long debate about history. In modern times, in a global economy with multinational corporations and the swift ability to deploy capital and production all around the globe, you don't have monopoly. So you don't have to define the rules of the game in terms of competition.

I think that quote speaks for itself, and I will come back to it and give his hearing response a little later.

On reduction of the entitlements, Mr. STOCKMAN in his writing has said:

The real leverage and locus for budget control is severe recession of entitlements and new obligational authority in the Federal spending pipeline.

He further stated and I quote:

Current expenditures for food stamps, cash assistance, medicaid, disability, heating assistance, housing assistance, WIC, school lunches and employment compensation amount to $100 billion.

And he called for:

A careful tailored package to reduce eligibility, overlap and abuse for these areas—with potential savings of $10–$20 billion.

This quote was out of his Economic Dunkirk memorandum.

Rephrased, I guess we would have to say that Mr. STOCKMAN is calling for a 10 to 20 percent cut in all of the entitlement programs. Maybe that can be done; maybe it cannot. But I think just to accept this without challenge may be more than we should be doing.

Mr. STOCKMAN also stated that:

The Federal budget has now become an automatic "coast-to-coast soupline" that dispenses remedial aid with almost reckless abandon . . .

Now the Trade Adjustment Assistance Act comes under this umbrella. This act, incidentally, triggers assistance payments when we feel that our workers are being unfairly set upon by imports. Mr. STOCKMAN'S quote on trade adjustment assistance is:

This thing is the most arbitrary, inequitable, costly policy that we have on the books today that has ballooned spending by $1 billion in 6 months. We ought to do something about it.

Another one of Mr. STOCKMAN'S quotes deals with the investment tax credit:

A tremendous national waste of men, machinery, and tax dollars that produces overall economic efficiency which leads to lower jobs, lower output, and lower real incomes.

Another one of his quotes is on welfare. Listen to this one:

Welfare, as we know it, should be abolished for all but the nonworking—the aged, blind and disabled—whose eligibility can be ascertained by reference to physical characteristics.

In other words unless you have an eye missing, an arm missing, a leg missing, or you are quadraplegic, that is, unless you have a visible handicap, you should not receive welfare. That is admittedly taken out of context, and when I quoted it back to him, he said he is still for AFDC, that is aid for dependent children. In some of his writings he indicated that such aid should go to every child. However, it would be taxable so that those with high taxable incomes would have their money taxed back by the Government, while those in lower tax brackets would have the money available to use for their children.

A popular word today is "reindustrialization." What are his comments on that?

In an article in the Village Voice, Mr. STOCKMAN stated:

Reindustrialization policy is just a game hyping the political control over the forces of the economy and for preserving the weakest assets in the economy.

I am sure you would all agree that at least some of these quotes are rather extreme statements.

Let me go back now and go through some of these quotes again and give his reaction at the hearings.

No. 1, on energy policy, the statement I read is:

The decision to eschew an economic policy of trading on the world market for the 90 percent of the non-U.S. oil and gas resource base that remains to be developed in favor of a cramped, inward-looking policy of autarky may prove to be the most costly national error of the last half of the twentieth century—if it is not soon reversed.

When I read that quote to him at the hearings Mr. STOCKMAN'S reply was:

I did not recommend that (increasing dependence on international sources). What I really said in that article was that the notion that we should seek pell-mell energy independence at any cost by throwing money at new technologies and building new plants and improve technology on the grounds that we can claim this will save so many barrels per day of imports, that we ought to rapidly expand bureaucratic structures to promote conservation and solar and many of the things they are doing down at DOE without any notion of the cost-benefit, that is what I was opposed to in that article.

But his answer did not deal at all with that quoted statement that I read. What he had implied in that statement was that we should be out developing other oil resources around the world rather than our own here. In other words, we should be making ourselves more dependent on foreign sources of oil instead of less dependent.

Incidentally, I will read the page number from the hearings in case anyone is monitoring them so they can refer to the whole hearing record to make certain I am not misrepresenting these things. That first quote was from page 158. The next one on energy is from page 159 of the hearing record—

What I was suggesting . . . is that a barrel produced, an additional barrel produced anywhere in the world, whether it is in Mexico or South America or other new frontier sources that have been coming in, helps lower the price, and that we can't solve the problem just in one country, and to the extent that we can encourage those vast areas of the world that haven't yet been explored but contain major identified sedimentary basins to be explored, that that is a good thing. The World Bank is doing that today, and I suppose indirectly we are supporting that through our subscription.

No one would quarrel with that statement. I would not quarrel with that, but once again that answer did not explain his earlier statement.

A further quote from page 159:

But I don't think we need to engineer it either way. What we ought to do is recognize if we can encourage that kind of production to develop, there will be less upward pressure on price.

Another response from page 162:

I think if we spent less dollars on huge commercialization and more dollars on basic

research at the conceptual and at the scientific level, we could get far more cost-effective use of our dollars and support the kind of things you are talking about. But I think you are going to have to make a choice.

We had been talking about the necessity for research and whether we need to go to Government-sponsored demonstration of the practicality of the outcome of some of that research.

Another quote from page 162 of the hearings:

It seems to me the best way to use the dollars is at the level you are talking about, at the basic research level. Once something is proven out, I think we can count on the investment process to build the full-scale plants and so forth that are needed.

He commented on the breeder reactor on page 180 of the hearings:

I think sooner or later we will have to build a demonstration breeder reactor.

I think he is probably right. I do not disagree with that.

He further stated that:

It ought to be built when it is needed. My view (in opposition in Clinch River) was given the fact we have had enormous slowdown in the building and licensing of light-water reactors, and at that point of time we had anticipated in the early 1970's when you would need a breeder because you exhausted the low-cost uranium, slipped substantially and therefore the development schedule for the breeder program ought to be delayed for a period as well. It had nothing to do with opposition to the government's role or to breeder technolgy. I am all for it. I just thought that in 1970 the (full) scale breeder was not needed given the likely schedule we are going to face given the slowdown.

Once again I would not necessarily quarrel with him on that last statement.

But I would repeat that his writings indicated that he very much favors development of sources other than our own around the world, and that this policy could make us more dependent on foreign sources than ever before. Further, he stated that the decision not to do so and rather to try to develop our own sources here "may prove to be the most costly national error of the last half of the 20th century—if it is not soon reversed."

A second subject is farm policy. I read his statement on that before. I will repeat it:

For too long, the Congress has relied on unwieldy acreage management and subsidy programs as a means of stabilizing farm prices and improving farm income . . . Faced with ever-rising costs, increased regulatory pressures, and shifting patterns of domestic demand, our farmers can no longer rely on programs which seek artificially-induced price movements through domestic supply manipulations.

In his writings he states that he has sought to—

Move us toward a stable and growing farm economy.

And would rely primarily on efforts to stimulate world agriculture markets and U.S. exports and on measures—

to liberate the farmer from the crushing burden of economic and social regulation which the Congress has decreed in recent years.

I would not disagree with that position at all. But in answering the question if he would favor abolishing all farm subsidy programs, his answer on pages 156 and 157 was:

I would say to the extent we can do that without any severe disruption in the short run, it ought to be seriously considered. I won't make a flat, unequivocal statement. But I have indicated what my view of farm policy is generally. But we would have to make a case-by-case judgment.

Sometimes when you have for 40 or 50 years a price support system build up, such as you have for tobacco or others, you capitalize the value of that price support system into the land. Many, many people buy land because of the capital value of that allotment that has been granted by the government at some earlier time. If you attempt to just wipe it out immediately, you do great equity damages that I think aren't fair or certainly no more fair than the program was to the taxpayers in the first place. So you have to have a certain amount of pragmatism as you attempt to unwind some of the structures built up.

Once again I go back to his own statement where he says:

Our farmers can no longer rely on programs which seek artificially-induced price movements through domestic supply manipulations.

This sounds like he is advocating a policy of boom-or-bust farming. I do not think such a policy is going to be in the best interests of the farmers or for our food supplies in this country.

On the windfall profit tax, Mr. STOCKMAN has said:

We might be running out of oil in this country, but we certainly have struck what is a veritable tax gusher—$74 billion worth—this year alone, a trillion dollars worth of tax revenues from energy production over the next decade. . . . It will not hurt anything until somebody asks, "Who pays, after all, in the final analysis?" Is it the stockholder, or is it the consumer? Is it the guy with the bulging pockets or the empty pockets? We are not asking that; we are just levying more taxes and spending more money and pretending it will not make any difference.

At the hearings he amplified some on that writing when questioned about it, and I would quote as follows from page 154 of the hearings:

I don't think it (the Windfall Profits Tax) is a good energy policy. What we have in that policy as a basic matter is simply the siphoning away or taxing away of income and cash flow that would be otherwise invested by the energy companies and the energy industry in further energy production. It is a matter of policy.

Further quoting from page 154:

But I recognize this is not an ideal world and that certain things get done, they get built into the process. We can't change overnight. That is one of them we will have to live with while we try to do some other more important things first.

So he modified slightly his answers in the hearings on what he had said on the subject of the windfall profit tax in his earlier writings.

Here is another quote that should be of particular interest in the Senate. This deals with monopolies and with antitrust policy. In his recent Village Voice interview he was asked:

Question: "Who defines the market, and its rules?" Answer, "I suppose the government has got to set some terms, enforcement of contracts and that kind of thing. But you don't have to structure competition. That's where I disagree with the whole antitrust tradition which has been very strong in the Hart Subcommittee, the FTC bureau of competition. That's wrong. My view is that a monopoly never develops unless it's sanctioned by governmental authority. There's no such thing as a privately developed and composed monopoly."

The questioner followed up with a question: "What about the early Standard Oil trust?"

His answer was, and listen to this:

You can go into a long debate about history. In modern times, in a global economy with multinational corporations and the swift ability to deploy capital and production all around the globe, you don't have monopoly. So, you don't have to define the rules of the game in terms of competition.

In other words, according to Mr. STOCKMAN, we should indeed strike down all of our antitrust laws in this country.

He was questioned further:

Question, "Well, this antitrust stuff does seem to be a total crock of —— four letter word," His answer, "Yes, it's kind of obscurantist make-work."

Question, "Made-work for lawyers?" Answers, "Yes. They work one side of the street for about five years, then they go to the other side of the street and they know how to defend against the new doctrines, the twists and angles that they put in at the FTC or the Justice Department just five years ago. It is a self-feeding process. It's totally useless and a sink of economic resources and wealth we can do without."

I would probably tend to agree with him on the last part of that statement. But to think we could strike down all antitrust laws and that free-market economics would automatically guarantee that no one has a monopoly is a little hard for me to accept.

In the hearings, however, in response to those quotes I read, he stated, on page 176:

I am very skeptical of the receipt of the antitrust document we have today, particularly in terms it has been implemented on in terms of the FTC. We have heard from Senator Levin and others on the committee—in fact, from yourself—

He was speaking to me—

the drastic shape of the automobile industry, and yet the FTC found it necessary to open an antitrust proceeding against the auto industry on the ground the profit levels were too high and there wasn't enough competition. It is obvious there is competition, and it is fierce, and it comes from a worldwide basis. It is obvious the profits are deficient. In fact, the industry is going to have a $9 billion loss this year.

Well, I agree with part of that statement, but I certainly do not agree with all of it. The fact that the FTC found it necessary to open an antitrust proceeding on the auto industry does not justify doing away with all antitrust legislation. To try and justify that on these grounds is, I think, sheer nonsense.

Another quote from pages 176 and 177 of the hearing in response to the questions about the antitrust matter is the following:

How did we get an antitrust investigation and massive costs piled on each company out of the FTC from an existing antitrust docu-

ment? Because somebody noticed there are only three companies in the industry.

I think he is probably right on that.

When I asked him whether the overall statement in the Village Voice reflected his views, his quote to the committee was,

I think that (the statement in the Village Voice) is largely correct.

In other words, he favors doing away with the antitrust legislation on the books.

He went on and said; on page 178:

I think primarily monopolies that develop and persist over time do so because the government maintains their control over access to the market. The trucking industry was one good example before we deregulated it. The oil industry in the 1950s and 1930s is another good example because production was controlled by the Texas Railroad Commission. If you look at those cases, and we could go on indefinitely wtih the list, we will find that the worst cases occurred in which it was impossible for new competitors to enter industries . . .

I think he makes some valid points with some of the examples he uses. However, he then makes what I believe to be an extreme position across the board on the subject of monopolies. I will repeat his statement once again.

In modern times in a global economy with multinational corporations and the swift ability to deploy capital and production all around the globe, you don't have monopolies, so you don't have to define the rules of a game in terms of competition.

Another subject of concern to many is the reduction of entitlements. In Mr. STOCKMAN's Economic Dunkirk memorandum, he said—

The real leverage and locus for budget control is severe recession of entitlements and new obligational authority in the Federal standing pipeline.

He states that—

expenditures for food stamps, cash assistance, medicaid, disability, heating assistance, housing assistance, WIC, school lunches and employment compensation amount to $100 billion.

He further calls for a carefully tailored package to reduce eligibility, overlap and abuse in these areas with potential savings of $10–$20 billion.

Now, I am going to be the last one in the U.S. Senate to say that we cannot improve drastically on many of these programs that have gone too far, far beyond anything Congress ever intended. I certainly support making them efficient. But I think to just call for actions that are going to somehow automatically have potential savings of $10 to $20 billion translates into a 10 to 20 percent cut in all those programs listed. There is nothing else you can imply from his statement.

So I think all those people in this country who are just ignoring the nomination of Mr. STOCKMAN to OMB—the number two most powerful position in this Government, one that will do more toward determining the priorities that this Nation has toward our own citizens than any office except the President himself—should be aware of these things before we approve Mr. STOCKMAN for this job which he has been nominated. Many programs are going to get cut, obviously, and entitlements cut in the 10 to 20 percent range if Mr. STOCKMAN has his way.

Mr. STOCKMAN at the hearing, on page 62, stated that his general philosophy is:

In some general or theoretical sense, entitlements are very good things for those constituents in our society who have a very clear claim, case for public support for public benefits due to reasons that are beyond their ability to control. . . .

Mr. STOCKMAN went on to state that "even entitlements have to be defined carefully."

I am afraid that in the case of food stamps, social security, and many others over the years we have added elaborations, new categories and new elements of eligibility in a way that has not been very thoughtful, in a way that has not been entirely justifiable. That is the kind of review we need, not of the program, but of the universe of people it covers and whether or not all of those in that universe fit the original conception and the original justification for the program.

Well, that is a pretty good exposition on entitlements, I must admit. But I still think that the people that have an interest in the programs that I mentioned should be aware that we are about to have proposed to us, I presume, by Mr. STOCKMAN, cuts of 10 to 20 percent in all of those programs.

On the Federal budget, we have Mr. STOCKMAN's comments about the "coast-to-coast soupline."

The federal budget has now become an automatic "coast-to-coast soupline" that dispenses remedial aid with almost reckless abandon. . . .

And he described the Trade Adjustment Assistance Act as follows:

This thing is the most arbitrary, inequitable, costly policy that we have on the books today that has ballooned spending by $1 billion in 6 months and we ought to do something about it.

At the hearings, in response to my question of what the country should do for laid-off workers, if anything, Mr. STOCKMAN replied to the "coast-to-coast soupline" quote by saying that "sometime my metaphors might not be quite as exact as they should be." But Mr. STOCKMAN then stressed that what he was trying to emphasize was that the benefits that are provided to those in need when the economy sags "are automatically triggered in the budget by events that occur in the economy without any vote or maybe even any expectation in the Congress."

I agree with that. Our big problem with entitlements is that increases are built into some of them when the economy does sag, and we do lose control of a significant portion of the budget.

He gave as examples of uncontrollables unemployment benefits, higher debt service payments on the national debt, and drawdowns on many loan programs:

What I meant by the soupline was simply that when the economy deteriorates unexpectedly there are all kinds of expenditures for businesses, individuals, unemployed workers, and many others, that are generated without our ability to anticipate or factor those into our overall budget plan.

Now, I do not disagree with that statement. What I do disagree with, Mr. President, very strongly is having someone who will be one of our very highest Government officials be so calloused in his statements about any assistance we are giving to many millions of people, and passed by this Congress and describing them as arbitrary, inequitable, and costly policies. I think his past statements have shown a rather calloused disregard for a situation that has adversely affected millions.

On the subject of the investment tax credit, which I happen to think is a good piece of legislation—we need recapitalization, reindustrialization, new capital formation in this country—Mr. STOCKMAN has called it:

A tremendous national waste of men, machinery, and tax dollars (that) produces overall economic efficiency which leads to lower jobs, lower output, and lower real incomes.

At the hearings I also read back to Mr. STOCKMAN his statement about reindustrialization:

Reindustrialization policy is just a game for hyping the political control over the forces of the economy and for preserving the weakest assets in the economy.

Mr. STOCKMAN replied as follows:

Reindustrialization is vital. My only difference is how do you achieve it.

Mr. STOCKMAN says that instead of having the Government pick the winners or the losers and allocate capital either through tax mechanisms or through something like the RFC, he thought the way to solve the problem was to—

Do things to lower the rate of taxation on corporations, change the depreciation provisions . . . so that they (corporations) have higher after tax income, higher after tax cash flow, that will provide part of the cash.

He also recommended liberalizing the capital gains laws.

I happen to agree with his statement that we probably need some of the tax provisions that he is referring to. But to say that we do not need the investment tax credit and that it is "a tremendous national waste of men, machinery, and tax dollars (that) produces overall economic efficiency which leads to lower jobs, lower output, and lower real incomes" seems to me to be almost a ridiculous statement.

If we implement all of these things he is talking about, that is, if we have the change in corporate tax, depreciation provisions, and so on, these certainly will help put business on a solid basis over a number of years. But for industries such as the auto industry, that needs $80 billion over the next 5 years to modernize, or steel, where estimates are $30 billion over the next 5 years to modernize, which are in a loss or a near loss condition, I do not know how they are going to survive the waiting period. I am sure that after all the discussion of what was anticipated in our new economic policy, those people trying to run steel companies in my State, in Pennsylvania, Indiana, Illinois, and Alabama, are going to find it a little difficult to find out that they are going to have to wait probably for several more years to determine

when and if they ever get back into a profit situation. These things that Mr. STOCKMAN talks about will not begin to take effect for years. But what we are faced with is a loss situation now. There were no real answers to the severe short-run problems we are facing.

As indicated, Mr. STOCKMAN moderated some of his views to include the political realities we face, including our national security. But I must admit to still being troubled by Mr. STOCKMAN's positions on energy policy, welfare, and reindustrialization.

Those Senators who have worried over the past few years about the U.S. dependence on oil imports cannot feel comfortable about Mr. STOCKMAN's views regarding energy independence for the United States. This is not to say that we should pay no attention to what is happening outside our borders. Certainly I am in favor of what some people will call "oil proliferation," meaning the development of new fossil fuel resources in parts of the world where exploration has not proceeded very far.

The United States can relieve some of the problems presented by its dependence on Middle East suppliers by helping to broaden the supply base around the world. But is it really true that our dollar is better spent in trading for oil and gas on the world market as opposed to developing additional supplies at home? Mr. STOCKMAN would argue that the deregulation of oil and gas will provide sufficient incentive for such additional production. But I am talking about the investment that will be needed to bring alternative energy supplies online through new technology. In Mr. STOCKMAN'S view, industry will not provide investment in supplies which will come in above the world market price and the United States should not go beyond basic—repeat, basic—R. & D. in trying to bring such supplies to the commercial marketplace. But we are dealing with a national security problem here, and national security does cost something. If, by paying a bit more, the United States can reduce its dependence upon supplies from politically unstable regions of the world, should we not do that? Of course there is always a point at which the cost becomes so prohibitive that dependence cannot be avoided, but I saw no evidence in Mr. STOCKMAN'S views that he sees this question in anything but the most doctrinaire light. If the market will support it, industry will do it. If the market will not support it, no one should do it. That was his view.

I submit that the U.S. need for a secure supply of liquid fuels over the next 25 years will not be met by policies produced from such a rigid philosophy.

Mr. STOCKMAN'S views on welfare were also disturbing to me until he explained them in somewhat more detail.

In Mr. STOCKMAN'S view, any means-tested welfare system is counterproductive because it offers a strong disincentive to recipient employment and outside earnings, leads to the dissolution of families, creates large opportunities and incentives for the concealing of assets and other fraud, and wastes resources by requiring a massive administrative bureaucracy.

Well, how about all those other folks who can only marginally make it in our very complex society? Are we just to ignore them and say they do not count?

I know very few people who would defend our present welfare system in the United States. It does indeed suffer from some of the things which Mr. STOCKMAN accuses it of. But are we a Nation of compassionate people? Do we believe in the preservation of human dignity? Have we been willing to back up that philosophical commitment with our Nation's resources? The answer, of course, is that we have.

Mr. STOCKMAN recognizes at least some of this commitment and would accompany his narrow application of welfare with universal child payments and tax credits provided to low wage workers through a negative withholding tax. Certainly, these ideas deserve serious consideration, and certainly we should implement any improvement in the present system that we can. But if Mr. STOCKMAN believes that universal child payments and tax credits provided to low wage workers are not subject to fraud and abuses, he has not paid any attention to the experiences of the Internal Revenue Service since its inception.

Once again, it is not the idea that I am attacking; it is the certitude with which it is presented, a certitude that does not take into account the possibility of massive economic and social disruption if the remedy turns out not to work.

(Mr. SIMPSON assumed the chair).

Mr. GLENN. Mr. President, my final concern with regard to the Stockman nomination has to do with his attitude toward reindustrialization. In a CONGRESSIONAL RECORD statement made in July 1977 Mr. STOCKMAN blasted the investment tax credit for new machinery purchases as "a tremendous national waste of men, machinery, and tax dollars" which "reduces overall economic efficiency—leads to lower jobs, lower output and lower real incomes." He has also blasted more generally, the various tax incentives and tax breaks woven into the corporate tax structure.

Once again, I am not going to stand here and defend every aspect of the corporate tax structure that exists today. It is certainly true that many of the special tax incentives available to corporations came into being under vastly different circumstances than prevail today and whose existence may not be justified in this year of 1981. But considering the present plight of the steel industry and the auto industry in the United States and considering the dependence of the U.S. economic structure and its national security on these two industries, are we in fact in a position to write these industries off because of the difficulty they have had in recent years competing with products from abroad?

I am certainly in favor of corporate tax reform. I do believe that the engine of economic progress must be the private sector and that we must provide the means to allow the private sector to perform its task much better than it has in recent years. The investment tax credit was in fact invented for precisely that purpose.

We should not be discussing the question of the investment tax credit versus general corporate tax reform as if these are mutually exclusive choices to be made. Once again, theoretical certitude appears to have replaced pragmatic reasoning. Once again, however, in his confirmation hearing, Mr. STOCKMAN backtracked a bit on this issue, and did suggest that in the absence of what he would call true corporate tax reform there is a role to be played by the investment tax credit.

But as I understood in his views, he did not staunchly defend the notion that the U.S. Government should protect U.S. industry from the effects of unfair competition. Rather, he takes the view, in his writings, that if other countries subsidize their exports, then the United States should take advantage of that by purchasing the cheaper commodity because the damage will eventually occur to the other fellows' economy because of the unnatural skewing of his investment.

Now that might be OK in a world in which one can turn to other foreign suppliers if a source of materials or products is cut off, or in a world where one can turn one's own manufacturing efforts on or off like a spigot; but the world is not constructed that way. If, as a result of unfair competition, our steel or auto industry closes down, we will not be able to revive it so easily, and in the meantime, we put ourselves in a position where we are subject to risk to our national security as well as the risk of being gouged in the world marketplace.

In saying all these things, I do not question Mr. STOCKMAN'S qualifications to be the Director of OMB. He is honest, he is forthright, he understands Government, and he articulates his philosophy beautifully. Although he will head the second most powerful office in the Nation, there will be moderating influences coming from the Cabinet, the Congress, and elsewhere that the President will have to take into account in determining what the ultimate policy of his administration should be in any given area.

As I said in my opening remarks, it is my belief that in examining a nominee for high office we should look at his integrity and his qualifications to hold the post. In examining the latter, the question of whether the nominee's views are so extreme as to make his appointment inappropriate should also be taken into account. Barring any disqualification on those grounds, an incoming President has a right to have his choice confirmed.

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

Mr. SASSER addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. Mr. President, I yield such time as may be required to the Senator from Tennessee.

Mr. SASSER. I thank the distinguished Senator from Ohio for yielding.

Mr. President, I rise to speak about some of my concerns about the nomi-

nation of DAVID STOCKMAN to be Director of the Office of Management and Budget.

Mr. STOCKMAN went before the Senate Committee on Governmental Affairs on January 8, and the committee discharged its obligations to carefully examine his qualifications to be OMB Director.

That hearing lasted for over 5 hours and Mr. STOCKMAN was very forthcoming in his answers to committee questions. Frankly, I found Mr. STOCKMAN to be a refreshing candidate for his office. He did not seek to hedge or dodge the many questions that were directed his way. For that he won considerable admiration from the committee.

That does not mean, however, that all the members of the Governmental Affairs Committee support Mr. STOCKMAN's nomination without reservation. A number of my colleagues on the committee have serious and fundamental disagreements about some of the public policy positions that Mr. STOCKMAN will be recommending to the President.

Take for example the issues of energy decontrol. Mr. STOCKMAN is an advocate of total and immediate deregulation of crude oil and gasoline prices. He contends that, with deregulation, we will conserve even more energy and provide further incentives for domestic energy production. I do not doubt that we might see slightly more conservation and perhaps slightly more production as a result of decontrol, but we should be mindful all the while of the role that rising energy prices have played in the inflationary spiral we find ourselves in.

We should ask ourselves the question: Is the price of a little more conservation in the field of energy, is the price of perhaps a marginal increase in production worth the cost of giving our economy another inflationary boot in the seat of the pants as oil prices go up? Consider these statistics for a moment, Mr. President, if you will.

In 1979, all consumer prices rose at a level of about 12.7 percent while energy prices rose at a level of 36.5 percent. And in 1980, we found that energy prices were increasing at a clip 50 percent above the rate of inflation generally.

Now some say that we are past energy price shocks. They say, the price of energy is stabilizing, so why not just go that one step further and decontrol all oil prices immediately?

We stand in daily peril of OPEC price increases, and there is little inclination on the part of these nations to try to help us out of our energy crisis. Indeed, they have been the chief culprit in putting us in that bad shape. They quite frequently raise the price of oil just as we decontrol prices at home.

What is the result of price increases and decontrol? The result is hyperinflation in energy prices. Thus, the Council of Economic Advisers has estimated that when we began the process of decontrol in June of 1979, combining this with OPEC price increases in oil through the better part of 1980, we saw a burst of price increases of almost 100 percent during the first 3 months of 1980 for the prices of all oil products.

We are advised—and Mr. STOCKMAN concurs—that we should speed the pace immediately and decontrol the price of oil forthwith, something that I think will add considerably to the price of oil and gasoline, which may trigger further OPEC price increases. Some economists are telling us that immediate decontrol of the remaining regulations dealing with oil and gasoline will result in a 15- to 20-cent immediate rise in gasoline prices.

Mr. STOCKMAN has shown little concern for the many millions of Americans who, as producers and consumers, need much needed relief from the energy price spiral, and that disturbs me. It causes me concern as I consider his nomination to this high and crucial post.

Other matters also come to mind as I consider Mr. STOCKMAN's nomination. I had a lengthy exchange with Mr. STOCKMAN about his views on a matter of particular regional significance to me—the energy pricing policy of the Tennessee Valley Authority.

Mr. STOCKMAN, at his hearings and in subsequent statements, indicated that he was concerned about the operations of the Federal Financing Bank and TVA's use of that bank to market its securities. Mr. STOCKMAN, in a Wall Street Journal article, labeled the Federal Financing Bank "a scam" and vowed that it should be shut down to prevent backdoor financing of Government obligations.

Mr. STOCKMAN, it appears to me, is somewhat wide of the mark in his understanding of this institution and how it is used by responsible agencies such as the Tennessee Valley Authority.

The Federal Financing Bank was created to reduce the borrowing costs and the administrative costs that are created when we have all manner of agencies market their obligations in an uncoordinated and confounded manner. That is why the Federal Financing Bank was created, and that is what its central purpose is.

Mr. STOCKMAN is rightly concerned about the growth of Federal credit. I share that concern. That is why the Senate, in the 1981 budget resolution, adopted a credit budget to control the growth of Federal credit.

But Mr. STOCKMAN went on to assert that the bank was out of control and that too many agencies were piling up debt outside of the budget, at great cost to the taxpayer, and that the Tennessee Valley Authority would just have to grin and bear it, stop adding to the credit explosion and the creation of off budget debt.

Again, Mr. STOCKMAN was wide of the mark. He did not understand that TVA obligations are part of the official budget deficit and are not hidden debt. He failed to understand that the TVA debt is not a liability of the American taxpayer but is a liability of the electric ratepayers of the Tennessee Valley area, and he failed to understand that by using the Federal Financing Bank, Tennessee Valley Authority, for all the consumers of the Tennessee Valley, can reduce power costs by some $2.5 billion through 1995. By conservative estimate, it will cost ratepayers in the Tennessee Valley area an additional $2.5 billion in interest costs if they are denied access to the Federal Financing Bank to market their bonds and their securities.

This may be a boon for those Wall Street bond salesmen who will be marketing these bonds, but this is going to work a terrific hardship on the ratepayers of the Tennessee Valley area, the elderly people who are seeking to heat their homes, perhaps on a social security check. I believe that Mr. STOCKMAN showed little appreciation for these human dimensions of this issue.

The Tennessee Valley Authority is struggling now to hold down power costs in order to help people better cope with rising utility costs and to help promote much needed economic development in that region, which in some areas has the lowest per capita income in the United States of America.

It is this aspect of Mr. STOCKMAN's approach to public policy problems that concerns me and has caused me to consider seriously possible opposition to his nomination. However, having said all this, and despite our fundamental disagreements on many issues, I have resolved today to vote for Mr. STOCKMAN's nomination.

Over the past several days, Mr. STOCKMAN has proved himself to be responsive to some of these problems in a way that suggests he may counsel wisely and well about the problems that affect the average American.

For example, in the matter of the Tennessee Valley Authority, Mr. STOCKMAN and I have exchanged views on the access of TVA to the Federal Financing Bank.

At this point, I ask unanimous consent to have printed in the RECORD a copy of my correspondence with Mr. STOCKMAN on this subject.

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

U.S. SENATE,
Washington, D.C., January 19, 1981.

Hon. DAVID STOCKMAN,
Director-Designate, Office of Management and Budget, Longworth Office Building, Washington, D.C.

DEAR CONGRESSMAN STOCKMAN: I am writing this letter pursuant to our conversation about the Federal Financing Bank (FFB) and its relationship with the Tennessee Valley Authority that we held in your confirmation hearings on January 8th.

As I indicated at your confirmation hearing, I am concerned about some of your views regarding TVA's use of the Federal Financing Bank. Let me take this opportunity to once again set out for the record the reasons why the TVA must have continued access to the Federal Financing Bank, and why I need some clarification as to your position with regard to TVA's use of the Bank. Since the inception of the Federal Financing Bank in 1973, the TVA has disbanded its administrative apparatus for directly marketing its obligations and through its prudent use of the Federal Financing Bank has saved the rate-payers of the Tennessee Valley $100 million in reduced power rates. Indeed, the TVA projects savings of nearly $2.5 billion in reduced interest and administrative costs by use of the Federal Financing Bank through 1995. These are significant savings which allow TVA to perform its central obligation of marketing power in the seven-State Tennessee Valley Area at the lowest possible cost.

In your response to my question about this matter, you indicated that while you

had come to no specific conclusion with regard to TVA use of the Federal Financing Bank, you were concerned that perhaps taxpayers of other States were subsidizing operations of the TVA, and that possibly TVA use of the Bank should be curtailed.

Respectfully, Mr. Stockman, I must disagree with your initial views on this matter. Let me assure you that the operations of TVA are not subsidized by taxpayers in the rest of the Nation. While it is true that my region's ratepayers receive a benefit by TVA's being able to borrow from the FFB the funds it needs for construction of generating facilities, TVA is authorized to borrow either from the FFB or on the open market, where its bonds received a triple-A rating. Quite naturally, TVA chooses to borrow where it can get the lowest interest rates, which in recent years has been from the FFB. As I explained at the hearing, these lower interest rates have saved my region's taxpayers more than $100 million thus far and are expected to save them as much as $2.5 billion over the next 15 years.

This benefit is not, however, a subsidy as implied in your testimony. TVA and its ratepayers more than pay their own way. The FFB charges TVA an interest rate at least an eighth of a point higher than the rate the Treasury has to pay on the borrowings it makes to cover the loan to TVA. The eighth of a point exceeds FFB's and Treasury's costs.

It is true, as you testified, that the Treasury's borrowings are increased on account of Federal agencies', including TVA, borrowing from the FFB; but it is not true that taxpayers must pay all of the $3 to $4 billion in annual interest you mentioned. TVA ratepayers pay their full share of this interest. Moreover, although the TVA power system belongs to the Government, it has been bought largely with its ratepayers funds and obligations. Less than 7 percent of TVA's almost $14 billion in assets were acquired with funds from Congress, and this investment is being paid back with interest at current rates through annual payments to the Treasury. Indeed, such repayments now total $1.6 billion to date.

However, let there be no misunderstanding. I support your objective of bringing greater control of Federal spending especially the backdoor spending that is obligating future taxpayers without adequate Congressional review. As a member of the Senate Committee on Appropriations and Senate Budget Committee, I am only too aware of this strain on the budgetary system.

But, again, this is precisely where the TVA situation is different from other agencies that borrow from the FFB. The TVA power system budget is included in the President's budget and is annually reviewed by the Appropriations and Budget Committees of both Houses. The Public Works Committees of both Houses also periodically review the TVA power program at special oversight hearings and whenever there needs to be an increase in its bond ceiling.

In addition, TVA power funds are not Government funds. This was emphasized last year by the Committee on Governmental Affairs in connection with the Sunset legislation (S. 2), which I cosponsored. It has also been emphasized by other committees. The source of TVA power funds is from the Tennessee Valley area ratepayers, not the Nation's taxpayers. Consequently, when TVA borrows from the FFB, it is simply not moving Government funds from one pocket to the other, as other agency borrowers do. TVA's payments of interest and principal come straight out of the pockets of its ratepayers. TVA bonds are secured as to interest and principal by those ratepayers, and are not guaranteed by the United States. In fact through Bankers Trust Company of New York, the trustee for all bondholders, the FFB can enforce the bonds' covenants against TVA and its ratepayers if need be.

I would also like to clear up any misconception that TVA and its ratepayers are getting some kind of special treatment not available to others, even if it is not a subsidy. Private and public electric systems already get significant Federal benefits, some at substantial cost to the Treasury. The New York Power Authority, as a state agency, is able to issue tax-exempt bonds. The Indiana & Michigan Electric Company also can receive its share of tax benefits through various credits, accelerated depreciation, and tax-exempt pollution control bond financing. As a result of such tax benefits, the Federal income taxes of privately owned electric systems, as a percent of income before Federal taxes, has fallen drastically since 1959.

Therefore, I must ask you the following questions which I would ask you to respond to, either in writing or by phone, before the vote on your confirmation in the Senate later this week.

1. Do you intend to specifically limit TVA's use of the Federal Financing Bank and thereby require TVA to market its bonds directly to the private market?

2. Do you intend to recommend legislative limitations to the use of the Federal Financing Bank primarily for other Federal agencies, most especially those agencies which use the Bank to finance off-budget debt, and thereby reduce the use of the Bank by agencies other than the TVA whose public debt is an on-budget item?

3. Do you intend to scrutinize the question of TVA indebtedness directly by recommending to the Congress any legislative changes in basic TVA legislation that would include restraint in the issuing of TVA obligations?

In conclusion, since I have a direct and continuing obligation to the citizens of the State of Tennessee to insure the fiscally prudent operations of the TVA and thereby have the TVA provide public power at the lowest possible cost to the ratepayers in the Tennessee Valley, I must have your answers to these questions before I can, in good conscience, cast a final vote on your confirmation in the full Senate.

I will appreciate your prompt consideration of this letter. Best regards.

Sincerely yours,

JIM SASSER,
U.S. Senator.

Mr. SASSER. Mr. President, I am pleased to report that the distinguished senior Senator from Mississippi (Mr. STENNIS) and the distinguished senior Senator from Alabama (Mr. HEFLIN) share my concern with regard to helping the ratepayers of the Tennessee Valley area, and I have indicated that fact to Mr. STOCKMAN.

I am delighted to report that, due to our collective concerns in this matter, Mr. STOCKMAN has indicated that he would meet with the Senators from the Tennessee Valley area. At his suggestion, the meeting would include the new Secretary of the Treasury, Mr. Regan, and this meeting would take place after Mr. STOCKMAN has had a chance to review this situation.

And he further indicated in a telephone conversation with me that he would do nothing precipitate that would disrupt the prudent financial planning that TVA must exercise to hold down utility costs.

So I am encouraged by this response by Mr. STOCKMAN and I hope that it bodes well on other issues that he is called on to deal with for this Congress.

Mr. President, let me conclude by wishing DAVID STOCKMAN well in his new role. This country certainly needs a forthright Budget Director. While I suspect we are going to have some disagreements in the future, some of a very fundamental nature, I wish Mr. STOCKMAN to know that Congress will discharge its responsibility in working with him to bring about fiscal restraint in the budget in a prudent yet compassionate and equitable manner.

Mr. President, I yield.

Mr. GLENN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLENN. Do we go out at 1:45?

The PRESIDING OFFICER. There will be a recess at 1:45.

Mr. GLENN. We come back in then at what time?

The PRESIDING OFFICER. Five p.m. Who yields time?

Mr. GLENN. Mr. President, I yield such time as may be required by the Senator from Michigan.

Mr. LEVIN. Mr. President, I thank my friend from Ohio.

Before I begin, I do wish to commend the Senator from Wyoming on the skill and the great fairness with which he has chaired today, presiding over the Senate.

The PRESIDING OFFICER. The Chair thanks our distinguished colleague from Michigan for those remarks.

Mr. LEVIN. Mr. President, as a member of the Governmental Affairs Committee, I was present when Mr. STOCKMAN was questioned by our members on a wide variety of economic policy and management issues. I was impressed with his knowledge of a broad range of subjects, his ability to articulate his views, his enthusiasm for his work, and his willingness to take a stand on some of the most complex issues of our time. Our committee found his candor refreshing.

Because of his quick mind, his experience in Congress, his involvement in and research of major economic issues and his willingness to devote long, hard hours to his job I will vote for his nomination. I do, however, want to comment on his economic philosophy and his proposed remedies for this Nation's ailing economy.

I find that philosophy and those remedies doctrinaire and simplistic.

In his zealousness to cut Federal spending, a worthy goal which I support, Mr. STOCKMAN recommends a declaration of economic emergency. Such a statement could prove very dangerous, a judgment happily shared apparently by members of the Reagan economic team and by financial analysts. Credit and capital markets are in precarious enough condition. Statements of doom and disaster are often self-fulfilling prophecies.

I also challenge the doctrinaire and simplistic statement, which Mr. STOCKMAN defends.

Inflation has one cause and one cause only: Government spending more than Government takes in. There is only one answer: a balanced budget.

I also challenge as doctrinaire and simplistic Mr. STOCKMAN's position that

monopolies can exist only with the support and encouragement of the Government. He has stated that—

Monopoly never developed unless it is sanctioned by governmental authority. There is no such thing as a privately developed and composed monopoly.

I also challenge Mr. STOCKMAN's overly aggrandized role of OMB when he stated in response to the committee's written questions that:

Only OMB—

And I emphasize only OMB—

is in a position to assess the relative importance of individual agency requests and strike a balance among the competing demands for Federal resources that is consistent with the President's fiscal policy.

What about the domestic policy group and the domestic policy staff at the White House and what about the President himself?

Mr. STOCKMAN is wedded to the Kemp-Roth tax cut. I am concerned about the inflationary impact of Kemp-Roth and also its inequitable distribution of tax cuts. As long as the Reagan administration and Mr. STOCKMAN remain convinced of the merits of Kemp-Roth, I am afraid we will see larger and larger deficits, and a growing public debt. And I must object to his definition of waste in Government, using the successful UDAG program, as he does, as his example.

Few will dispute the proposition that a consistent tough monetary program will help bring inflation under control. But to look to that strategy alone is dangerously misleading and, in the end, could very well worsen conditions rather than improve them.

And there is no question that a restrictive monetary policy offers higher and higher interest rates in the short run. These rates will subside only when inflation appears under control and the economy assumes a stable posture. But the persistence of these high interest rates has crippled credit sensitive industries such as autos and housing. The short run has been extended into a long and arduous timetable holding despair for businesses and their employees.

Restrictive monetary policy cannot solve all our problems. External price shocks such as OPEC price increases send inflation up. Crop failures and droughts escalate food prices.

We have built into our economy inflation safeguards, protective devices intended to shield us from the hurt inflation inflicts on all of us. Escalator clauses in our wage contracts, automatic adjustments in Federal payments, and the ability to pass on costs to people expecting price increases postpone the really tough questions on inflation. These defensive mechanisms, including indexing of the tax code which Mr. STOCKMAN supports, perpetuate inflation while making inflation more bearable to the beneficiaries of the safeguards.

The wage-price spiral must be addressed by some mechanism, perhaps a voluntary agreement among the leaders of business, labor, and government, or, perhaps a tax-based incomes policy. The wage-price spiral represents the hard-core inflation rate which now measures roughly 9 percent. If we do not address this spiral we cannot hope to bring inflation to acceptable levels. Mr. STOCKMAN objects to the tax-based incomes policy as Government interference but it is an innovative idea, worthy of our consideration.

The complexities of the economy simply do not afford us the luxury of pursuing an anti-inflation program with but a single weapon: restrictive monetary policy.

Let no one mistake or read into this a defense of so-called liberal economics which can be as doctrinaire and as simplistic as Mr. STOCKMAN's economics. Nor let anyone mistake what I am saying or not saying. I am not saying we should not move to a balanced budget and I am not saying Government is not part of our problem. I am saying, unlike the President and Mr. STOCKMAN, that balancing the budget is not the only answer, that there are other components to inflation than Government deficit spending.

Because I do not agree with his philosophy, however, I will not deny Mr. STOCKMAN my vote. President Reagan has an electoral mandate for his philosophy, one strongly endorsed by Mr STOCKMAN, and we in the Senate should allow him to seek to exercise that mandate. This is the only way a President can be truly accountable to the people—by being given a chance at least to offer to put into effect his campaign promises and pledges. Our duty in the Senate is to make sure that the President's nominees are people of personal integrity, experience, and dedication. Mr. STOCKMAN certainly meets these criteria and his views are consistent with the office to which he has been appointed.

Mr. President, in conclusion, while I find Mr. STOCKMAN to be certainly an acceptable nominee, I summarize my concern by referring to his application of doctrinaire economics to the very complex ills of this country.

I am concerned that the price paid for a policy of STOCKMAN's pure monetarism, as Mrs. Thatcher has discovered, will be paid by those least able to pay, the poor, the elderly, the jobless, and the total reliance on it will not cure our real ills.

In other words, while I hope these concerns will be proven wrong, that Mr. STOCKMAN and the President will be successful in their efforts to bring the economy back to health, I cannot but express my fears that a doctrinaire dose of their medicine will prove worse than disease with which our economy is afflicted.

I thank the Chair and again I thank my friend from Ohio.

ORDER OF PROCEDURE

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. GLENN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLENN. What will be the parliamentary situation when we come back at 5 p.m.? What will be the first order of business?

The PRESIDING OFFICER. The first order of business at 5 p.m. will be the vote on confirmation of William Casey.

Mr. GLENN. Followed by?

The PRESIDING OFFICER. Followed by the continuing debate and discussion on this nomination of Mr. STOCKMAN.

Mr. GLENN. That is what I understood the parliamentary situation to be.

I think all those listening in the offices or other Senators who might wish to make statements either with regard to pro or con on Mr. STOCKMAN should be advised that we will be going back in on the debate on the Stockman nomination at 5:20 or 5:25, something like that this afternoon.

The PRESIDING OFFICER. It is the opinion of the Chair that will be the time that those who may wish to do so will enter the discussion.

The time limit remaining is 20 minutes for the Senator from Ohio, 53 minutes for the Senator from Delaware, and 30 minutes for the Senator from Wisconsin, Senator PROXMIRE.

Mr. GLENN. I thank the Chair.

APPRECIATION OF THE CHAIR

The PRESIDING OFFICER (Mr. SIMPSON). Let me just say one should not become so jaded that one does not appreciate the opportunity to preside here, and this is my first occasion. I watched my friends in the former majority do that. I saw that it did become a bit ponderous at times. I hope mine does not become that.

But certainly after floor managing bills and the various items of combat out there, I feel I have completed now the full duty cycle of Senate responsibilities. It was a great honor and a great privilege. I will not let that go by.

RECESS UNTIL 5 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate will stand in recess until 5 p.m.

The Senate, at 1:46 p.m., recessed until 5 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WARNER).

VOTE

NOMINATION OF WILLIAM J. CASEY, OF NEW YORK, TO BE DIRECTOR OF CENTRAL INTELLIGENCE

The PRESIDING OFFICER. The hour of 5 o'clock having arrived, the question before the Senate is, Will the Senate advise and consent to the nomination of William J. Casey, of New York, to be Director of Central Intelligence? On this question, the yeas and navs have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Mississippi (Mr. COCHRAN), the Senator from Iowa (Mr. JEPSEN), and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. LAXALT), would vote "yea."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), and the Senator from New Jersey (Mr. BRADLEY) are necessarily absent.

The PRESIDING OFFICER. Is there

any Senator in the Chamber who desires to vote who has not done so?

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 16 Ex.]

YEAS—95

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bumpers	Hayakawa	Proxmire
Burdick	Heflin	Pryor
Byrd, Harry F., Jr.	Heinz	Quayle
	Helms	Randolph
Byrd, Robert C.	Hollings	Riegle
Cannon	Huddleston	Roth
Chafee	Humphrey	Rudman
Chiles	Inouye	Sarbanes
Cohen	Jackson	Sasser
Cranston	Johnston	Schmitt
D'Amato	Kassebaum	Simpson
Danforth	Kasten	Specter
DeConcini	Kennedy	Stafford
Denton	Leahy	Stennis
Dixon	Levin	Stevens
Dodd	Long	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Tower
Durenberger	Matsunaga	Tsongas
Eagleton	Mattingly	Wallop
East	McClure	Warner
Exon	Melcher	Weicker
Ford	Metzenbaum	Williams
Garn	Mitchell	Zorinsky

NOT VOTING—5

Bentsen	Cochran	Laxalt
Bradley	Jepsen	

So the nomination was confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. MOYNIHAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, I ask that the President be immediately notified that the Senate has given its consent to this nomination.

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

OFFICE OF MANAGEMENT AND BUDGET

NOMINATION OF DAVID A. STOCKMAN, OF MICHIGAN, TO BE DIRECTOR OF OMB

The Senate continued with the consideration of the nomination.

Mr. BAKER. Mr. President, what is the business pending before the Senate?

The PRESIDING OFFICER. The Senate will now resume the consideration of the nomination of DAVID A. STOCKMAN of Michigan to be Director of the Office of Management and Budget.

Who yields time?

Mr. BAKER. Will the distinguished manager of the bill yield me 1 minute?

Mr. ROTH. I am happy to yield.

Mr. BAKER. While I have the opportunity and while there are a number of Senators on the floor, Mr. President, may I inquire how much time we expect to use on the Stockman nomination? Before we try to ascertain that, let me say I would like to see the Senate deal with this nomination and the Kirkpatrick nomination yet this evening if it is possible. It is my hope and intention to conclude our business and recess about 6:30 or 6:45 p.m. and, if we cannot complete both of them by then, to go over and resume the consideration of the remaining nomination on Thursday. I hope we can do that tonight.

May I inquire if there is some possibility that we could reduce time on this nomination?

Mr. GLENN. Mr. President, if the majority leader will yield, may I ask how much time is left on both sides on this confirmation?

The PRESIDING OFFICER. The Senator from Delaware has 52 minutes remaining. The Senator from Ohio has 20 minutes remaining. The Senator from Wisconsin has 30 minutes remaining.

Mr. GLENN. The time, as I understand it, was also—I know that Senator HOLLINGS wishes to speak on this and also Senator PROXMIRE. I want just another 2 or 3 minutes. Does anyone else on this side of the aisle wish to speak on Mr. STOCKMAN?

Mr. HOLLINGS. I thought I would be given 25 minutes.

Mr. GLENN. I indicated I would give some of my 20 minutes and Senator PROXMIRE indicated if he has extra time, he will give the Senator some, also. That will be 25 or 30 minutes, I presume.

Mr. BAKER. Mr. President, I gather from the colloquy on the floor just had with the distinguished Senator from Ohio that it looks as if there may be a requirement for 45 minutes or so on the minority side.

Mr. GLENN. That is correct.

Mr. BAKER. May I inquire of the Senator from Delaware how much time he anticipates using on this side?

Mr. ROTH. We yielded 10 minutes to the Senator from Montana. I doubt we shall take more than an additional 10 minutes.

Mr. BAKER. It appears, then, that we have a good hour before us and possibly more than that, together with the rollcall vote. So I think it is unlikely that we shall finish all three nominees today. It is my intention, then, to try to conclude the Stockman nomination today and put the Kirkpatrick nomination over until Thursday.

May I inquire, before I yield the floor, would it be at all possible to agree on a time certain to vote under these circumstances, say not later than 6:30?

Let me inquire, then, based on the colloquies we have had, whether or not it might be possible to have an agreement to have the vote on STOCKMAN not later than 6:45. That will give us an hour and 20 minutes. It appears to meet with some favor on the floor. At this time, I ask unanimous consent that the vote on the Stockman nomination occur not later than 6:45.

Mr. GLENN. Reserving the right to object, and I do not plan to object, I understand that there will not be needed more than 10 minutes on that side. I do not want to cut short the time we have available on our side. It is 30 minutes for the Senator from Wisconsin and I have 21 minutes over here.

Mr. PROXMIRE. I do not expect to take my full 30 minutes. I shall yield some of my time to the Senator from South Carolina and the Senator from Montana. I would like to be able to follow Senator HOLLINGS.

Mr. GLENN. So long as we have our 51 minutes total.

Mr. BAKER. Mr. President, I think that is a fair arrangement. I ask unanimous consent that the vote on the Stockman nomination occur not later than 6:45 p.m., with the understanding that the minority will have not less than 51 minutes of the time remaining.

Mr. GLENN. That is satisfactory.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GLENN. Mr. President, I yield 20 minutes of my time to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, it is my intent to vote for the nomination of DAVID STOCKMAN as Director of the Office of Management and Budget. I think this is a timely occasion to note the progress that we have made under the budget process and some of the restrictions and impediments that we have met in trying to bring fiscal responsibility and a balanced budget to the Nation's finances. One of the big hurdles that we have had is a partisan stance over the House side, in contrast to here, on the Senate side, where we have had the distinguished Senator from Oklahoma (Mr. BELLMON) and now my distinguished chairman (Mr. DOMENICI) working in a very cooperative, bipartisan way. We have had compromise and give and take, and we have presented bipartisan budgets, working through the various conferences. We have done that on the premise that, even with constitutional amendment, proposals for a balanced budget, even with rule changes that said we could not have a deficit budget unless we have a two-thirds vote written into the Constitution, any and all the approaches still bring us back to the bottom line of accommodation and compromise and working a general will in a gentlemanly fashion here on the floor of the Senate itself and on the floor of the House of Representatives.

One of the leaders of a block of some 100 Congressmen who prided themselves that they never have voted for a debt limit bill and that they never have voted for a budget resolution is our distinguished friend, the present nominee for the position of Director of the Office of Management and Budget.

Over on the House side, he would habitually call the budget process a "Trojan horse," an "exercise in symbolism," "political desperation," "policy gimmickry," and other characterizations of that kind. That is a luxury I wish we all could afford. It would be nice just to get up and call names and politicize the entire process.

My dismay, then, and the reason for these comments and in taking the floor this afternoon, is to request that the distinguished Director of the Office of Management and Budget temper his remarks and eliminate the inflammatory and provocative approach.

I have not seen that change, unfor-

tunately, since he was first mentioned for the post back in November. On the contrary, he became a little more encouraged with the idea that he might be Director, and he laid down his manifesto. Along with the manifesto, was his article in the Outlook section of the Washington Post, in which he said the Nation was facing an economic Dunkirk; that the first thing we are going to have to do in January is to declare an economic emergency. He terrorized, he intimidated, and he frightened the market and the economists and the business leadership to such an extent that Dr. Arthur Burns, former chairman of the Federal Reserve Board, and many others, cautioned us saying "we don't need this talk about an economic Dunkirk. We're not facing that."

In fact, some of the economists went on to say that the economy was doing better and cited the growth rates, talked of the diminution in unemployment (whereas a 9-percent rate had been projected, we are at a far lower 7.4 percent) and talked of the increase in productivity on the part of the American industrial machine.

However, that did not deter DAVID STOCKMAN. He said that what we needed would be a jolt to the economy; he said that there would be blood on the floor; he said that the budget was an automatic coast-to-coast soup line.

When President Carter worked around the clock with his economists and his advisers and his Director of the Office of Management and Budget, DAVE STOCKMAN callously threw President Carter's budget aside, saying it is strictly a political budget.

Mr. ROBERT C. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HOLLINGS. Mr. President, all budgets are political. That is the intent. They are a political document, not only balancing in financial terms and hopefully paying the Nation's bills, but also, more than anything else, balancing the priorities.

Let us look at two or three items in the Carter budget. For example, President Carter recommended a 10-cent tax on gasoline. And what did President Reagan do today? He came along with decontrol of the price of gasoline, or a 10-cent tax on gasoline. That is what it will amount to, and probably much more.

The fact is that under the Carter approach, the 10-cent tax on gasoline would go to the National Treasury, but this new decontrol tax is going to be split three ways. A third of it is going to the Arabs; a third of it is going to Exxon, and; yes, the Reagan administration will pick up a third under the windfall profits tax. The administration likes that windfall profits tax. It is not going to do away with that.

So the very first thing, with all the polemics and the Dunkirks and the coast-to-coast soup lines, and Kemp-Roth, and cutting taxes across the board, we have an increase in taxes. He calls it decontrol, but I call it an increased tax on the consuming public of the United States.

Incidentally, I oppose both. I do not believe that now is the time to start increasing inflation. I do not believe in the gasoline tax increase. And I do not believe in the removal of controls or the decontrol tax, to be picked up partially by windfall and the remainder going to OPEC and the big oil companies.

President Carter withdrew State revenue sharing in his budget. Is that political? I guess so. We all have stood for State revenue sharing; but in setting the priorities, the States have more than $10 billion in surpluses, and we are facing $60 billion in deficits. So he had the courage to include the temporary elimination of State revenue sharing, leaving only that share going to cities and counties.

What about the politics of the twice-a-year cost-of-living adjustment? The Carter budget did away with that. Is the Reagan budget going to recommend continuation of this "hemorrhage?" We are going to have to use those descriptions. Let us get on with them, then. There is a hemorrhage in the pension and retirement system of Senators, Congressmen, Directors of the Office of Management and Budget, and Civil Service retirees. I will go into that later, because we are going to have a good time debating that.

I notice that when former Speaker McCormack passed away, although he had been paid some $42,500 as a Congressman, at the time of his death he was receiving $91,000 a year, under the cost-of-living computations. Is the Reagan budget going to remove that one? Some of my good friends on the other side of the aisle are always chastising us about this, but we are never going to have a balanced budget unless we get control of this hemorrhage.

President Carter recommended changing the computation of the Consumer Price Index to remove the housing mortgage element, which exaggerates the true cost of living. This could save us billions of dollars in the cost-of-living and the other adjustments to benefit payments in the Federal budget.

President Carter recommended a change in the computation in the national trigger price for unemployment compensation, saving $2.2 billion.

President Carter recommended another $26 billion for defense.

Now are my colleagues on the other side of the aisle going to eliminate all those things in order to get a balanced budget?

As to these coast-to-coast soup lines and everything we have had to listen to in November, December, and January, we have had 90 days of that, and we have stayed beautifully quiet. We were defeated on November 4, but we are not dead, Mr. President.

Let us look at exactly what we did, under a bipartisan approach to our national budget process, in Congress.

With bipartisanship, we have in the present 1981 budget a document which has been described by the economists—and I can give the testimony—as a restrictive budget. We refused new programs. We cut $5.4 billion from current policy. We cut 10 percent from the controllable programs. That was a pretty tough job to do.

We did not hemorrhage. We debated conscientiously and tried to get the cuts that could be made.

But budget-making being the art of compromise, there was give and take. We had a difficult time over on the House side. If instead of the polemics, the histrionics, and the drama of trojan horses, if they could have cooperated over these with Congressman RALPH REGULA and Congresswoman MARJORIE HOLT and some of the Republican leadership that did try to help us, we could have had lower figures, I say to the senior Senator from New Mexico. But with a 100 plus bloc of Republicans, led by the Director-designate of the Office of Management and Budget, in opposition, the budget was turned over to more liberal colleagues who believed in more liberal spending.

Within the last 5 to 6 years we instituted 5-year budgeting in the budget resolution so we could project some vision and direction. We established a credit budget to control the Federal loans and loan guarantees.

We established a reconciliation process that saved $8.4 billion. We had 9 committees of the Senate and 10 committees of the House of Representatives, 100 Congressmen and Senators, meeting to work with each other over several weeks. And they saved in the present budget $8.2 billion.

Mr. President, the budget system is working.

My time is limited and we all want to try to get on to a vote, but I could give example after example. The most recent one, of course, was when our distinguished chairman, Senator Pell, brought the higher education bill to the Chamber, and it removed the $25,000 income level cap. So these moneys were not helping the disadvantaged but rather extending those benefits, and it would have cost billions and billions of dollars more. We had a rather heated debate.

They told us we were against higher education. They dutifully went to each one of my State's black colleges and they had a black college president call me and say:

Chicken Little the sky is falling.

They asked me:

What is happening to you? You have always been on our side. You are ruining higher education.

But after the tempers cooled, we came back. They did go back into conference and brought out a very good bill, and we saved $4 billion. That is just one example.

Mr. PELL. Mr. President, will the Senator yield on that point?

Mr. HOLLINGS. I yield.

Mr. PELL. I agree we brought out a bill that was more preferable by him. I still like the first bill. I still think that money spent on that higher education was money well spent. But this is a point, as pointed out, we debated vigorously that evening. I just could not let the remark go by.

Mr. HOLLINGS. No. That is us all. We are the man. The man who has his mind

changed against his will is of the same opinion still.

That is the point.

If each of the 100 Senators has his way and if each of our colleagues on the House side has his way, there will never be a budget resolution or reconciliation.

So there has been progress and it should not be discounted. The budget is not balanced, but equally it is not hemorrhaging.

Adlai Stevenson, when asked once whether he was a conservative or liberal, said:

That is not the important question. The important question is am I headed in the right direction.

Mr. President, this Congress, Senator Pell, and all the others are working together here, and they and the distinguished Senator from New York, and the others who worked with the Finance Committee in building a majority for the reconciliation measure, all gave and compromised and brought out a good work product that has put us on track and headed us in the right direction.

Mr. President, now we see that our friend from Michigan who is to be the budget director continues with his inflammatory language. I hope he will just cool it a while and start working with us so we can develop a bipartisan approach, because I am very, very fearful that the jolt that will be received will be to him, and the blood on the floor could well be his. I say that advisedly.

We have had too much politicizing and to get right to the point, Mr. President, I wish to refer to the debt limit. Limiting deficit spending was a part of every campaign. I was in one and was accused the very same way as others when we acted responsibly and voted to extend the debt limit to keep the Government continuing and to pay our bills. The opposition, namely those represented by DAVID STOCKMAN, did not vote to extend that debt limit in 1979, they did not vote to extend that debt limit in 1980, and they labeled the legislation "busting the budget." In fact they put it in very colorful political ads, Mr. President. You should see this because I think maybe we Democrats could use some of this in the next election if we are going to get back a majority.

Mr. President, I ask unanimous consent to have printed in the RECORD the document entitled "Key Issues—Conservative Versus Liberal Positions" to which I have made reference.

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

KEY ISSUES—CONSERVATIVE VERSUS LIBERAL POSITIONS

	Kennedy	McGovern	Morgan	Helms	East
Slash defense budget by $1 billion, Aug. 2, 1976 (H.R. 14262).	Yes	Yes	Yes	No	No.
Build vitally needed B-1 bomber, July 18, 1977 (H.R. 7933).	No	No	No	Yes	Yes.
Increase defense budget by $1.6 billion, Apr. 26, 1978 (S. 80).	No	No	No	Yes	Yes.
Allow unions to use forced dues for political purposes, Aug. 3, 1977 (S. 926).	Yes	Yes	Yes	No	No.
Free food stamps, May 24, 1977 (S. 275)	Yes	Yes	Yes	No	No.
Panama Canal giveaway, Apr. 18, 1978	Yes	Yes	Yes	No	No.
Limit deficit spending, Mar. 26, 1979 (H.R. 2534)	No	No	No	Yes	Yes.

Mr. HOLLINGS. I am referring now to a document entitled "Key Issues—Conservative Versus Liberal Positions," that was employed against my distinguished colleague from North Carolina, the former Senator Robert Morgan. You will see here a picture of Senators KENNEDY, McGovern, and Morgan, and listed on the other side are Senator HELMS and Mr. EAST. And they go down the list, and when they get down to limiting deficit spending, busing the budget, they give a date, March 26, 1979, and a bill H.R. 2534, the debt limit bill.

KENNEDY voted no, not to limit Federal spending; McGovern voted no, not to limit Federal spending; Morgan voted no, not to limit Federal spending; HELMS voted yes, to limit Federal spending; and EAST, the present distinguished Senator from North Carolina, voted yes, to limit Federal spending. I do not know where he voted down there in East Carolina. I guess that was a pretty good vote.

But you see the public never was told the truth about that kind of legislation. I say to Senator DOMENICI that all I am trying to do is bring DAVE STOCKMAN into the majority. He has a responsibility. And if he is going to continue politicizing and running around like Chicken Little licken, the sky is falling, and with his coast-to-coast souplines and his hemorrhaging, and if he is going to act like he is the only one that has ever thought of a balanced budget and bringing discipline and order out of chaos, let him be put on notice that we will discipline him. A good place to start would be when the message to raise the debt limit from $935 billion to $990 billion is sent over in a few days. I think perhaps we should hang back and let our majority colleagues vote, as they describe it, to bust the Nation's budget, to vote against limiting Federal spending.

Mr. HOLLINGS. Mr. President, I thank the distinguished Chair and particularly my distinguished colleague from Ohio.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank my friend, the distinguished chairman.

Mr. President, while DAVID ALAN STOCKMAN was never formally a student of mine, for 2 years he lived with me and my family while he was a student in the Graduate School of Divinity at Harvard University, and we developed the closest and most continuous relationship. Indeed, he has been generous enough on occasion in the past to describe himself as having indeed been a student. Therefore, I think I have attained to the unique condition of someone in this body who can stand and thoughtfully state that he holds a Director of the Office of Management and Budget in affection. Because, surely in my time as a teacher, I have known no one for whom I developed a closer regard or a higher respect.

As the distinguished Senator from South Carolina has observed, he is a man of strongly held views. They are frequently controversial. I commence to think they may be always controversial. But they are never uninformed.

His is a disciplined mind that has attended to problems that are new to the Nation. He brings to them new perspectives and an extraordinary capacity for work and for analysis.

From our side of the aisle it is clear that for the period immediately ahead we cannot outvote him. Accordingly, we shall have to try to outthink him. That will be an experience, I suspect, that will do us both good.

I would have to record that I have myself been increasingly at variance with his judgments, but I continue to respect him and I know this body will. I hope he will learn to respect us in return, and I think he will.

But I would like to echo the Senator from South Carolina, the former distinguished chairman, to say that on this side of the aisle we will wait with some interest, if not indeed avidity, to learn just why the limit on the national debt ought to be increased, having just recently been instructed in the errors of any such effort, and the political calamities that can ensue on those who have not sufficiently freed themselves of such error.

Even so, Mr. President, I expect Mr. STOCKMAN will be a distinguished budget director. He will advocate his position with great capacity, clarity, and force. I look forward to his service for the 4 years ahead.

I thank the Senator from Delaware for yielding me this time and a personal opportunity to state my regard for the present nominee.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I would like to yield 3 minutes to the distinguished Senator from Indiana.

Mr. PROXMIRE. Can I follow the Senator from Indiana?

Mr. QUAYLE. Mr. President, I thank the Senator from Delaware. I will take just 3 minutes.

It is a real privilege to stand in this body and talk about my good friend and former colleague in the House of Representatives, DAVID STOCKMAN. DAVID STOCKMAN was an outstanding legislator in the House of Representatives, and he will be an outstanding Director of the Office of Management and Budget. As a matter of fact, I am impressed with DAVE STOCKMAN, and was so from the very first day that I was in Congress. He had been there before working on the conference chairmanship because DAVID STOCKMAN had insight, he was a leader, and he was never afraid to stand up and tell us where he thought this Nation

should be going, particularly in the relationship of our budget process.

DAVE STOCKMAN will be missed in the political arena of the House of Representatives. As a matter of fact, I am always a bit sad to see someone go from the legislative body into the executive branch because he never comes back, and DAVID STOCKMAN'S contribution should not end when the Reagan administration at some juncture 4 or 8 years will be over.

He will be missed, and he is, as many people have referred to on this floor, one of the few intellectuals whom we have in this institution of ours.

DAVID STOCKMAN and I were cochairmen of the task force on economic policy, and he proved to be a leader in outlining solutions to economic difficulties and the bureaucratic waste of this country.

He has proved to be a master of the budget process and has outlined in line-by-line items where savings can be made in tax dollars.

He is one of the most articulate of the supply side economists in the Congress.

DAVE STOCKMAN has won respect for his perceptive comments and well-constructed proposals to trim wasteful and unworkable programs from overall Federal spending.

DAVID STOCKMAN is the right man at the right time.

I thank the distinguished Senator from Delaware for yielding me this time.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I yield myself such time as I may require, and I do not expect to use anything like the half hour.

I have voted against five of the Reagan nominations. I have voted for nine of them, and most of them I voted for with little enthusiasm.

Here is a man for whom I vote with great enthusiasm. He is the right man for the right job, and I appreciate what Senator QUAYLE just said. I certainly wholeheartedly agree with him.

He has just been attacked for being too partisan, and occasionally being inconsistent. As all of us who have been here know and, as Emerson noted, if you are not inconsistent you probably have a little mind.

I would criticize him for not being very responsive to the questions I put to him after his nomination. He has not been responsive to the Congress, although he has been very responsive in the newspapers, indicating what he wanted to do.

In his confirmation hearings he was not as responsive as, in my judgment, he should have been.

He has now been attacked for voting against every budget resolution. That is one of the reasons why I am for him. I voted against every budget resolution, too, because every budget resolution we have had since STOCKMAN was in the House would have given us a deep deficit, and they should have given us a substantial budget surplus. He voted the right way. He voted against increasing the national debt once again as a protest against extending spending. What was he supposed to do? What was I supposed to do? What was anybody expected to do when the debt has gotten so big that it is well over $930 billion, and it is expected to go over $1 trillion?

The debt limit is expected to go to $995 billion and, Mr. President, I expect to vote against that, and I have great respect for Mr. STOCKMAN for having taken that position.

Mr. President, here is a man who knows the budget. I think he has impressed everyone in his appearances; whether they liked him or not, or disliked him, whether they think he is going to be harmful to our national policy or hurtful to some of the interests in our States, everybody must admit he knows this budget, knows it well, knows it thoroughly, knows it backward and forward.

We also have to admit he is smart. But he has another quality that is more important than any of these others, and it is a quality which, in my judgment, makes him very distinctive in this Cabinet, and that is a zeal, a real zeal, a desire to do his job. I can tell that here is a man who cannot wait to get at his job. He wants to do his job because he feels very deeply that the problem of this country is that the Government has gotten too big.

We are going to have to make some painful and difficult cuts, and they are going to have to take an enormous amount of work on the part of the Budget Director, who is the principal "no man" in this administration. He is going to have to say "no" again and again and again.

Mr. President, here is a man who demonstrated his courage by being the only member of the Michigan delegation to vote against the Chrysler bailout. Now that, in my judgment, took a great deal of courage in the State of Michigan which, obviously, is our No. 1 automobile State, and the State where Michigan's, much of Michigan's, productive capabilities are concentrated. He voted "no." He not only voted "no" but he made a very thoughtful, reasoned, devastating statement in the Washington Post as to why we should not bail out Chrysler.

He is a man who has developed opposition in this body because he opposes reindustrialization. I think that is the right position, Mr. President. We cannot make the Government smaller by making it bigger, and if the Government is going to bail out Chrysler, if we are going to provide for Federal loans, loan guarantees, the creation of another Reconstruction Finance Corporation, refundable tax credits, allocation of funds by the Federal Reserve, the Government is going to be a bigger and bigger force in the marketplace.

Mr. President, these positions that Mr. STOCKMAN has taken are not popular positions with many, and he has shown he has the kind of force, the kind of courage, the kind of grit, the kind of stamina that we need in a Budget Director.

I sometimes get the feeling that the only two people in this administration who have that kind of conviction and zeal are President Reagan and DAVID STOCKMAN. If there ever was an indispensable person under these circumstances it is Mr. STOCKMAN.

This country is determined, all the indications are, to find a way of cutting the size of Government, to stop the momentum that has been going on for 50 years in Republican as well as Democratic administrations, a momentum that is going to be extraordinarily difficult to arrest.

Obviously, Mr. STOCKMAN fully appreciates that and understands it. Obviously, Mr. STOCKMAN is going to give President Reagan his full support and, obviously, to me President Reagan was elected very largely because he took the position that Government was too big and we had to reduce its size.

Just one more point, Mr. President. We have had hearings all day today in the Appropriations Committee on the budget and on the economy. It is very clear that if we are going to do what we have to do in the next few years, which is to increase the military budget, we are going to do that, we have to do it, and it is going to happen—if we are going to reduce taxes, and we obviously have to do that. I think everybody recognizes the burdens on the taxpayers are too big, and it is one of the reasons why our productivity has been declining, one of the reasons investment is too low and our savings are too low, yet at the same time we increase the military budget and reduce taxes we are going to not only balance the budget but earn substantial surpluses which we should do in order to reduce the national debt.

The only way we can do it is by making extraordinarily deep cuts in services—not eliminating waste and fraud but cutting actual services—cutting programs that we like in health, in education, in housing, in aid for the cities, in helping firms that are in difficulty. We would like to do it. However, we are going to have to say "no, no, no."

Unfortunately, going over the record of the people in the Cabinet, and having asked, submitted, questions to every one of them, I find very little enthusiasm, even in this Cabinet, the Reagan Cabinet, for that kind of a tough, unpopular program.

One man has made his record clear over and over and over again in what he has said in public, by his record in the House, and that is Mr. STOCKMAN.

So, Mr. President, with considerable enthusiasm, I am delighted to announce my support for Mr. STOCKMAN. I think he is going to be exactly what we need. If he does fail it is going to be a tragedy for this country.

It is going to mean that we are going to have an inflation that is going to be not only difficult for those who have credit and who have money and who find the value of their money declining, but it is an inflation that is going to slow down our economy and is going to be a serious plague.

I think his nomination is most desirable and I congratulate President Reagan on having made it.

Mr. President, here is the first question I asked him and his answer:

(Q) What are your budgetary goals for fiscal year 1982 and the remainder of fiscal year 1981? In constant fiscal year 1981 dollars, what is your goal for the Federal government in fiscal year 1982 in terms of new budget authority and outlays?

(A). (No answer). I cannot respond to this question at the present time because these goals are still under discussion with the Reagan Administration.

Yet, in an article he wrote for the Washington Post on December 14, 1980—the Stockman manifesto—he is very specific.

He says that for fiscal year 1981 he believes the administration should aim at holding outlays to the $635 billion range and that a hiring freeze should be instigated and that "severe cutbacks in agency travel, equipment procurement, and outside contracting" should be made.

Great. He is right. He spells out his goals. That is an answer to a part of my question.

But why is it that he wrote that for the public but did not tell us precisely that?

Obviously, the President may or may not accept his proposals. But there is no reason for him to not answer when asked by a Senator during his confirmation proceedings.

I also asked him a series of questions about civilian employment, what plans he had to progress toward the anti-inflation goal, and what were his budget priorities.

Here are those questions and his answers:

(Q). What is your goal for full-time permanent civilian employment in the Federal government comparing the number on board on September 30, 1981 with September 30, 1980?

(A). I hope that we would be able to reduce full-time permanent civil employment over this period. I am not able to provide a precise numerical goal at the moment, however.

(Q). What plans, commitments, or reports if any will you make to assure that the government will progress towards the anti-inflation goal so essential to the economy?

(A). Controlling inflation is clearly going to be the highest priority of the new Administration. I discussed at some length in my oral testimony how I believe our comprehensive economic plan can address this.

(Q). What are your Budget priorities for the government? If you were required to cut back budget authority by 10%, where would you recommend that the budget be cut? What are your lowest 20%, 30%, and 50% priorities? These lowest spending priorities should include entitlements as well as areas subject to cuts without additional legislation.

(A). It would be premature to answer this question at the present time.

But in his manifesto, Mr. STOCKMAN was very good and very precise about what he would do in these areas.

For fiscal year 1982 and later he proposes—

(1). Public sector capital investment deferrals, highways, mass transit, sewer treatment, public works, national parks and airport facilities.

"In light of the current financial crisis, a modest deferral and stretch-out of activity rates (a 10-20 percent reduction) in these areas should be considered."

(2). Non-Social Security Entitlements: food stamps, cash assistance, Medicaid, disability, heating assistance, housing assistance, WC (Women, infants, children supplemental food program), school lunches, and unemployment compensation amount to $100 billion.

"A carefully tailored package to reduce eligibility, overlap, and abuse should be developed for these areas—with a potential savings of $10 to $20 billion."

(3). Low Priority Program Cutback.

He lists: NASA, CETA, UDAG, Community Development, EDA, urban parks, impact aid, ACTION, Dept. of Energy commercialization and information programs, arts and humanities, and the Consumer Cooperative bank, amounting to $25 billion.

He concludes:

Most of these programs are ineffective or low priority and could be cut by at least one-third or $8 billion.

(4). Federal credit, lending and guarantee reform.

He says these are now running rampant, and that it is no good cutting if the program or programs are merely shifted to concessional loan authorities with the resulting outlays laundered through the FFB (Federal Financing Bank).

Again, those are great answers. We have a man who really knows his job. But why did he not answer the questions and tell us his plans when he has been quite willing to rush into print with them in the Outlook section of the Washington Post?

And listen to this warning he made in that article as well.

This is from the Stockman manifesto, Washington Post, December 14, 1980—

The preeminent danger is that an initial economic policy package that includes tax cuts but does not contain decisive, credible elements on matters of outlay control, future budget authority reduction, and a believable plan for curtailing the federal government's massive direct and indirect credit absorption will generate pervasive expectations of a continuing "Reagan inflation."

In addition, he was very precise in his memo about where to cut excessive Government regulation. This is the kind of answer he might have given us about his additional plans to fight inflation in my third question.

Here is what he tells us:

Regulatory Ventilation—This component also has two segments. The most urgent is a well planned series of unilateral administrative actions to defer, revise or rescind existing and pending regulations where clear legal authority exists. The potential here is staggering, as this hastily compiled list of specific actions indicates:

Action and Impact

Grant model year '82 carbon monoxide waiver: $300 million auto industry savings.

Rescind passive restraint standard: $300–600 million auto investment savings over 3 years.

Relax 1984 heavy duty truck emission standard: Minimum savings of $100 million.

Simplify auto emissions certification and testing: $80 million per year.

Modify ambient air standard for ozone to permit multiple exceedences or higher standard value in conformance with scientific evidence: $15 to $40 billion in reduced compliance costs over next 8 years.

Eliminate unnecessary new source performance standards for small industrial boilers: $4–2 billion over next 5 years.

Cancel EPA fuel additive testing program: Savings of $90 to $120 million.

Relax proposed light duty truck emission standards for post-1983: Savings would be a substantial fraction of currently estimated $1.3 billion compliance cost.

Modify or defer EPA pretreatment standards for industrial waste-water: Savings of a substantial fraction of the $6 billion compliance cost for just 3 sectors: utilities, steel and paper.

Cancel DOE appliance efficiency standards: Avoids multibillion havoc in an industry that is already improving product efficiency in response to market pressure.

Eliminate building energy performance standards: Market forces are working here too, but rigid BTU budgets for each new structure could cost billions per year for non-cost-effective energy savings.

Modify Resource Conservation & Recovery Act to incorporate "degree of hazard" and control system simplification: Savings would be some fraction of $2 billion a year.

Defer new OSHA workplace noise standards: Save $250 million a year.

Modify or defer pending OSHA standards on scaffolding, asbestos exposure, cadmium and chromium exposure and grain elevator dust control: More than $1 billion in annual combined savings.

On a second front, both temporary and permanent statutory revisions will be needed. There are literally dozens of rule-making and compliance deadlines on the statute books for the next 20 months that cannot be prudently met. An omnibus "suspense bill" might be necessary during the 100-day session to defer these deadlines and to implement the one-year moratorium on new rulemakings proposed by Murray Weidenbaum [who heads the Reagan regulatory task force].

Finally, a fundamental legislative policy reform package to be considered after the 100-day period will have to be developed. This would primarily involve the insertion of mandatory cost-benefit, cost-effectiveness and comparative risk analyses into the basic enabling acts—Clean Air and Water, Safe Drinking Water, OSHA, etc. Without these statutory changes, administrative rule-making revisions in many cases will be subject to successful court challenge.

I support him. I support his budget and personnel goals. I only wish he had replied to my questions as specifically as he provided the public with his answers to these very difficult problems.

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

Mr. DOMENICI. Mr. President, will the Senator yield me 2 minutes?

Mr. PROXMIRE. Mr. President, I am happy to yield 2 minutes to my friend from New Mexico.

Mr. DOMENICI. Mr. President, I want to commend my good friend for what he has just said. Yes, it is true that we are not going to get where we have to go in terms of our fiscal responsibility without bipartisan support. I wish Senator HOLLINGS were here, because I want to assure him that in my role, as I work with our new OMB Director, I am regularly saying we need and have many friends and it is both sides of the aisle that is going to make this work.

I think Senator HOLLINGS, as the ranking minority member on the Budget Committee, is going to find him to be that. I think the Senator from Wisconsin, as ranking member on the Appropriations Committee, is going to find consultation, getting together, talking

about how we are going to resolve this incredible legacy. And that is what it is.

It is not 1 year, it is not 2 years, it is not 3 years, but the inheritance and the legacy that falls on this Congress and this President and the American people as portrayed in this budget and what it is going to look like in the next 4 or 5 years without major surgery is incredible.

This debt limit that we are talking about is an inheritance. There is no one around here who should kid themselves. There is no magic man in the White House, and DAVID STOCKMAN is no magician. That increase in the debt limit is for this year. We are not talking about a Reagan game plan or a Stockman plan worked out with us to cut. We know that the debt limit will not cover what we, this Congress, have already set in motion. I think my good friend from Wisconsin understands that. That is not saying that he should vote for it or not. I say to my good friend, but it is literally what has been dumped and inherited as far as a fiscal game plan.

I am hopeful we will look at that national debt that way in this body. I am hopeful we will begin to look as it realistically in terms of are we really making some headway moving toward that day when we do not have to ask for any additional limit add-ons for a whole year and maybe, as the Senator has suggested, for 2 or 3 years in a row and actually diminish the debt. I hope that happens.

But the point I am making is that we have one tremendous responsibility to build back vitality into the American economy and it will not happen without fiscal restraint and tax cuts.

He is the right man to help this President and through his OMB effort to help us come up with some budget resolution—no criticism of what has happened in the past, just acknowledging that the legacy cannot continue much longer without bankrupting the potential for growth and for the development of wealth that we can distribute to those many programs for those who need.

We have to concentrate once again on building that back, that wealth, that growth which I think the Senator has stated precisely the cure for today. I compliment the Senator on it.

I do not see how an OMB Director is going to help us without being tough. I do not think he is going to be of any help to this President or to the American people unless he is truly willing to use some zeal, as the Senator has described it, for budget cutting. It is easy to do the other thing. Cutting, if you have zeal on that, you are a special kind of person, I think, and I think that is what he is.

I thank the Senator for yielding.

Mr. PROXMIRE. Mr. President, I thank my friend from New Mexico. I am delighted to hear his remarks. I assure him of my cooperation with him, as chairman of the Budget Committee, in every way I know how to help hold down the budget.

I would like to say, however, that I am skeptical about that debt limit. I agree that much of it is because of the momentum of the past, as I have indicated, but I am skeptical about whether or not we should go from $935 to $995 billion debt limit. That seems to me to be a very big increase. I think that a vote against the increase in the debt limit is not irresponsible. I think it is very responsible.

I think it is the most responsible vote I can cast if it is that much of an increase. I think we can make cuts and we ought to make them right away. We ought to make it clear to the public we are starting as of now to move in the other direction.

The President will never have more support than he has now. The election is fresh in our minds. I think that if the President goes for a lower debt limit than it has been rumored he is going to ask for, he would be right. If he goes for that higher limit, I will vote against it.

The PRESIDING OFFICER (Mr. SYMMS). Who yields time?

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from Montana.

Mr. MELCHER. Mr. President, I thank my friend from Delaware for yielding me the time.

Mr. President, at the outset, I want to make it clear that I will vote for DAVID STOCKMAN'S confirmation, because I think our new President ought to have Government officers who he trusts and can work with.

I believe Mr. STOCKMAN has a careful perspective about some economic matters, but not all economic matters, of course. Then he has shown some blind spots—and they are serious blind spots—on agricultural policy.

Mr. President, I want to serve notice to the Congress, and to the American farmers and ranchers, that this man—who will control the purse strings of the Government—has no understanding at all of the needs of American agriculture.

While President Reagan's new Agriculture Secretary, John Block, has made a strong commitment toward cooperating with Congress to write a good farm bill this year, Mr. STOCKMAN has made it abundantly clear that he has no use for Government programs to protect farmers from disaster.

I would like to be able to say that Mr. STOCKMAN is indifferent to the problems of farmers and ranchers. I would like to say that he just does not know about farming. But I submit that he is contemptuous of those problems and needs.

In 1978, when Idaho potato farmers were awash in their own abundant crop, Secretary Bob Bergland took action to help them out with price supports. On December 28 of that year, Mr. STOCKMAN wrote to the Secretary complaining about this sensible act. I ask unanimous consent that a copy of STOCKMAN'S letter be printed in the RECORD.

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

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 28, 1978.

Hon. BOB BERGLAND,
Secretary, U.S. Department of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: This is to express my unabated outrage at the Department of Agriculture's recently announced intention to prop up the price of Idaho potatoes. After you spread the taxpayers' and consumers' gravy on the Russets, where will you strike next? Broccoli? Turnips? Peppermint?

Having reviewed the Department's sorry record of economic doubletalk on the need for "market stabilization" in feed grains, wheat, peanuts, dairy, and sugar, I'm beginning to wonder just what your concept of agricultural markets and policy really is. It is understandable, if not excusable, when Members of Congress from commodity-growing regions come trotting in with dog-eared claims and lame justifications for special dispensations that will force the taxpayer to absorb the predictable risks inherent in any line of business activity, including farming. But I would certanly hope that the USDA could exercise some semblance of leadership by occasionally resisting these self-serving, parochial claims and asserting at least a minimum regard for the general public interest and for the fact that temporary supply, demand, price, cost, and profit fluctuations are a normal part of the market system and are by no means unique to agricultural commodities. Just ask some of the scrap dealers, aluminum smelters, or auto dealers in any congressional district in the country.

It is about time that the Department stop playing nursemaid to the proliferating array of cry-baby commodity groups in this country. It is bad enough when we indemnify producers for the short-term losses associated with capricious—but nevertheless predictable—unfriendly acts of nature such as wet planting seasons, dry summers, or minor floods. But the principle implicit in your potato rescue is that producers must be indemnified for nature's acts of beneficience and bounty as well. Under just what idealized conditions of proper temperatures, planting conditions, growing seasons, and yields would you expect supply and demand to perfectly balance at the "just" price so that producers could be allowed to stand on their own two feet? And just how often can taxpayers expect that the presence of such ideal market conditions would permit surcease from their current subsidy burdens? Once per century?

Mr. Secretary, in my view we are long overdue in burying the four decade old, Depression-bred myth about dirt-poor yeomen ill-equipped to cope with the uncertainties of the domestic and international marketplace. Agriculture is now a highly-capitalized, fully-commercial line of business. If farm operators think they can do better for themselves with big spreads, huge machinery investments and scientific farming practices than with a ten acre plot, a mule and last year's Farmer's Almanac, then let them start assuming the obligations of commercial businessmen—cash flow management, asset structure optimization, market-oriented cropping patterns, and futures market hedging.

I fully realize that apologists for the current farm policy will argue that the transition to a commercial agriculture policy must be gradual in order to avoid undue dislocations, inequities, and so on. But your recent unjustified bail-out amounts to a full-scale charge to the rear. Indeed, your Department's supine capitulation in this potato caper makes the best argument yet for congressional enactment of a "cold turkey" policy for American agriculture.

With all best wishes, I am

Yours very truly,

DAVE STOCKMAN,
Member of Congress.

Mr. MELCHER. Mr. President, DAVID STOCKMAN is the kind of fellow who would call the Dust Bowl, or last year's drought, a part of the normal functioning of the market. The crazy spiral up-

ward in the cost of production is just a normal market function for Mr. STOCKMAN. The fact that a lot of our farmers and ranchers are just hanging on by their fingernails, that is just the market at work.

DAVID STOCKMAN talks about the production of food and fiber as if it were a General Motors assembly line instead of 2½ million farm families working as hard as they can to provide America and the world with cheap food. And lately, if these farm families are able to pay their bills when the crops come in, that is a big year.

As I understand it, two out of three farmers voted for President Reagan last year, and the only trouble with that is that these farmers and ranchers could have had no idea that they were getting someone like STOCKMAN in the bargain.

I am sincerely concerned that when John Block sends a strong farm bill to the Office of Management and Budget for approval—as he must—it will have to be approved by a man who can hardly be called the farmer's pal.

That is why it is essential that John Block—not Mr. STOCKMAN, nor Secretary of State Haig, nor the Council of Economic Advisers—be the principal arbiter of farm policy for the new administration.

In his 1978 letter to Bergland, STOCKMAN said:

> It is about time that the Department stop playing nursemaid to the proliferating array of cry-baby commodity groups in this country.

What are these "proliferating cry-baby commodity groups" Mr. STOCKMAN was writing about? Was it cattle, hogs, poultry, sheep, dairy, grains, or fruit—all of which are part of the producing elements of our vast and dynamic agricultural industry? Or were the "cry-baby commodity groups" that Mr. STOCKMAN said are proliferating in this country the producers of cotton, tobacco, forest products, peanuts, or sugar? These producers are by and large some of the heroes that President Reagan described in his inaugural address as hardworking American citizens and taxpayers.

And for those people who are producers of those commodities, as well as the producers of other products, goods and services in this country, it has been the concern of representative government that their endeavors be successful.

I would assume DAVID STOCKMAN agrees—but does he? You be the judge; here is his comment on that point:

> It is understandable, if not excusable, when Members of Congress from commodity-growing regions come trotting in with dog-eared claims and lame justifications for special dispensations that will force the taxpayer to absorb the predictable risk inherent in any line of business activity, including farming.

That seems to say that those of us in Congress should have restraint on requesting "special dispensations" so as not to cause taxpayers too much of a burden. I believe most of us agree with Mr. STOCKMAN on that, but Mr. STOCKMAN gets into deeper water in his next sentence in the letter to Bergland:

> But I would certainly hope that the USDA could exercise some semblance of leadership by occasionally resisting these self-serving, parochial claims and asserting at least a minimum regard for the general public interest and for the fact that temporary supply, demand, price, cost, and profit fluctuations are a normal part of the market system and are by no means unique to agricultural commodities.

I do not believe it is a "parochial claim" or "self-serving" to say that agriculture has been not only the biggest and most basic industry of this country, but it is also playing an increasingly important role in our balance of payments as agricultural exports increase.

To the extent that we have the available supply to satisfy world demand for grains, oilseeds, and other agricultural products, American agriculture can offset the huge dollar drain caused by imports of oil and other imported products.

But the fact is that adequate supplies of commodities hold down the price that producers receive and, in many instances, such as is the case with wheat, the price per bushel received by producers is less than the cost of production.

There is no reason to believe that this country will be uniquely blessed with solving agricultural producers' problems by benign neglect, such as Mr. STOCKMAN might hope would occur during his reign as Director of the Office of Management and Budget. Indeed, most other countries around the world take charge of all foreign marketing of agricultural products.

I am not advocating that. I do advocate enactment of a strong farm bill this year that will emphasize the marketplace, providing adequate prices to cover agricultural producers' costs. In the case of grains I would suggest that the loan rates be raised above production costs and become the floor, to assure producers that they will recover their costs, that they have a chance for profits, and encourage them to continue adequate production.

Adequate incentives will assure stability of supply. I believe this would be good for the American economy and I hope we will see some favorable support out of the Reagan administration. And, hopefully, the Office of Management and Budget under Mr. STOCKMAN will not interfere in setting sound agricultural policy.

A few days ago, at the National Press Club, Mr. STOCKMAN told a questioner that it was time to phase out the programs that have protected American farmers and ranchers from economic and physical disasters for the past 40 or 50 years.

Mr. STOCKMAN claimed that the political climate is right for such an action because we have shifted from a period when there was too much grain to a period of world shortages, forcing prices up.

I would submit that it is too simplistic merely to talk of higher priced grain as an excuse to scuttle the farm programs.

The 1970's were marked with increased economic instability for farmers and ranchers, forcing increased reliance by producers on expensive credit and rapidly inflating purchased inputs, like fuel and fertilizer.

This reduced financial flexibility has had important implications for the cash flow on the farms and ranches that produce most of the food and fiber of this land. Sharp increases in production expenses, or reductions in cash receipts, are much more severe, the greater a farm's dependence is on purchased inputs and the greater its debt obligations.

What this means is that more and more farms are vulnerable to inflation at a time when an increased dependence on foreign markets means greater variability in market prices, and greater variability of cash receipts.

This inflationary spiral does not even speak to the problem of drought and other natural disasters, which make the producer's existence even more tenuous.

Mr. STOCKMAN, I am sure, would not want to do anything to upset the export of farm goods that allowed us in 1980 to have a trade surplus for the first time in many years. But it sounds to me as if he is willing to let farmers and ranchers pay the price if anything goes wrong with the market.

Just as with the Russian grain embargo, this insensitive Government is willing to let the farmer produce from fence row to fence row to carry out its foreign policy objectives, but when things go wrong with those policies, only the farmer has to pay.

The purpose of my statement today, Mr. President, is to warn our farmers and ranchers that Mr. DAVID STOCKMAN may be dangerous to your economic health.

Mr. President, I thank my friend from Delaware for yielding.

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from Ohio.

Mr. GLENN. I thank the distinguished Senator very much for his consideration.

Mr. President, I would like to wrap up and summarize some of the comments I made this morning.

I would say that absent any personal lack of integrity or completely lacking qualification in a particular field, I think the President does deserve to get his man in whatever job he is nominating him for. I am sure that should be true of Mr. STOCKMAN also. But I think we should be pointing out to the American people and our colleagues in the Senate exactly what we are getting when we get this man that the President has nominated because he comes as close to being a complete worldwide, laissez faire, Adam Smith-type economist as I have read anything about in recent years.

Let me repeat a few of the areas of concern that I covered this morning.

For instance, on energy policy, he felt that our policy to develop our own domestic energy sources may prove, in his words, "to be the most costly national error of the last half of the twentieth century * * *."

In other words, he would see us become more dependent on foreign oil sources and help develop foreign oil fields rather than our own domestic alternatives.

I find that a hazardous way to proceed from a national security point of view.

As far as farm policy goes, to quote him:

Our farmers can no longer rely on programs which seek artificially induced price movements through domestic supply manipulations.

In other words, any effort to level out the booms and busts of farming is something that he would be fighting against.

On the subject of antitrust and monopoly, he makes some of his strongest statements, and I would quote him:

That's where I disagree with the whole antitrust tradition which has been very strong in the Hart subcommittee and in the FTC bureau of competition. That's wrong. My view is that a monopoly never develops unless it's sanctioned by governmental authority.

Furthermore, he said:

There is no such thing as a privately developed and composed monopoly.

And finally:

In modern times with a global economy with multinational corporations and the swift ability to deploy capital and production all around the globe you don't have monopoly. You don't have to define the rules of the game in terms of competition.

I find these statements very disturbing. I do not think we want to repudiate our antitrust policies and I do not think most Senators would either.

With regard to entitlements, he said that "expenditures for food stamps, cash assistance, medicaid, disability, heating assistance, housing assistance, WIC, school lunch and unemployment compensation amount to $100 billion." He also said that he thinks we can cut $10 to $20 billion off of that. So all of the recipients of help under those programs can look forward, if Mr. STOCKMAN had his way, to a 10- to 20-percent cut in their programs.

In his references to the "soup line" that the Senator from South Carolina referred to a while ago, Mr. STOCKMAN stated that the "Federal budget has now become an automatic 'coast-to-coast soup line' that dispenses remedial aid with almost reckless abandon * * *," and he referred to the Trade Adjustment Assistance Act as follows:

This thing is the most arbitrary, inequitable, costly policy that we have on the books today, that has ballooned spending by $1 billion in 6 months. We ought to do something about it.

Well, let us get on to another subject. The investment tax credit, he calls "a tremendous national waste of men, machinery and tax dollars" that "produces overall economic efficiency, which leads to lower jobs, lower output, and lower real incomes."

On welfare, he says—

Welfare as we know it should be abolished for all the nonworking—the aged, blind, and disabled—whose eligibility can be ascertained by reference to physical characteristics.

I find it difficult to think that we have to give charity in this country, in this compassionate America that we know, only to those who are visibly handicapped. The only exception he made in the hearings was AFDC, help to children, which he would be for. Outside of that, no one can expect to get much help from Mr. STOCKMAN with that kind of view toward welfare.

The PRESIDING OFFICER. The 5 minutes yielded to the Senator from Ohio have expired.

Mr. GLENN. I shall use my own time in the last 2 minutes, Mr. President.

This indicates such a callous approach to what he is proposing, a laissez-faire, Adam Smith-type economics on a worldwide basis, as I see it, that I thought it was my duty to point this out to my colleagues.

Mr. President, rather than helping U.S. industry, Mr. STOCKMAN takes the view in his writings that if other countries subsidize their exports, then the United States should take advantage of that by purchasing the cheaper commodity because the damage will eventually occur to the other fellow's economy because of the unnatural skewing of his investment. In the meantime, our whole industries of automobiles or steel may well go down the drain and not even be there before we have enough capital put back into them for them to operate on.

On the subject of getting capital back into these industries, in one of his writings, he referred to reindustrialization as follows:

Reindustrialization policy is just a game for hyping the political control over the forces of the economy and for preserving the weakest assets in the economy.

I know my time is almost up, Mr. President. I only say that I shall vote for Mr. STOCKMAN. It has been a very difficult decision for me to arrive at, even if I were to be the only Senator here who would vote against him. But I think the President does deserve the man he wants. There is no doubt that Mr. STOCKMAN is a very articulate, persuasive, and qualified person to speak in the field of economics and in this field of budgeting, whether I agree with his views or not—which I obviously do not, in many of these areas. I think there will be moderating influences from the Secretary of the Treasury and others in the Cabinet and the President himself, as well as from the Congress here.

I think it is good, though, for us to know his views, because I stress this: This is the No. 2 man in Government, the man in Government who has more power over domestic policy than anybody except the President of the United States himself. That is the reason why I am sorry that the attendance on the floor today to hear some of these things has not been better.

I am sorry the news media have chosen to virtually ignore the hearings we had on Mr. STOCKMAN and the debate here today, because I think it is good to point out the views of the No. 2 most powerful man in Government. If he has his way, there will indeed be drastic changes in store for us in the years ahead.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GLENN. I thank the Chair and I thank the Senator from Wisconsin for yielding me additional time.

Mr. THURMOND. Mr. President, I am pleased to lend my strong support to our new President's choice for the key position of Director of the Office of Management and Budget (OMB), Representative DAVID ALAN STOCKMAN.

President Reagan has established as the first priority for his administration the task of rebuilding the sagging American economy, which has been ravaged by high inflation and unemployment during the previous 4 years. To accomplish this difficult task, it is absolutely necessary to rein in Federal spending and balance the budget as soon as practicable. As the Director of OMB, DAVID STOCKMAN will be the individual who must oversee the entire Federal budget process, make the hard choices on spending cuts, and see that these decisions are implemented.

Mr. President, I believe Mr. STOCKMAN has the keen intellect, the knowledge and experience, and the requisite toughness to perform admirably in this post. Although only 34 years of age, he has already demonstrated a superb knowledge of Federal Government programs and economic policy. As a two-term member of the U.S. House of Representatives from Michigan's Fourth District, Representative STOCKMAN has built a reputation as a fiscal conservative who has opposed expensive new entitlement programs and favored measures to enhance productivity in the private sector. He has recently served as chairman of the Republican Economic Policy Task Force in the 96th Congress, a post which provided an excellent opportunity to shape and coordinate the kind of responsible economic policies which the new administration now will seek to implement.

Mr. President, I hope the Senate will quickly confirm Representative STOCKMAN to be the Director of OMB. He is an excellent choice, a man who can help President Reagan greatly in cooperating with Congress to solve our Nation's serious economic problems.

The PRESIDING OFFICER. Does the Senator from Delaware need more time?

Mr. ROTH. No, the Senator from Delaware is ready to yield back the remainder of his time.

The PRESIDING OFFICER. Is there any more time to be yielded? Who yields more time?

Mr. ROTH. Does the Senator from Wisconsin have any time?

The PRESIDING OFFICER. The Senator from Wisconsin has 12 minutes remaining.

Mr. ROTH. I am ready and willing to yield back the remainder of my time when the Senator from Wisconsin yields back his time.

Mr. President, I yield myself 30 seconds.

Is the Senator from Ohio yielding back the time of the Senator from Wisconsin?

Mr. GLENN. Mr. President, I yield back the time of the Senator from Wisconsin.

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

Mr. ROTH. Mr. President, I ask for the yeas and nays on the vote.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is, Will the Senate advise and consent to the nomination of DAVID STOCKMAN, of Michigan, to be Director of the Office of Management and Budget? On this question, the yeas and nays have been ordered.

Mr. BAKER. Mr. President, before the rollcall begins, may I say, it is now 6:25 p.m. In keeping with the announcement I made earlier, there will be no more rollcall votes after this rollcall.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Mississippi (Mr. COCHRAN), the Senator from Iowa (Mr. JEPSEN), the Senator from Nevada (Mr. LAXALT), the Senator from Wyoming (Mr. SIMPSON), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. LAXALT) and the Senator from Wyoming (Mr. SIMPSON) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from New Jersey (Mr. BRADLEY) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 93, nays 0, as follows:

[Rollcall Vote No. 17 Ex.]

YEAS—93

Abdnor	Glenn	Moynihan
Andrews	Goldwater	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bumpers	Hayakawa	Proxmire
Burdick	Heflin	Pryor
Byrd, Harry F., Jr.	Heinz	Quayle
Byrd, Robert C.	Helms	Randolph
Cannon	Hollings	Riegle
Chafee	Huddleston	Roth
Chiles	Humphrey	Rudman
Cohen	Inouye	Sarbanes
Cranston	Jackson	Sasser
D'Amato	Johnston	Schmitt
Danforth	Kassebaum	Specter
DeConcini	Kasten	Stafford
Denton	Kennedy	Stennis
Dixon	Leahy	Stevens
Dodd	Levin	Symms
Dole	Long	Thurmond
Domenici	Lugar	Tsongas
Durenberger	Mathias	Wallop
Eagleton	Matsunaga	Warner
East	Mattingly	Weicker
Exon	McClure	Williams
Ford	Melcher	Zorinsky
Garn	Metzenbaum	
	Mitchell	

NOT VOTING—7

Bentsen	Jepsen	Tower
Bradley	Laxalt	
Cochran	Simpson	

So the nomination was confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominee was confirmed.

Mr. PRESSLER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has confirmed the nomination.

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

UNITED NATIONS

NOMINATION OF JEANE J. KIRKPATRICK, OF MARYLAND, TO BE THE REPRESENTATIVE OF THE UNITED STATES TO THE UNITED NATIONS

Mr. BAKER. Now, Mr. President, what is the business before the session?

The PRESIDING OFFICER. The clerk will report the next executive nomination.

The assistant legislative clerk read the nomination of Jeane J. Kirkpatrick, of Maryland, to be the Representative of the United States of America to the United Nations with the rank and status of Ambassador Extraordinary and Plenipotentiary, and the Representative of the United States of America in the Security Council of the United Nations.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, there will be no more rollcall votes tonight. As in legislative session, I now ask unanimous consent that there be a period for the transaction of routine morning business in which Senators may speak and that that period be for the transaction of legislative business.

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

DIRECTING SENATE LEGAL COUNSEL TO INTERVENE IN CHADHA AGAINST IMMIGRATION AND NATURALIZATION SERVICE

Mr. BAKER. Mr. President, I have a resolution at the desk and I ask the clerk to report.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 40) to direct Senate Legal Counsel to intervene in Chadha against Immigration and Naturalization Service.

The Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, this resolution is cosponsored by the distinguished minority leader and is pursuant to a meeting of the leadership committee in respect of matters properly the subject of representation by the Senate legal counsel.

The purpose of the resolution is to authorize and direct Senate legal counsel to intervene as a party on behalf of the Senate in this legislation.

The U.S. Court of Appeals for the Ninth Circuit has recently handed down a major ruling on the constitutionality of legislative vetoes, holding that a legislative review of the Immigration Act violates the principle of separation of powers. The resolution which follows will direct the Senate legal counsel to intervene in the name of the Senate to represent the Senate's interest in this controversy.

Jagdish Rai Chadha is of Indian ancestry, born and previously a resident of Kenya, and the holder of a British passport. He came to the United States as a student in 1966 and overstayed his student visa. At his deportation hearing he sought relief under section 244(c) of the Immigration Act which authorizes the Attorney General to suspend the deportation of an alien on the ground of extreme hardship. Pursuant to this statute, if the Attorney General suspends deportation he must then report to the Congress and either House may disapprove of his action. If neither House disapproves within the requisite time the deportation is canceled and the alien is admitted as a permanent resident.

The special inquiry officer who heard Chadha's case granted suspension and the matter was reported to Congress. The Senate took no action, but the House of Representatives passed a resolution disapproving the suspension. The Immigration Service then ordered him to be deported. Chadha petitioned the U.S. Court of Appeals to review the deportation order and challenged the constitutionality of the legislative review provision of the Immigration and Naturalization Act. After the Immigration Service informed the court that it agreed that the statute was unconstitutional, the court invited the Senate and the House to file briefs as amicus curiae. The Senate's position in support of the statute was briefed, and argued in 1978, by private counsel retained by the Senate. The case was assigned to the Office of Senate Legal Counsel in 1979, after that office was established, while the case was under consideration in the ninth circuit.

On December 22, 1980, the court of appeals held that the legislative review provision in section 244(c) of the Immigration Act violates the principle of separation of powers and is unconstitutional. Although the Department of Justice prevailed in the ninth circuit, the Department has filed a notice of appeal to the Supreme Court. It appears that the Department is seeking a broad ruling on the constitutionality of legislative vetoes, an issue which has concerned the executive and legislative branches for 50 years.

There have been developments in the law; namely, the passage of the Refugee Act of 1980, and in petitioner's personal situation, he has married a U.S. citizen and is entitled to be a permanent resident for that reason, which may render it unnecessary to decide the constitutional issue in this case. Senate legal counsel is studying these possibilities, in conjunction with House counsel, and has obtained with House counsel an extension until February 4, 1981 to petition for rehearing or suggest that the case be reheard en banc by the ninth circuit.

To enable the Senate legal counsel to represent the Senate's views on rehear-

ing in the ninth circuit, and to frame the congressional position in the Supreme Court if the case cannot be resolved on rehearing in the appellate court, it is important to provide to Senate Counsel the procedural opportunities available to parties. Section 706(a) of the Ethics in Government Act of 1978 authorizes the Senate to direct the Senate legal counsel to intervene in actions in the name of the Senate when the powers and responsibilities of the Congress under the Constitution are placed in issue. The Joint Leadership Group has agreed that this is such a case and supports the following resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 40) was agreed to as follows:

S. RES. 40

Whereas, by S. Res. 338, 95th Cong., 1st session (1977), the Senate authorized and directed the Secretary of the Senate to appear on behalf of the Senate as amicus curiae in the United States Court of Appeals for the Ninth Circuit in Chadha v. Immigration and Naturalization Service, and counsel retained by the Senate appeared, briefed and argued the case on behalf of the Senate.

Whereas, by S. Res. 226, 96th Cong., 1st sess. (1979), the Senate directed the Senate Legal Counsel to assume and continue the representation of the Secretary of the Senate as amicus curiae.

Whereas, on December 22, 1980, the Court of Appeals ruled that the legislative review provision in section 244(c)(2) of the Immigration and Naturalization Act violates the principle of separation of powers and is unconstitutional.

Whereas, the Department of Justice, although it prevailed before the Court of Appeals, has filed a notice of appeal to the Supreme Court.

Whereas, the Senate as amicus curiae may not have the procedural opportunities available to a party to present its views to the Court of Appeals, by way of petition for rehearing or suggestion for a rehearing en banc, or to the Supreme Court, and that intervention as a party would enable the Senate to do so.

Whereas, pursuant to sections 703(c), 706(a), and 713(a) of the Ethics in Government Act of 1978 (2 U.S.C. §§ 288b(c), 288e(a), and 2881(a) (Supp. III 1979), the Senate may direct its Counsel to intervene in the name of the Senate in any legal action in which the powers and responsibilities of Congress under the Constitution are placed in issue; Now, therefore, be it

Resolved, That the Senate Legal Counsel is directed to intervene in the name of the Senate in *Chadha v. Immigration and Naturalization Service*.

The preamble was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I yield to the distinguished Senator from South Dakota.

ESTABLISHMENT OF A NATIONAL TOURISM POLICY

Mr. PRESSLER. Mr. President, I am today introducing the National Tourism Policy Act. I ask unanimous consent that the bill be considered as having been read twice and that the Senate proceed to its immediate consideration.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, has the Senator introduced a bill?

Mr. PRESSLER. Yes, I am introducing it and sending it to the desk.

Mr. ROBERT C. BYRD. May we have the clerk state the title?

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 304) to establish a national tourism policy and an independent government agency to carry out the national tourism policy.

The PRESIDING OFFICER. The bill is considered as having been read once by title and once at length and the Senate, without objection, will proceed to its immediate consideration.

The Senate proceeded to consider the bill.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the following cosponsors be printed in the RECORD:

Senator Warner, Senator Baker, Senator Packwood, Senator Inouye, Senator Cannon, Senator Exon, Senator Long, Senator Goldwater, Senator Hollings, Senator Ford, Senator Kasten, Senator Heflin, Senator Schmitt, Senator Randolph, Senator Durenberger, Senator Pryor, Senator Stafford, Senator Williams, Senator Hayakawa, Senator Huddleston, Senator Sasser, and Senator Abdnor.

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

Mr. PRESSLER. Mr. President, my reasons for reintroducing the bill stem primarily from the sad state of our international trade balance. The United States has now been running an international trade deficit for 4½ straight years; a situation which is intolerable. Foreign tourists can do a great deal to help change this because although few people realize it, international tourism is currently one of our Nation's largest single sources of foreign currency. If we compare the income from foreign tourism with the income from the export of manufactured goods we see that tourism was our fourth largest source of foreign currency during 1979. The figures break down as follows:

	Billions
Chemicals	$17.3
Motor vehicles and parts	15.1
Grain and cereal preparations	14.5
Tourism	10.0
Electrical machinery	8.6

In addition to its importance on the trade front, the travel and tourism industry comprises a huge segment of our domestic economy. In 1979 it contributed over $140 billion and employed some 6.6 million Americans.

It is also significant to note that 97 percent of the firms which comprise the travel and tourism industry are classified as small businesses. This is the very sector which has been hardest hit by the high interest rates and tight money which plague our economy. It follows, then, that it is this group which will benefit most from the increase in foreign tourism which will result from the National Tourism Policy Act.

With all this in mind it is not surprising that S. 1097 passed by such a large margin last year. And since there was such a broad consensus about the merits of the bill I have decided to reintroduce it with only minor changes. Two of those changes I would like to briefly discuss.

First, section 206, paragraph (7) restricts the U.S. Travel and Tourism Administration to issuing only those rules which are necessary for its internal operation. Let me make it very clear that the new administration will have no authority to issue regulations which would in any way impact on the travel and tourism industry. It is crucial that this act not result in any additional regulatory burden being placed on the industry, and I want to emphasize this point now so that there will be no confusion later.

The second change is in section 206, paragraph (e). It says that the new administration shall not enter into any contracts, agreements, or transactions which would expire after the end of the fiscal year for which appropriations have been made. The intent of this restrictive clause is to make sure that the administration does not obligate the Federal Government for any sums which would have to be paid out of future appropriations. This will assure that the administration always stays within its current fiscal year operating budget.

Another area of confusion which I would like to clear up involves the objections raised by President Carter in his veto message on S. 1097. To accomplish this I will present a brief summary of the President's objections and my response to them. This will be followed by a more lengthy rebuttal.

First. President's objection: The bill will add to the Federal bureaucracy by creating a new agency.

My response: The bill simply replaces the U.S. Travel Service with a different agency, the U.S. Travel and Tourism Administration. No additional bureaucracy is created.

Second. President's objection: Tourism promotion would be better carried out by the Commerce Department's International Trade Administration.

My response: The entire record of the Carter administration shows disdain for the Federal role in tourism promotion. The idea that this role would be carried out more effectively as part of the International Trade Administration is fallacious. The importance of the travel and tourism industry demands that the Federal Government continue to give individual attention to this vital economic sector.

Third. President's objection: The Executive's ability to control the Federal budget would be impeded by the budgetary process outlined in the bill.

My response: The idea of having an independent agency submit its budget request to the Congress and the Executive simultaneously is not without precedent. Both the National Transportation Safety Board and the Consumer Product Safety Commission do so now. Additionally, it cannot be argued that the purpose of this system is to circumvent the budget process when the bill

only proposes a modest 7.5 percent funding increase.

Fourth. President's objection: The Travel and Tourism Advisory Board created by the bill would only serve the special interests of the travel and tourism industry.

My response: The Board would have no regulatory authority of any kind. Control of the USTTA would remain solely within the legislative and executive branches.

Fifth. President's objection: Since the USTTA would be operating foreign offices it should be under the control of a Federal department that coordinates with the State Department. It would be bad policy to have an independent agency involved in foreign policy.

My response: The USTTA would not be a foreign policy body. The Agency's activities would go no further than those of the U.S. Travel Service. In addition, if the State Department did choose to comment on some activity of the USTTA, those comments would be given great weight.

I would like to go back and expand on my disagreements with the President's veto message.

The following statement appeared early on in the President's message—

My Administration has proposed that the federal government's role concentrate on development and coordination of policies conducive to tourism, collection of information and selected promotional activities.

After reading this you might think the Carter administration was the best friend the travel and tourism industry ever had. However, anyone who is familiar with the situation knows that the entire record of the Carter administration showed disdain for the Federal role in tourism promotion and hostility toward the industry itself. In large part I believe it was this attitude which was actually the root cause of the veto.

The President's next contention was that the creation of the U.S. Travel and Tourism Administration would add to the already bloated Federal bureaucracy. This is untrue because the USTTA would simply be replacing the U.S. Travel Service, and would be performing the same function. The bottom line is that there is no additional bureaucracy created.

The President's message then goes on to explain the plan for incorporating the activities of the USTS into the Commerce Department's International Trade Administration (ITA). It is a specious argument to suggest that by burying tourism promotion functions within the ITA the Federal Government could improve their effectiveness. The American travel and tourism industry employs 6.6 million people and contributes over $140 billion annually to the U.S. economy. An industry of this size and importance certainly merits individual attention within the Federal Government, and that is just what the National Tourism Policy Act proposes.

Another of President Carter's objections was that the bill would have negative budget consequences. Since we are all interested in holding the line on Federal spending I am glad to report that S. 1097 would have done just that. The current appropriation for the U.S. Travel Service is $8 million. S. 1097 would have provided the USTS with only an additional 7.5 percent, well under the existing inflation rate. And this is in the wake of very large cuts since 1979 when the budget for USTS was $13.5 million.

Also included in the veto message is a paragraph expressing concern about the role the 17-member Travel and Tourism Advisory Board would play. In describing the Board the President says that it would be granted "extraordinary powers of oversight." This statement seems to imply that the Board would have some type of regulatory power over the operation of the U.S. Travel and Tourism Administration. This is incorrect; the Board's only function is as an advisory group, just as its name suggests. The USTTA would remain under the control of the executive and legislative branches and could not be ordered to take any action by anyone else, including the Advisory Board.

The President's final reservation expressed in the veto message concerns the conduct of foreign policy. Once again let me stress that the USTTA will remain under the control of the executive and legislative branches. The Agency will not be acting as a foreign policy spokesman for the United States, any more than the U.S. Travel Service did. The duties of the USTTA will be clearly laid out, and will not range beyond those issues affecting travel and tourism. In addition, should a question arise about any sensitive foreign relations issue which might somehow involve the USTTA, then the advice of the State Department would most certainly be sought.

It is unfortunate that the importance of the travel and tourism industry was never recognized by the Carter administration during its tenure. It is also unfortunate that the lack of understanding displayed by the President's advisers resulted in the veto of S. 1097. Hopefully the new administration will quickly realize what Members of Congress have known for quite awhile; that if the Federal Government is willing to work in a partnership with the travel and tourism industry, then the economic health of our country stands to benefit greatly.

Lastly, I would be remiss if in introducing this bill I failed to mention the tremendous time and effort my colleagues have spent in getting the National Tourism Policy Act this far. Senator DAN INOUYE has been a leader for many years in the fight for recognition of the importance of the travel and tourism industry. Similarly, Senators JOHN WARNER and HOWARD CANNON have made great contributions toward this end, and toward the enactment of this legislation. In fact, were it not for the dogged persistence of these gentlemen S. 1097 would never have passed last year and we would not be in the favorable position we now find ourselves.

Also, I would like to commend the long, hard work put in by the Commerce Committee staff; in particular, John Hardy and Ward White whose efforts have been indispensable.

Mr. BAKER. I believe I am correct, Mr. President, might I inquire of the distinguished minority leader, that this bill has been cleared on his side and that there is an amendment at the desk?

Mr. PRESSLER. The amendment has been sent to the desk.

Mr. ROBERT C. BYRD. Mr. President, may I say to the distinguished majority leader the bill has been cleared on this side. I have several Senators who are supporting the bill and, at the appropriate time, I would like to ask unanimous consent that statements by Mr. INOUYE and Mr. SASSER be printed in the RECORD.

Mr. BAKER. I thank the minority leader, and I ask the Senator from South Dakota if he would object if I ask now that the clerk report the amendment which is at the desk.

UP AMENDMENT NO. 2

(Purpose: To make certain technical amendments)

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. PRESSLER), proposed an unprinted amendment numbered 2:

On page 14, line 3 strike "1982" and substitute "1981".

On page 14, strike lines 15 through 17.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment (UP No. 2) was agreed to.

Mr. CANNON. Mr. President, I am a cosponsor of the legislation introduced by the distinguished Senator from South Dakota, and I urge its immediate passage.

I believe this legislation which unanimously passed the Senate in the 96th Congress, is in the national interest for the following reasons, among others.

First. According to many experts, tourism will be the world's largest industry by the end of this century.

Second. In recognition of this fact, over 125 nations have government tourist offices located abroad for the specific purpose of attracting visitors to their respective countries.

Third. Currently tourism contributes over $140 billion annually to the U.S. economy, and supports over 6 million jobs.

Fourth. Over 50 Federal agencies administer more than 100 programs which significantly impact tourism; and the Federal effort is highly inefficient and often contradictory.

Fifth. Despite the Government's inefficient effort, according to our own Government's statistics, every Federal dollar spent on international tourism promotion returns $18.6.

Sixth. An extensive 6-year study unanimously authorized by the Senate concluded that the central government tourism effort—the U.S. Travel Service—

should be replaced by an independent entity.

Mr. President, the National Tourism Policy Act takes these factors into account.

First. It does not create a new Federal agency. On the contrary, it replaces USTS with an independent agency which will make the Government effort to promote tourism more effective and cost efficient.

Second. USTS will go out of business in 6 months, and the agency which would replace it will be funded with the moneys appropriated for the U.S. Travel Service for fiscal year 1981. And, just as importantly, not 1 penny is authorized for the new entity beyond fiscal year 1981. Congress will have to authorize additional funding next year or the new entity will cease to exist.

● Mr. INOUYE. Mr. President, I join the distinguished Senator from South Dakota in urging passage of the National Tourism Policy Act. This legislation is virtually identical to S. 1097, the National Tourism Policy Act, which President Carter pocket vetoed.

On January 6, along with Senators CANNON, LONG, HOLLINGS, and FORD, I wrote to the distinguished Senator from South Dakota offering to cosponsor this legislation. I am pleased to see he has done so. I ask that a copy of our January 6, letter be inserted in the RECORD at this point.

The letter follows:

JANUARY 6, 1981.

Hon. LARRY PRESSLER,
Chairman, Subcommittee on Small Business, Trade and Tourism, Dirksen Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Despite unanimous approval by the Senate, and overwhelming passage by the House (218–84), President Carter pocket vetoed S. 1097, the National Tourism Policy Act. The legislation also had the support of the National Governor's Association, and all segments of the travel industry.

S. 1097 was the result of the extensive National Tourism Policy Study which was begun in 1974, by the Senate Commerce Committee pursuant to S. Res. 347, 93rd Congress. In addition to the Committee, the House Interstate and Foreign Commerce Committee and all segments of the industry participated in that study and the extensive hearings which ensued.

We believe the 96th Congress correctly felt S. 1097, was necessary in the national interest, and the following reasons, in our judgment, illustrate why.

1. According to many experts, tourism will be the world's largest industry by the end of this century.

2. In recognition of this fact, over 125 nations have government tourist offices located abroad for the specific purpose of attracting visitors to their respective countries.

3. Currently, tourism contributes over $140 billion annually to the U.S. economy and supports over 6 million jobs. Many of these jobs are held by the least employed in our economy; i.e., minorities, females, unskilled and semi-skilled workers. According to testimony the Committee received, women constitute more than half (53.3 percent) of the travel industry workforce; blacks constitute about 14 percent, as against a 10 percent participation in the remainder of the workforce; and one-third of all youths aged 16–21 in the workforce are employed in the travel industry.

4. Tourism is one of our top three industries in most of our 50 states.

5. Over 50 federal agencies administer more than 100 programs which significantly impact tourism; and the federal effort is highly inefficient, wasteful, and sometimes contradictory.

Moreover, the Office of Management and Budget has perennially sought to shut down U.S. national tourist offices abroad on the grounds that "a promotional program is not an appropriate part of the Federal role in tourism."

6. Despite the government's inefficient effort, according to our own government's statistics, every federal dollar spent on international tourism promotion returns 18.6 dollars.

7. S. 1097 was intended to make sense out of the government's extensive involvement in tourism, and thus make our efforts cost-efficient and more productive.

What is most perplexing to those of us concerned with the federal government's attitude toward tourism is the consistent position of the Office of Management and Budget that the government should have no role in the promotion of international tourism. OMB's stand is not only directly contrary to that of every industrialized country in the world, it completely ignores the unanimous testimony of a multitude of expert witnesses who have testified before the Senate and House over the past ten years.

Several reasons which were assigned for pocket vetoing S. 1097 stemmed from a misunderstanding of what the legislation actually did. We believe the following description of the legislation should clarify those misconceptions and misunderstandings.

1. S. 1097 did not create a new federal agency. On the contrary, it replaced the United States Travel Service (USTS) with an independent agency in the federal government which would make the government's effort to promote tourism more effective and cost-efficient.

2. USTS would have gone out of business in six months, and the new agency which would have replaced it would not have cost the federal government any money beyond what has been appropriated for the United States Travel Service for FY '81. And, just as importantly, not one penny was authorized for the new entity beyond fiscal year 1981. Congress would have had to authorize additional funding next year or the new entity would cease to exist.

3. Nothing contained in S. 1097 permitted the new agency to commit the federal government to provide any sums for the payment of any obligation of the agency which exceeds amounts provided in advance in appropriation Acts.

4. The legislation absolutely did not circumvent the existing budgetary process. The budget for the new agency would still be submitted by the President, just as he submits the budget of the National Transportation Safety Board. In fact, in this respect the relevant provision in S. 1097 tracked the provision in law which created the National Transportation Safety Board.

5. The 17-member Travel and Tourism Advisory Board, which was created by S–1097, was to study on a continuing basis the programs and activities of the new agency. Control of the new agency, however, remained exclusively with the legislative and executive branches of the government.

Because S. 1097 is so necessary in the national interest, and inasmuch as it has overwhelming bi-partisan support within Congress and the industry, we believe an identical measure should be acted upon expeditiously in this Congress. As Chairman of the Subcommittee on Small Business, Trade and Tourism, it would be especially appropriate in our judgment for you to introduce such a measure which we, of course, would be pleased to co-sponsor and strongly support.

With best wishes, I am,

Sincerely yours,

HOWARD W. CANNON,
Ranking Minority.
ERNEST F. HOLLINGS,
U.S. Senator.
WENDELL H. FORD,
U.S. Senator.
RUSSELL B. LONG,
U.S. Senator.
DANIEL K. INOUYE,
U.S. Senator.●

● Mr. SASSER. Mr. President, today I want to announce my support for S. 304, the National Tourism Policy Act and to urge my colleagues to move quickly to approve this legislation.

As first chairman of the Senate Tourism Caucus, I can assure you that there are few measures warranting such broad-based support from those concerned about the future of our travel and tourism industry as a far-reaching, comprehensive national tourism policy. This proposal embodies the vehicle for doing precisely this—a U.S. Travel and Tourism Administration.

As many of you recall, we in the Senate believed we had enacted a National Tourism Policy Act late last year. A nearly identical proposal received the unanimous support of the Senate. Companion legislation in the House of Representatives was passed by a 2-to-1 margin.

Unfortunately, the legislation was vetoed after the Congress adjourned and our Nation was left with the same situation it confronted at the beginning of the 96th Congress—no clear way in which the United States could or would compete effectively on the international marketplace for increased travel and tourism in our country, and better understanding and appreciation abroad.

I should note that it was a concern over the absence of a national tourism policy and the lack of any agency to coordinate, articulate, or represent such a policy beyond our borders that was largely responsible for the creation of the Senate Tourism Caucus.

In November of 1979, I chaired a hearing of the Senate Subcommittee on Intergovernmental Relations in Knoxville, Tenn. The purpose of the hearing was to gage the impact of high energy costs on travel and tourism and their resultant effect on State and local governments in the Southeastern United States.

I was impressed with the ingenuity, vitality, and entrepreneurial spirit of the leaders of the travel and tourism industry as they detailed successful steps undertaken in both the private and public sectors to overcome the damaging consequences of high energy costs and spot shortages in energy supplies during the spring and summer of 1979.

Tourism, travel, and convention boards and bureaus at both the State and local level swung into action and in many cases became the focal point for travel and lodging information, fuel supplies,

and "rumor control." They did so because they recognized the importance of this industry to their respective State and local economics.

Simply stated, healthy travel and tourist activity in a particular city, region, or State means a healthy economy, more jobs, and increased tax revenues—in addition to a greater appreciation of a particular place or area by travelers and guests.

It became clear during those same November 1979 hearings that witness after witness—in explaining how they had, in effect, developed and maintained a subnational tourism policy involving both private and public sectors—felt that the Federal Government was failing to pursue the same kind of endeavor at a national level.

Over and over again, witnesses urged the development of a national tourism policy. And many thought that the Senate should involve itself directly in this effort by organizing a Senate Tourism Caucus and making a national tourism policy a top priority.

By last fall, there was a Senate Tourism Caucus. Nearly half the Senate belongs to this group, and there is a profound understanding of the importance of travel and tourism—not just to a particular State or region—but to the Nation.

In 1979, for instance, the U.S. Travel Data Center estimated that the travel and tourism industry generated revenues of $140 billion. The industry is the "No. 1" employer in 23 of the 50 States, and it employes 6.6 million people nationally with a payroll in excess of $29 billion. Moreover, 99 percent of the 1.4 million travel-related establishments in this country are small businesses.

It makes no sense, then, for Americans to be barraged night after night on television and in newspaper and magazine ads by Government-backed and coordinated announcements extolling the virtue of foreign theatres, mountain retreats, quaint festivals, parades and spas in Europe, Central and South America and elsewhere, while we do so little for so many who are so important to us.

The National Tourism Policy Act recognizes the importance of travel and tourism to our economy and to our reputation abroad. An independent U.S. Travel and Tourism Administration, charged with establishing foreign tourism promotion offices, assisting foreign visitors, consulting with foreign governments on tourism matters, representing the United States at international meetings and expositions, collecting and disseminating tourism-related data, and with promoting travel on American carriers, will show competitors throughout the world and the people here at home that we care about our Nation and that we want others to care about it, too.

I therefore urge prompt consideration and passage of the National Tourism Policy Act.

The PRESIDING OFFICER. If there be no further amendments, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time and passed as follows:

S. 304

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 Tourism Policy Act".

TITLE I—NATIONAL TOURISM POLICY

SEC. 101. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) the tourism and recreation industries are important to the United States, not only because of the numbers of people they serve and the vast human, financial, and physical resources they employ, but because of the great benefits tourism, recreation, and related activities confer on individuals and on society as a whole;

(2) the Federal Government for many years has encouraged tourism and recreation implicitly in its statutory commitments to the shorter workyear and to the national passenger transportation system, and explicitly in a number of legislative enactments to promote tourism, and support development of outdoor recreation, cultural attractions, and historic and natural heritage resources;

(3) as incomes and leisure time continue to increase, and as our economic and political systems develop more complex global relationships, tourism and recreation will become ever more important aspects of our daily lives and our growing leisure time; and

(4) the existing extensive Federal Government involvement in tourism, recreation, and other related activities needs to be better coordinated to effectively respond to the national interests in tourism and recreation and, where appropriate, to meet the needs of State and local governments and the private sector.

(b) It is the purpose of this Act to establish a cooperative effort between the Federal Government and State and local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, to implement a national tourism policy that will—

(1) optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments of the Nation;

(2) make the opportunity for and benefits of tourism and recreation in the United States universally accessible to residents of the United States and foreign countries and to insure that present and future generations be afforded adequate tourism and recreation resources;

(3) contribute to personal growth, health, education, and intercultural appreciation of the geography, history, and ethnicity of the United States;

(4) encourage the free and welcome entry of individuals traveling to the United States, in order to enhance international understanding and goodwill, consistent with immigration laws, the laws protecting the public health, and laws governing the importation of goods into the United States;

(5) eliminate unnecessary trade barriers to the United States tourism industry operating throughout the world;

(6) encourage competition in the tourism industry and maximum consumer choice through the continued viability of the retail travel agent industry and the independent tour operator industry;

(7) promote the continued development and availability of alternative personal payment mechanisms which facilitate national and international travel;

(8) promote quality, integrity, and reliability in all tourism and tourism-related services offered to visitors to the United States;

(9) preserve the historical and cultural foundations of the Nation as a living part of the community life and development, and insure future generations an opportunity to appreciate and enjoy the rich heritage of the Nation;

(10) insure the compatibility of tourism and recreation with other national interests in energy development and conservation, environmental protection, and the judicious use of natural resources;

(11) assist in the collection, analysis, and dissemination of data which accurately measure the economic and social impact of tourism to and in the United States, in order to facilitate planning in the public and private sector; and

(12) harmonize, to the maximum extent possible, all Federal activities in support of tourism and recreation with the needs of the general public and the States, territories, local governments, and private and public sectors of the tourism and recreation industry, and give leadership to all concerned with tourism, recreation, and national heritage preservation in the United States.

TITLE II—THE UNITED STATES TRAVEL AND TOURISM ADMINISTRATION

SEC. 201. PURPOSE.

It is the purpose of this title to establish an independent agency of the United States to be known as the "United States Travel and Tourism Administration".

SEC. 202. CONGRESSIONAL DECLARATION OF POLICY.

The Congress finds and declares—

(1) that it is in the national interest to encourage the orderly growth and development of tourism to and within the United States;

(2) that orderly growth and development of tourism depends on the efforts of the public and private sectors of that industry to assure that the objectives of the national tourism policy are implemented to the maximum extent consistent with other public policy objectives;

(3) that orderly growth and development of tourism, while matters for regional, State, local, and private development, are also of appropriate and important concern to the Federal Government;

(4) that it furthers the national interests to assure that the extensive Federal policy and programmatic involvement in tourism is responsive to the needs and interests of the public and private sectors of that industry;

(5) that in view of the importance of travel and tourism to the economy of the United States, and the pervasive Federal policy and programmatic involvement in tourism, it is necessary and appropriate for the Federal Government to complement, assist and support mechanisms that will most effectively assure implementation of the national tourism policy; and

(6) that an agency should be created to promote and facilitate the orderly growth and development of tourism and to assist in the implementation of the national tourism policy.

SEC. 203. ADMINISTRATION ESTABLISHED.

There is established an independent agency of the United States, to be known as the "United States Travel and Tourism Administration" (hereinafter in this title referred to as the "Administration").

SEC. 204. OFFICERS AND EMPLOYEES.

(a) The Administration shall be headed by an Administrator (hereinafter referred to as the "Administrator") who shall be nominated by the President not later than 60

days after the date of enactment of this title and appointed by and with the advice and consent of the Senate. The Administrator shall serve at the pleasure of the President and shall be compensated at the rate now or hereafter prescribed for offices or positions at level II of the Executive Schedule.

(b) The President shall appoint a Deputy Administrator by and with the advice and consent of the Senate who shall be compensated at the rate now or hereafter prescribed for offices or positions at level III of the Executive Schedule. The Deputy Administrator shall perform such duties as the Administrator may prescribe. The Deputy Administrator shall act for and perform the functions of the Administrator during any absence or disability of the Administrator or during a vacancy in the office of the Administrator.

(c) The Administrator shall have power to appoint and fix the compensation of such personnel as he or she determines advisable, however, not more than five such appointments may be placed in grades GS–16, GS–17, and GS–18 of the General Schedule, to carry out the functions of the Administration. The authority with reference to appointments in grades GS–16, GS–17, and GS–18 of the General Schedule will be subject to the procedures prescribed under section 5108 of title 5 of the United States Code. Included among any personnel appointed by the Administrator, no more than three persons may be appointed, compensated, or removed without regard to the Civil Service laws and regulations. Such positions shall be in addition to those otherwise authorized by law, including those authorized by section 5108 of title 5 of the United States Code. Under such regulations as the President may prescribe, officers and employees of the United States Government who are appointed without regard to the Civil Service laws and regulations may be entitled, upon removal from such position, except for cause, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary.

(d) The Administrator, to such extent as he determines necessary, may procure supplies, services, and personal property; make contracts; expend funds appropriated, donated, or received in pursuance of contracts hereunder in furtherance of the purposes of this Act; and exercise those powers that are necessary to enable him to carry out efficiently and in the public interest the purposes of this Act.

SEC. 205. PURPOSES AND ACTIVITIES OF THE ADMINISTRATION.

(a) In order to achieve the objectives and to carry out the purposes of this Act the Administration is authorized to assist the Congress of the United States and all Federal agencies having policy and programmatic responsibilities affecting tourism.

(b) Not later than April 15, 1982, the Administrator shall develop and submit to the House Committee on Interstate and Foreign Commerce and the Senate Committee on Commerce, Science and Transportation a comprehensive and detailed tourism development plan (including the estimated funding and personnel levels required to implement such plan and alternative means of funding) to obtain the objectives and carry out the purposes of this Act.

(c) The plan developed under subsection (b) shall include, among other things, provisions for—

(1) the establishment of branch offices in foreign countries and facilitating services at United States ports-of-entry;

(2) consultation with foreign countries on travel and tourism matters and, in accordance with applicable law, and representing United States travel and tourism interests in international meetings, conferences, and expositions;

(3) participation as a party in interest in proceedings before Federal agencies when such initiation or intervention is necessary to implement or further the national tourism policy;

(4) monitoring the existing and proposed policies and programs significantly affecting tourism of all Federal agencies to ascertain whether, insofar as consistent with other public policy objectives, they are in furtherance of the objectives of the national tourism policy, and reporting the results of such monitoring activities to the Congress yearly or more frequently if necessary;

(5) monitoring the policies and programs significantly affecting tourism of all Federal agencies for the purpose of ascertaining instances of intraagency and interagency duplication or contradiction and reporting the results of its monitoring activities to the concerned agencies, and the Congress yearly or more frequently if necessary;

(6) developing and administering a comprehensive program relating to industry, information, data service, training and education, and technical assistance;

(7) developing and administering a comprehensive program relating to consumer information, protection, and education;

(8) developing a program to seek and to receive information on a continuing basis from the tourism industry, including consumer and travel trade associations, regarding needs and interest which should be met by an agency or program, and directing that information to the appropriate agency; and

(9) encouraging to the maximum extent feasible travel to and from the United States on United States carriers.

SEC. 206. ADMINISTRATIVE POWERS AND PROVISIONS.

(a) In carrying out this title, the Administrator is authorized to—

(1) enter into such contracts, agreements, or other transactions as the Administrator determines appropriate, except that in entering into any contract, agreement, or transaction the Administrator shall rely on competitive bidding to the maximum extent practicable;

(2) accept in the name of the Administration and employ or dispose of in furtherance of the objectives of this Act any money, or property, real, personal, or mixed, tangible or intangible, received by gift, devise, bequest, or otherwise;

(3) obtain the services of experts and consultants without regard to section 3109 of title 5 of the United States Code except that no such expert or consultant may be compensated at rates which exceed the daily equivalents of rates now or hereafter prescribed for GS–18 of the General Schedule by section 5332 of title 5 of the United States Code;

(4) accept voluntary and uncompensated services of attorneys, consultants, and experts notwithstanding any other provision of law;

(5) appoint without compensation, such advisory committees as the Administrator deems appropriate;

(6) accept and use with their consent, with or without reimbursement, such personnel, services, equipment, and facilities of agencies of the Federal Government, State governments, or local political subdivisions thereof, as are necessary to conduct the activities of the Administration efficiently; and

(7) promulgate, issue, rescind, and amend such internal administrative procedures as may be necessary to carry out the purposes of this title.

(b) Upon request made by the Administrator, each Federal agency shall—

(1) make its services, personnel, and facilities available to the greatest practicable extent to assist the Administration in the performance of its functions; and

(2) furnish to the Administration, subject to the provisions of applicable law, such information, suggestions, estimates, and statistics as the Administration may request.

(c) The Administration may not provide or arrange for transportation or accommodations for persons traveling between other countries and the United States, or between points within the United States, in competition with businesses engaged in providing or arranging for such transportation or accommodations.

(d) The General Services Administration shall furnish the Administration with such offices, equipment, supplies, and services as it is authorized to furnish to any other agency or instrumentality of the United States.

(e) The Administrator shall not enter into contracts, agreements or other transactions the time period for which extends beyond the end of the fiscal year for which appropriations have been made available for such purposes.

SEC. 207. REPORTS.

(a) Whenever the Administration submits or transmits any budget estimate, budget request, supplemental budget estimate, or other budget information, legislative recommendation, prepared testimony for congressional hearings, comment on legislation, or report required by this part to the President or to the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Administration to submit its budget requests or estimates, legislative recommendations, prepared testimony for congressional hearings, comments on legislation, or reports required by this title, or comments on any action by a Federal agency affecting tourism to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, comments, or reports to the Congress or to such Federal agency.

(b) The Administration shall submit an annual report for the preceding fiscal year to the President for transmittal to the Congress on or before the 31st day of December of each year. The report shall include a comprehensive and detailed report of the Administration's operations, activities, financial condition, and accomplishments and may include such recommendations as the Administration deems appropriate.

SEC. 208. FUNDING.

(a) Not later than 30 days after the date of enactment of this title, the United States Travel Service shall make available to the Administration $1,000,000 to carry out its functions in the fiscal year ending September 30, 1981.

(b) Funds made available under subsection (a) shall remain available for obligation until expended.

SEC. 209. ADVISORY BOARD.

(a) There is established the Travel and Tourism Advisory Board (hereinafter in this section referred to as the "Board") to be composed of 17 members appointed by the Administrator. The members of the Board shall be appointed as follows:

(1) Not more than 9 members of the Board shall be appointed from the same political party.

(2) The members of the Board shall be appointed from among citizens of the United States who are not regular full-time employees of the United States and shall be selected for appointment so as to provide as nearly as practicable a broad representation of different geographical regions within the United States and of the diverse and varied segments of the tourism industry.

(3) Fourteen of the members shall be appointed from senior executive officers of organizations engaged in the travel and tourism industry. Of such members—

(A) at least one shall be a senior representative from a labor organization repre-

senting employees of the tourism industry; and

(B) at least one shall be a representative of the States who is knowledgeable of tourism promotion.

(4) Of the remaining three members of the Board—

(A) one member shall be a consumer advocate or ombudsman from the organized public interest community;

(B) one member shall be an economist, statistician, or accountant; and

(C) one member shall be an individual from the academic community who is knowledgeable in tourism, recreation, or national heritage conservation.

The Administrator shall serve as an ex officio member of the Board. The duration of the Board shall not be subject to section 14(a)(2) of the Federal Advisory Committee Act. A list of the members appointed to the Board shall be forwarded by the Administrator to the Senate Committee on Commerce, Science, and Transportation and the House Committee on Interstate and Foreign Commerce.

(b) The members of the Board shall serve for three-year terms. Vacancies on the Board shall be filled in the same manner in which the original appointments were made. No members of the Board shall be eligible to serve in excess of two consecutive terms of three years each.

(c) The Chairman and Vice Chairman and other appropriate officers of the Board shall be elected by and from members of the Board other than the Administrator.

(d) The members of the Board shall receive no compensation for their services as such, but shall be allowed such necessary travel expenses and per diem as are authorized by section 5703 of title 5, United States Code. The Administrator shall pay the reasonable and necessary expenses incurred by the Board in connection with the coordination of Board activities, announcement and reporting of meetings, and preparation of such reports as are required by subsection (f).

(e) The Board shall meet at least quarterly and shall hold such other meetings at the call of the Chairman, the Administrator, or a majority of its members.

(f) It shall be the duty of the Board to make a continuing study of the programs and activities of the Administration. Specifically, the Board shall review preliminary plans and final budget requests of the Administrator and submit its comments thereon to the President and the Congress. The Board shall prepare an annual report concerning the results of its studies of Administration activities and include therein such recommendations as it deems appropriate with respect to the performance of the Administration and the operation and effectiveness of its programs. Each annual report shall cover a fiscal year, shall be submitted on or before the 31st day of December following the close of the fiscal year, and shall be submitted to the committees referred to in subsection (a). The Board shall have the power to do those things that are necessary and proper to carry out the foregoing activities.

SEC. 210. TRANSFER OF FUNCTIONS.

(a) Not later than 180 days after the date of enactment of this Act the Administration and the United States Travel Service (hereinafter referred to as the "Travel Service") shall complete such steps as are necessary to transfer to the Administration—

(1) the assets, funds, supplies, materials, equipment, and records of the Travel Service;

(2) the rights, privileges, powers, duties, and liabilities of the Travel Service in respect to any contract, agreement, loan, account, or other obligation; and

(3) any unexpended balances of funds appropriated or otherwise accruing to the Travel Service.

The transfer of rights, privileges, powers, duties, and liabilities of the Travel Service under paragraph (2) shall not limit or extend any period of limitation otherwise applicable to the contract, agreement, loan, account, or obligation involved.

(b) Upon completion of the transfer prescribed by subsection (a), the International Travel Act of 1961 (22 U.S.C. 2121 through 2127) and the Act of July 19, 1940 (relating to the encouragement of travel) (16 U.S.C. 18 through 18d) are repealed and the United States Travel Service is abolished.

TITLE III—AMENDMENTS TO THE INTERNATIONAL TRAVEL ACT

SEC. 301. AUTHORIZATION OF APPROPRIATIONS.

(a) The first sentence of section 6 of the International Travel Act of 1961 (22 U.S.C. 2126) is amended—

(1) by striking out "and" immediately before "(8)"; and

(2) by inserting immediately before the period at the end thereof the following: "; and (9) $8,600,000 for the fiscal year ending September 30, 1981, of which not more than—

"(A) $100,000 shall be available to carry out projects meeting the requirements of subsection (c)(1) of section 5A; and

"(B) $500,000 shall be available to carry out projects meeting the requirements of paragraph (2) of subsection (c) of section 5A.".

(b) Nothing contained in this Act shall be construed to commit the Federal Government to provide any sums for the payment of any obligation of the Administration which exceeds amounts provided in advance in appropriation Acts.

SEC. 302. FEDERAL ASSISTANCE FOR REGIONAL PROMOTION OF TOURISM.

(a) The International Travel Act of 1961 (22 U.S.C. 2121) is amended by inserting after section 5 the following new section:

"SEC. 5A. (a) The Secretary is authorized to provide financial assistance to a region of not less than two States or portions of two States to assist in the implementation of a regional tourism promotional and marketing program. Such assistance shall include—

"(1) technical assistance for advancing the promotion of travel to such region by foreign visitors;

"(2) expert consultants; and

"(3) marketing and promotional assistance.

"(b) Any program carried out under this section shall serve as a demonstration project for future program development for regional tourism promotion.

"(c)(1) An applicant for financial assistance under this paragraph for a particular region must demonstrate to the Secretary that—

"(A) such region has in the past been an area that has attracted foreign visitors, but such visits have significantly decreased;

"(B) facilities are being developed or improved to reattract such foreign visitors;

"(C) a joint venture in such region will increase the travel to such region by foreign visitors;

"(D) such regional program will contribute to the economic well-being of the region;

"(E) such region is developing or has developed a regional transportation system that will enhance travel to the facilities and attractions within such region; and

"(F) a correlation exists between increased tourism to such region and the lowering of the unemployment rate in such region.

"(2) An applicant for assistance under this paragraph shall demonstrate to the Secretary that (A) the particular region has been declared a major disaster area by the President or (B) the travel and tourism industry of the particular region has suffered severe economic damage as a result of force majeur.".

(b) The program established under section 5A(c)(2) of the International Travel Act of 1961, as added by subsection (a) of this section, shall commence not later than 30 days after the date of enactment of this title.

SEC. 303. TIME PERIOD FOR PERSONNEL REDUCTION.

Section 9 of the International Travel Act of 1961 (22 U.S.C. 2128) is amended by striking out "as of September 1, 1979, and thereafter," and substituting "during the period beginning October 1, 1980, and ending September 30, 1981,".

SEC. 304. RESTRICTIONS ON REDUCTIONS OF PERSONNEL OF FUNDS.

The International Travel Act of 1961, (22 U.S.C. 2121), is further amended by adding at the end thereof the following new section:

"SEC. 10. (a) Notwithstanding any other provision of law, the Secretary may not reduce the number of employees of the United States Travel Service in the offices of such Service in foreign countries to a number that is less than the number of authorized employees assigned to such offices in fiscal year 1979.

"(b) Notwithstanding any other provision of law, the Secretary may not reduce the amount of funds appropriated pursuant to this Act that are available for obligation to pay for the activities of the offices of the United States Travel Service in foreign countries to an amount that is less than the amout of funds that were available for obligation to pay for the activities of such offices in fiscal year 1980.".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PRESSLER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE DEATH OF ALESTER G. FURMAN, JR.

Mr. THURMOND. Mr. President, recently, Alester G. Furman, Jr., one of South Carolina's outstanding businessmen, passed away ending a long and distinguished career.

Alester was a man of ambition and determination. He was a civic and community leader who, like his forefathers, contributed greatly to developing South Carolina.

Furman University, one of the finest universities in the Nation, was founded by his great-great-grandfather, Richard Furman; and Alester was chairman of its board for 11 years.

I had known Alester for many years. He was a successful businessman and a good friend. He was dedicated and sincere in his aspirations for Greenville County and for South Carolina.

Alester was born in Greenville and attended Greenville city schools and Furman Fitting School. He earned a bachelor's degree from Furman University and later received honorary doctorate degrees from Furman and Clemson Universities.

After graduation Alester joined the Army and became a commissioned second lieutenant in 1918.

Upon returning, Alester joined his father's real estate, investment, and in-

surance company, the Alester G. Furman Co., and spent his entire career in the business until his retirement as chairman in 1961.

Alester was director of the Carolina Pipeline Co., the Liberty Corp., Liberty Life Insurance Co., Piedmont Northern Railway Co., Southeastern Broadcasting Co., J. P. Stevens, Spindale Mills, Southern Bleachery Print Works Inc., Ross Builders Supplies Inc., Woodside Mills, Ottaray Textiles Inc., Greenville Hotel Co., and Greenville Community Hotel Corp.

He was also a member of the First Baptist Church in Greenville, the Poinsett Club, the University Club, and numerous other social clubs.

Mr. President, I am extremely proud to have known Alester G. Furman, Jr., and my deepest sympathy is extended to his lovely wife, Janie, and his two sons, Alester G. Furman III and Dr. J. Earle Furman, both of Greenville. I know he will be sorely missed.

In order that I might share, with my colleagues, an editorial and two articles from the Greenville News and the Charleston News & Courier about this fine man, I ask unanimous consent that these appear at this point in the RECORD.

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

[From the Greenville (S.C.) News, Dec. 4, 1980]

ALESTER FURMAN'S CONTRIBUTIONS

It is one thing to inherit a great name and tradition of service. It is something else to make them even greater—and to do so in such a graceful, disarming fashion that the process is barely noted at the time.

The true measure of Alester G. Furman Jr. is that he devoted his 85 years of life to improving his state, his city and the fine institutions to which the Furman name has been linked for generations. And his work, although important and effective, was unobtrusive—so much so that upon his death yesterday it was difficult to find detailed information about him in newspaper files.

It was necessary to consult with some of his associates in order to get an adequate reading of his leadership role in the affairs of Furman University, his Baptist faith, the development of the textile industry in this region and in numerous civic and cultural activities of here and elsewhere.

Details of his active work for the school that was named for his great-great-great grandfather, and his labors for the progress of this region may be found elsewhere in today's paper. They add up to a significant contribution to Greenville and to South Carolina, the fruits of a vigorous and memorable life.

And Alester Furman will be remembered as a positive force, a man of strong conviction, a lover of wholesome activities, and a warm human being whose bursts of laughter were contagious.

Many delighted in hearing his accounts of Furman football and of Augusta National golf. Many enjoyed and were helped by his informal visits and thoughtful telephone calls.

He brightened many lives, and will be missed by all of them.

[From the Charleston (S.C.) News and Courier, Dec. 4, 1980]

BUSINESSMAN A. G. FURMAN DIES AT 85

GREENVILLE.—Alester G. Furman, who served on the boards of several companies and was a board member of Furman University for 20 years, died Wednesday. He was 85.

Furman was born on April 26, 1895, in Greenville, the son of Alester Garden and Nellie Hoyt Furman.

He attended Greenville city schools and Furman Fitting School, and received a bachelor's degree from Furman University in 1914. He also held an honorary doctorate from Clemson University.

Furman was commissioned a second lieutenant in the U.S. Army in 1918.

He spent his career with the Alester G. Furman Co., a Greenville real estate, insurance and securities firm started by his father in 1888.

His great-great-grandfather, Richard Furman, founded Furman University, and Alester G. Furman Jr. was the school's board chairman for 11 years.

Furman President John E. Johns said that Furman helped the university during "years of crucial decisions and unprecedented achievement."

Furman was a member of the First Baptist Church, Greenville Country Club, Poinsett Club, Biltmore Forest Country Club in Biltmore, N.C., Augusta National Golf Club, the University Club and the Merchants Club, both in New York.

He served as a director of the Liberty Corp., Carolina Pipeline Co., Piedmont & Northern Railway Co., J. P. Stevens & Co., Southeastern Broadcasting Co., Ross Builders Supplies, Spindale Mills, and others.

Surviving are: his widow, Janie Earle Furman; two sons, Alester G. Furman III and Dr. J. Earle Furman, both of Greenville; four sisters, Mrs. Robert W. Hudgens of Mount Dora, Fla., Mrs. Broadus Bailey and Mrs. Walter H. Arnold, of Greenville, Mrs. J. J. Westbrook of Atlanta; eight grandchildren and eight great-grandchildren.

Services are scheduled for 4 p.m. Thursday at the First Baptist Church. Burial will be in Springwood Cemetery.

[From the Greenville (S.C.) News, Dec. 4, 1980]

GREENVILLE'S GROWTH THE LEGACY OF FURMAN

Alester G. Furman Jr., whose work in the 1940s and 1950s spurred economic development in the Greenville area and turned Furman University into a modern institution, died Wednesday. He was 85.

"He was probably the most forward-looking, youngest person I ever knew," recalled Max Heller, former Greenville mayor and now chairman of the State Development Board.

Services for Furman will be at 4 p.m. Thursday at First Baptist Church. Burial will be in Springwood Cemetery.

Furman was born to an venerable Greenville family. His father was a successful businessman and civic leader.

Furman's great-great grandfather, Richard Furman, was a Revolutionary War hero and a leader in organizing the American Baptist Convention. Furman University was named after Richard Furman, and James C. Furman, Alester Furman's great-grandfather, was the first president of the school.

Yet, Furman did not satisfy himself with the past. Instead, he helped change the economic and educational environment of the region.

"It's hard to believe now, but there weren't really any new plants built around here from the 1920s through World War II," recalled Robert S. Small, chairman of Dan River Inc. "Unemployment, as we figure it now, was probably 20 to 25 percent."

But Furman helped remove that blight, said Small.

"I don't know anyone who has contributed more in developing the upper part of South Carolina," Small said. "He and Charlie Daniel (founder of Daniel International Corp.) were our ambassadors of good will for South Carolina before there was a State Development Board. They were sort of the unofficial State Development Board."

Daniel and Furman crisscrossed the nation, touting the state's benefits to industrialists and bankers.

Through his real estate, investment and insurance company, Furman helped develop the textile industry in the area. He sold stocks, founded and procured sites and served as a director for textile companies.

Burlington Industries, J. P. Stevens & Co. Inc. and some concerns that became part of Dan River are among the many companies that Furman assisted. The Furman plant of the Woodside division of Dan River was named in his honor.

"He served with distinction on our board of directors for many years and played a leading role in the growth of the company in Greenville, which is now the center of its manufacturing operations," said Whitney Stevens, chairman and chief executive officer of J. P. Stevens. "He was always available, interested and enthusiastic. His many contributions and wise counsel will long be remembered in the company."

However, his business interests did not stop in textiles. He served as a director of life insurance, energy and transportation companies. He helped form Southeastern Broadcasting Co., which eventually became the broadcast arm of Multimedia Inc.

In addition to his business ventures, Furman contributed his time and money to Furman University. He served as a university trustee for 20 years and as trustee chairman for 11, from 1947–53 and 1955–59.

FURMAN UNIVERSITY

He led the university during its decision to abandon its downtown campus and to move to its present location between Greenville and Travelers Rest.

Recently, his family donated $650,000 to build an infirmary at the university.

John E. Johns, Furman president, said Wednesday that "the steady hand of Alester Furman Jr. helped Furman University during years of crucial decisions and unprecedented achievement. He was a guiding force in raising funds to construct the new campus."

The university named an administration building after Furman in 1969 and appointed him to the university's hall of fame in 1970.

Johns added, "Alester Furman Jr. remained devoted to Christian higher education and used his business talents, his material resources and his life to make Furman University a stronghold in this endeavor.

"Furman University will always remember Alester G. Furman Jr. for his tireless concern for people, his college, his church and his community. He was not only an outstanding leader, generous benefactor and wise counselor, but also was a man of delightful wit and personal warmth."

Furman spent his entire business career with the Alester G. Furman Co., a Greenville real estate company started by his father in 1888. He retired as chairman of the company Jan. 1, 1961, but he remained active in the local community.

"I really looked to him and received some very good common-sense advice when I was mayor," Heller recalled. Heller said Furman offered encouragement on many civic projects, including downtown redevelopment.

"I'm a youngster, and he always was interested in what Liberty and I were doing," said Macon G. Patton, president of the Liberty Corp. and a neighbor of Furman's. "He was an elegant gentleman whose financial mind and sense of history will be sorely missed."

Through his business and civic dealings, Furman also touched a long list of people who remembered him Wednesday as a friend.

"He was very warm, loyal person," Small said. "A person who enjoyed the better things of life."

"He was a fine friend," said Patton. "I was

never with him when he didn't have a yarn to tell."

Wilson C. Wearn, president of Multimedia, called Furman "a very, very fine man. He was a very public-spirited citizen."

Gov. Dick Riley said Furman's "active support and involvement in cultural, civic and business affairs in Greenville County and throughout the state of South Carolina will be missed."

DISTINGUISHED GENTLEMAN

Sen. Strom Thurmond, R-S.C., called Furman a "fine, distinguished gentleman."

Thurmond noted that Furman "was a great supporter of humanities, civic and cultural activities in his community, and his contributions benefited countless individuals." An aide to Thurmond said the senator plans to enter a statement about Furman into the Congressional Record.

Furman himself summed up his life's philosophy in a newspaper interview shortly after his retirement. "The only value a man can take with him is what he has given away in time, talents and money."

Furman was born in Greenville on April 26, 1895, to the late Alester Garden and Nellie Hoyt Furman. He lived at 6 Woodland Way Circle.

A graduate of city schools and the Furman Fitting School, he received a bachelor's degree from Furman University in 1914. He received an honorary LL.D. bachelor's degree from Furman University in 1914. He holds an honorary LL.D. degree from Clemson University.

A commissioned second lieutenant in the Army, he served in World War I.

Furman was a member of the First Baptist Church, numerous social clubs, was past president of the Greenville Community Chest, chairman of the state's Citizens Committee for Navy Relief in 1942 and campaign chairman for the South Carolina United Fund in 1955.

He served as a director of Carolina Pipeline Co., the Liberty Corp., Liberty Life Insurance Co., Piedmont and Northern Railway Co., Southeastern Broadcasting Co., J. P. Stevens, Spindale Mills, Southern Bleachery & Print Works Inc., Ross Builders Supplies Inc., Woodside Mills, Ottaray Textiles Inc., Greenville Hotel Co., and Greenville Community Hotel Corp.

Surviving Furman are his widow, Janie Earle Furman; two sons, Alester G. Furman III and Dr. J. Earle Furman of Greenville; four sisters, Mrs. Robert W. Hudgens of Mount Dora, Fla., Mrs. Broadus Bailey and Mrs. Walter H. Arnold of Greenville and Mrs. J. J. Westbrook of Atlanta, Ga.; eight grandchildren and eight great-grandchildren.

THE TREATMENT OF THE FORMER HOSTAGES IN IRAN

Mr. THURMOND. Mr. President, if the reports that have reached us concerning the treatment of the 52 Americans held hostage by Iran are true, the conduct of the Iranians is inexcusable. It is a violation of international law and contrary to all standards of civilized conduct. Iran must be held accountable for such acts of savagery.

In due course, the Senate will conduct its own investigation of this matter. In so doing, we in this body have a responsibility to the former hostages, to their families, to the American people, and to freedom-loving peoples throughout the world to reveal all the facts surrounding the holding of these Americans. We also have a responsibility to derive from our study of this incident appropriate measures to avoid such situations in the future.

IN MEMORIAM: OLIN E. TEAGUE

Mr. CRANSTON. Mr. President, I rise sad of heart to note the passing last Friday of a great American, Olin E. "Tiger" Teague. Tiger was buried today and appropriately memorialized at Arlington National Cemetery.

I have known Tiger Teague from my earlier days in the Congress. We met in 1970 when I, as a freshman Senator chairing a subcommittee on Veterans' Affairs, and he, as the longstanding champion of veterans' needs, at that point having already served as chairman of the House full committee for 16 years, met to try to resolve GI bill legislation on which our committees were deadlocked. We were able then to settle our differences amicably and productively, and we were able to do so on numerous veterans bills and issues during the next 9 years until his retirement at the end of the 95th Congress.

We became good friends and constant allies in our shared commitment to do the best we could to maintain strong veterans' programs.

The young Tiger Teague spent 2 years recovering from combat wounds at the hospital which became the Temple, Tex., VA hospital and is now part of the VA center there. In 1978, Congress most appropriately named this center after him.

Immediately upon coming to the Congress in 1946, Tiger Teague began to fight for benefits to aid veterans and their families to return to civilian life. He chaired a special inquiry into GI bill abuses which led to corrective legislation for veterans returning from the Korean conflict. This concern for veterans' educational benefits has always been a matter of special emphasis for him. Although we were not always in agreement on the issues, whenever the Senate approached him on GI bill matters, he was always willing to examine and discuss changes to improve the program.

Olin Teague also had a tremendous influence on the medical program of the Veterans' Administration and on other veterans benefits programs. He led the way in preserving an independent VA Department of Medicine and Surgery in the 1973–74 period of great travail and controversy arising out of the disagreements between the Administrator of Veterans' Affairs and the Chief Medical Director; he then went on to pledge and provide consistent support to each of their successors in the agency.

He began a campaign—still moving forward today—which has, since fiscal year 1972, already resulted in adding more than 52,000 new VA health-care workers to bring VA hospital staffing ratios into line with those in community hospitals.

I know of no Member of Congress whose influence has been so enduring or so dominant in a particular field than Olin Teague's was in veterans' affairs for 32 years. It is for this reason that he was the first person outside of the VA to receive the Veterans' Administration's highest honor, the Exceptional Service Award, and why the Administrator of Veterans' Affairs went on to establish in late 1978 the Olin E. Teague Award to be made annually to the VA employee or team of employees whose accomplishments in the area of rehabilitation involve an outstanding improvement in the quality of life for war-injured veterans or contribute in an outstanding manner to rehabilitation. As a highly decorated, service-disabled World War II veteran with so strong a record of successful efforts on behalf of war disabled veterans, Tiger was surely the most appropriate honoree for the establishment of this award.

But his imprint on American life and public policy extended well beyond the field of veterans' affairs; indeed, as chairman of the House Committee on Science and Technology for 6 years, he left an equally indelible imprint on the space program. Although we did not agree in our approaches on some of the numerous issues confronting us in Congress, this was not the case with respect to our Nation's space program. There, as in the field of veterans' affairs, we shared a common vision and commitment.

Olin Teague's enormous contributions to our space effort were chronicled in the remarks of NASA Administrator Robert Frosh upon presenting Chairman Teague with that agency's distinguished public service medal in October 1978. The Administrator characterized Mr. Teague as "unique in the depth of his knowledge of the space program * * *"; as having made "unequaled contributions to the * * * program * * *"; and as having literally "saved the program" "through his dynamic leadership" after the fatal 1967 Apollo fire. An area where we have been strong allies has been in the persistent advocacy of the Space Shuttle, and I wish that Tiger could be with us to witness personally the culmination of this enormous undertaking expected later this year.

The common thread tying together Chairman Teague's great deeds regarding veterans affairs and the space program is love of country—the abiding and passionate theme that runs through his public career spanning four decades. His service to country continued long after his highly decorated service in World War II ended. His achievements will long endure.

Few men or women pass through our world and really make a difference. Tiger Teague truly did, and millions of veterans, his many friends, and his dear family join with me today in grief, in fond memory, and in lasting tribute to this extraordinary pioneer, patriot, and public servant.

MESSAGES FROM THE PRESIDENT RECEIVED DURING RECESS

Under the authority of the order of the Senate on January 22, 1981, the Secretary of the Senate on January 23 and January 26, 1981, received messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received on January 23 and 26, 1981, are printed at the end of the Senate proceedings.)

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary reported that on January 23, 1981, he had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 16. Joint resolution designating January 29, 1981 as "A Day of Thanksgiving To Honor Our Safely Returned Hostages".

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WEICKER, from the Select Committee on Small Business, without amendment:

S. Res. 34. An original resolution authorizing expenditures by the Select Committee on Small Business; referred to the Committee on Rules and Administration.

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. 272. An original bill to increase the membership of the Joint Committee on Printing (Rept. No. 97-2).

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. Res. 35. An original resolution authorizing expenditures by the Committee on Rules and Administration (Rept. No. 97-3).

S. Res. 36. An original resolution providing for members on the part of the Senate of the Joint Committee on Printing and the Joint Committee of Congress on the Library.

S. Res. 37. An original resolution to pay a gratuity to Nola E. Clark.

S. Res. 38. An original resolution to pay a gratuity to Joseph A. Cross.

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Res. 39. An original resolution authorizing additional expenditures by the Committee on Foreign Relations for inquiries and investigations (Rept. No. 97-4).

FOREIGN CURRENCY REPORTS

In accordance with the appropriate provisions of law, the Secretary of the Senate herewith submits the following report(s) of standing committees of the Senate, certain joint committees of the Congress, delegations and groups, and select and special committees of the Senate, relating to expenses incurred in the performance of authorized foreign travel:

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), COMMITTEE ON APPROPRIATIONS, FOR THE PERIOD FROM OCT. 13 TO 17, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Lowell Weicker, Jr.: Cuba	Peso	225.55	320.00					225.55	320.00
Robert I. Wicklund: Cuba	Peso	225.55	320.00					225.55	320.00
Steven H. Moore: Cuba	Peso	225.55	320.00					225.55	320.00
Total									960.00

Note: Transportation paid for out of committee funds.

Dec. 31, 1980.

WARREN G. MAGNUSON,
Chairman, Committee on Appropriations.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), COMMITTEE ON ARMED SERVICES FOR THE PERIOD FROM OCT. 1 TO DEC. 31, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Edward B. Kenny:									
England	Pound	251.26	617.03		(1)			251.26	617.03
Germany	Deutsche mark	395	209.00		(1)			395	209.00
James R. Locher:									
Saudi Arabia	Riyal				(2)				
Oman	Riyal	21.865	63.93		(2)			21.865	63.93
Jordan	Dinar	27.280	88.00		(2)			27.280	88.00
Israel	Shekel		270.00		(2)				270.00
Lebanon	Pound	52.500	75.00		(2)			52.500	75.00
Senator Carl Levin:									
Saudi Arabia	Riyal				(2)				
Oman	Riyal	21.263	62.09		(2)			21.263	62.09
Jordan	Dinar	19	61.18		(2)			19	61.18
Israel	Dollar		269.81		(2)				269.81
Egypt	Pound	37.96	54.28		(2)			37.95	54.28
Peter Lennon:									
Saudi Arabia	Riyal	13	3.93		(2)			13	3.93
Oman	Riyal	22.208	64.84		(2)			22.208	64.84
Jordan	Dinar	27.280	88.00		(2)			27.280	88.00
Israel	Dollar		270.00		(2)				270.00
Egypt	Pound	52.500	75.00		(2)			52.500	75.00
Transportation round trip from Washington, D.C., to Saudi Arabia and from Egypt to Washington, D.C.: [2]									
James Locher					1,647.00				1,647.00
Carl Levin					1,636.00				1,636.00
Peter Lennon					1,636.00				1,636.00
Total			2,272.09		4,919.00				7,191.09

[1] Transportation provided by Department of Air Force.

[2] Transportation between countries provided by Department of Air Force.

Jan. 7, 1981.

JOHN TOWER,
Chairman, Committee on Armed Services.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), COMMITTEE ON FOREIGN RELATIONS, FOR THE PERIOD FROM OCT. 1 TO DEC. 31, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Joseph R. Biden: Germany	Mark	214.13	123.78					214.13	123.78
M. Graeme Bannerman:									
England	Pound	160.58	390.40					160.58	390.40
Saudi Arabia	Rial	2,566.20	780.00					2,566.20	780.00
Pakistan	Rupee	6,543.90	661.00					6,543.90	661.00
India	Rupee	3,482	450.00					3,482.00	450.00
Nepal	Rupee	635	75.00					635.00	75.00
United States	Dollar				2,728.20				2,728.20
William J. Barnds:									
England	Pound	160.58	390.40					160.58	390.40
Saudi Arabia	Rial	2,566.20	780.00					2,565.20	780.00
Pakistan	Rupee	6,266.70	633.00					6,266.70	633.00
India	Rupee	4,065.50	525.00					4,063.50	525.00
United States	Dollar				2,471.80				2,471.80
Gerald B. Christianson:									
United States	Dollar				191.85				191.85
Canada	Dollar	126.66	109.33	27.00	23.31			153.66	132.64
John B. Ritch:									
Egypt	Egyptian pound	210	300.00					210	300.00
Saudia Arabia	Rial	1,961	596.00					1,961	596.00
Oman	Rial	76.94	255.00					76.94	255.00
Pakistan	Rupee	1,770	177.00					1,770	177.00
Israel	Dollar		75.00						75.00
Belgium	Belgian franc	3,391	177.00					3,391	117.00
United Kingdom	Pound	212.56	516.00					212.55	516.00
West Germany	Marks	349.60	190.00					349.60	190.00
France	Franc	1,994.00	468.00					1,994	468.00
United States	Dollar				2,679.00				2,679.00
Total			7,611.91		8,094.16				15,076.07

Dec. 12, 1980.

FRANK CHURCH,
Chairman, Committee on Foreign Relations.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE UNDER AUTHORITY OF SEC. 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), U.S. SENATE DELEGATION TO THE NORTH ATLANTIC ASSEMBLY, FOR THE PERIOD FROM JUNE 5 TO 8, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Senator Charles H. Percy: Luxembourg	U.S. dollar		279.00						279.00
John B. Ritch: Luxembourg	U.S. dollar		372.00		38.00				410.00
Delegation expenses							43.95		43.95
Alexander Crary: Portugal	U.S. dollar		450.00		689.00				1,139.00
Total			1,101.00		727.00		43.95		1,871.95

Dec. 12, 1980.

FRANK CHURCH,
Chairman, Committee on Foreign Relations.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), ENERGY AND NATURAL RESOURCES COMMITTEE FOR THE PERIOD FROM OCT. 1 TO DEC. 31, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Patricia M. Hoff: Netherlands	Guilder	3,941	1,995.00		750.00				2,745.00
Michael D. Hathaway: France	Franc	1,544	351.00		2,610.00				2,961.00
George G. Dowd: France	Franc	2,059	468.00		2,610.00				3,078.00
Daniel A. Dreyfus:									
Australia and Papua New Guinea	Dollar	1,260.83	1,496.00	1,610.46	1,897.70				3,393.70
New Zealand	Dollar	226.86	223.12			97.72	96.10		319.22
Willis D. Smith:									
Australia	Dollar	1,258.30	1,491.00	1,186.66	1,393.88				2,884.88
New Zealand	Dollar	226.86	223.12			97.72	96.10		319.22
James P. Beirne:									
Australia and Papua New Guinea	Kina and dollar	[1] 1,304.13	1,548.00			[2] 713.34	1,094.00		2,642.00
Fiji	Dollar	116.97	150.00						150.00
Total			7,945.24		9,261.58		1,286.20		18,493.02

[1] Australian dollar.

[2] Kina.

Dec. 31, 1980.

HENRY M. JACKSON,
Chairman, Committee on Energy and Natural Resources.

CONSOLIDATED REPORT OF EXPENDITURE OF FOREIGN CURRENCIES AND APPROPRIATED FUNDS FOR FOREIGN TRAVEL BY MEMBERS AND EMPLOYEES OF THE U.S. SENATE, UNDER AUTHORITY OF SEC. 22, PUBLIC LAW 95-384—22 U.S.C. 1754(b), OFFICE OF THE MINORITY LEADER FOR THE PERIOD FROM NOV. 28 TO DEC. 12, 1980

Name and country	Name of currency	Per diem		Transportation		Miscellaneous		Total	
		Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency	Foreign currency	U.S. dollar equivalent or U.S. currency
Frederick M. Bernthal:									
United Kingdom	Pound	296	700.00		1,471.40			296	700.00
France	Franc	3,426	660.00					3,426	660.00
G. Cranwell Montgomery: Republic of Korea	Won	234,248	356.00	13,160	20.00			234,248	356.00
Total			1,716.00		1,491.40				1,716.00

HOWARD H. BAKER, JR.,
Minority Leader.

Dec. 19, 1980.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–235. A communication from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to amend the Food Stamp Act of 1977 to control food stamp program spending, to improve food stamp administrative procedures, and to extend appropriations authority without specific dollar limitations while continuing to limit expenditures to available funds; to amend the Agriculture and Consumer Protection Act of 1973, to extend and improve the commodity distribution programs; and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

EC–236. A communication from the Deputy Secretary of Agriculture, transmitting a draft of proposed legislation to amend certain provisions of the child nutrition programs authorized by the National School Lunch Act and the Child Nutrition Act of 1966; to the Committee on Agriculture, Nutrition, and Forestry.

EC–237. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Egypt for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–238. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Navy's proposed letter of offer to Saudi Arabia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–239. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Opportunities Still Exist for the Army to Save Millions Annually Through Improved Retail Inventory Management"; to the Committee on Armed Services.

EC–240. A communication from the Deputy Secretary of Defense, transmitting, pursuant to law, the annual report of the Reserve Forces Policy Board for fiscal year 1980; to the Committee on Armed Services.

EC–241. A communication from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report with respect to a study with respect to converting the military family housing maintenance function at Blytheville Air Force, Arkansas, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–242. A communication from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the military family housing maintenance function at Tyndall Air Force Base, Florida, and the decision that performance under contract is the most cost-effective method of accomplishment; to the Committee on Armed Services.

EC–243. A communication from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on a construction project to be undertaken by the Air Force Reserve; to the Committee on Armed Services.

EC–244. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend section 5519 of title 5, United States Code, relating to crediting amounts received for certain reserve or National Guard service; to the Committee on Armed Services.

EC–245. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 10, United States Code, to provide for annual adjustments of retired and retainer pay to reflect changes in the Consumer Price Index; to the Committee on Armed Services.

EC–246. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Urban Mass Transportation Act of 1964 to provide authorizations for appropriations and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EC–247. A communication from the Secretary of Commerce, transmitting, pursuant to law, the 1978–1979 Biennial Report of the National Sea Grant College Program; to the Committee on Commerce, Science, and Transportation.

EC–248. A communication from the Secretary of Commerce, transmitting, pursuant to law, a report on his identification of a specific materials needs case "related to national security, economic well-being, and industrial production" to be completed by the Department of Commerce by October 1981; to the Committee on Commerce, Science, and Transportation.

EC–249. A communication from the Administrator of the United States Environmental Protection Agency, transmitting, pursuant to law, the annual report on the review of the Department of Energy's conservation and solar energy programs for calendar year 1980; to the Committee on Energy and Natural Resources.

EC–250. A communication from the Secretary of Transportation, transmitting, pursuant to law, a revised estimate of the cost of completing the National System of Interstate and Defense Highways for fiscal years 1983 and 1984; to the Committee on Environment and Public Works.

EC–251. A communication from the Secretary of Transportation transmitting, pursuant to law, the second progress report on the Highway Cost Allocation Study; to the Committee on Environment and Public Works.

EC–252. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "The Status of the Nation's Highways: Conditions and Performance"; to the Committee on Environment and Public Works.

EC–253. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, to amend the Highway Safety Act of 1966 to authorize appropriations, and for other purposes; to the Committee on Environment and Public Works.

EC–254. A communication from the Administrator of the United States Environmental Protection Agency, transmitting, pursuant to law, a report prepared by the National Academy of Sciences on the availability of technology for controlling airborne particulate matter; to the Committee on Environment and Public Works.

EC–255. A communication from the Chairman of the United States International Trade Commission, transmitting, pursuant to law, the twenty-fourth quarterly report on trade between the United States and nonmarket economy countries; to the Committee on Finance.

EC–256. A communication from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to obtain certain services and facilities and incur certain administrative expenditures, and for other purposes; to the Committee on Finance.

EC–257. A communication from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize appropriations for the United States Customs Service for fiscal years 1982 and 1983; to the Committee on Finance.

EC–258. A communication from the Acting United States Trade Representative, transmitting, pursuant to law, the semiannual report on the enforcement of United States rights under trade agreements and for response by the United States to unfair trade practices of foreign governments which burden or restrict United States commerce for the period July 1 through December 31, 1980; to the Committee on Finance.

EC–259. A communication from the Assistant Secretary of the Treasury, transmitting, pursuant to law, a report on the activities of multilateral development banks in the development of renewable energy resources in developing countries; to the Committee on Foreign Relations.

EC–260. A communication from the Secretary of State, transmitting, pursuant to law, the twenty-eighth report on the extent and disposition of United States contributions to international organizations covering fiscal year 1979; to the Committee on Foreign Relations.

EC–261. A communication from the Secretary of the Treasury, transmitting drafts of proposed legislation to provide for continuous participation by the United States in the International Bank for Reconstruction and Development, and for other purposes; and to provide for continuing participation by the United States in the International Development Association, to provide for United States participation in the African Development Bank, and for other purposes; to the Committee on Foreign Relations.

EC–262. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, a report reflecting the President's review of all activities during calendar year 1980 of Government departments and agencies relating to preventing proliferation of nuclear explosives; to the Committee on Foreign Relations.

EC–263. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on November 21, 1980; to the Committee on Governmental Affairs.

EC–264. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on November 21, 1980; to the Committee on Governmental Affairs.

EC–265. A communication from the Director of the Office of Inspector and Auditor, Nuclear Regulatory Commission, transmitting, pursuant to law, notice of a revised manual chapter on the utilization of consultants subsequent to the issuance of the report of the audit report of the Commission on September 20, 1977; to the Committee on Governmental Affairs.

EC–266. A communication from the Chairman of the Copyright Royalty Tribunal, transmitting, pursuant to law, the annual report of the Tribunal for fiscal year 1980; to the Committee on the Judiciary.

EC–267. A communication from the Secretary of the Foundation of the Federal Bar Association, transmitting, pursuant to law, the audit report of the Foundation for fiscal year 1980; to the Committee on the Judiciary.

EC–268. A communication from the Chairman of the Board of Directors and the Executive Director of the Pension Benefit Guaranty Corporation, transmitting, pursuant to law, the fifth annual report of the Corporation covering fiscal year 1979; to the Committee on Labor and Human Resources.

EC–269. A communication from the Secre-

tary of Labor, transmitting, pursuant to law, the annual report on the administration of the Employee Retirement Income Security Act of 1974 (ERISA) for calendar year 1979; to the Committee on Labor and Human Resources.

EC–270. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the seventh annual report of the Emergency Medical Services Program covering fiscal year 1980; to the Committee on Labor and Human Resources.

EC–271. A communication from the President of the Legal Services Corporation, transmitting, pursuant to law, the detailed budget request of the Corporation for fiscal year 1982; to the Committee on Labor and Human Resources.

EC–272. A communication from the Secretary of Labor, transmitting, pursuant to law, a report on minimum wage and maximum hours under the Fair Labor Standards Act; to the Committee on Labor and Human Resources.

EC–273. A communication from the Secretary of Labor, transmitting, pursuant to law, a report on the administration of the Black Lung Benefits Program; to the Committee on Labor and Human Resources.

EC–274. A communication from the Administrator of the Veterans Administration, transmitting a draft of proposed legislation 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.

EC–275. A communication from the Administrator of the Veterans Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to terminate the authority for the pursuit of flight training programs by veterans and for the pursuit of correspondence training by veterans, spouses, and surviving spouses, and for other purposes; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–6. A petition from a citizen of Mount Vernon, New York, favoring the immediate and rapid building of a U.S. Navy to protect our national security; to the Committee on Armed Services.

POM–7. A petition from a citizen of Aberdeen, South Dakota, favoring the building of the Cruise missile, a new nuclear aircraft carrier, the neutron bomb and the B–1 bomber; to the Committee on Armed Services.

POM–8. A resolution of the City Council of Parma, Ohio, opposing Federal preemption of local ordinances and state laws on transportation of radioactive materials; to the Committee on Environment and Public Works.

POM–9. A grievance petition filed by Orlan A. Saucke, vs. Ronald Reagan regarding wrongful use of taxpayer funds in the 1980 Presidential race; to the Committee on the Judiciary.

POM–10. A petition from a citizen of North Miami, Florida, regarding the appointment of certain individuals in the Reagan Administration; to the Committee on Labor and Human Resources.

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. STEVENS:

S. 253. A bill to increase the numbers of members of the Commission on Wartime Relocation and Internment of Civilians.

By Mr. SCHMITT:

S. 254. A bill to authorize public land States to select certain public lands in exchange for land taken by the United States for military and other uses, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. MATHIAS (for himself, Mr. ROBERT C. BYRD, Mr. THURMOND, Mr. PERCY, and Mr. DECONCINI):

S. 255. A bill to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product; to the Committee on the Judiciary.

By Mr. BOREN:

S. 256. A bill to amend the Internal Revenue Code of 1954 to eliminate the requirement that a member of the armed forces maintain a household in the United States to be eligible for an earned income credit; to the Committee on Finance.

By Mr. BOREN:

S. 257. A bill to amend the Internal Revenue Code to allow armed forces more time to reinvest the proceeds of sale of a principal residence without recognition of gain when they have served on extended active duty outside the United States; to the Committee on Finance.

By Mr. BOREN (for himself, Mr. BAUCUS, Mr. D'AMATO, Mr. DOLE, Mr. EXON, Mr. GARN, Mr. HEFLIN, Mr. LEVIN, Mr. RANDOLPH, Mr. ROTH, and Mr. SCHMITT):

S. 258. A bill to authorize the President to present on behalf of the Congress specially struck gold medals to certain former hostages and the survivors of certain deceased U.S. servicemen; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GOLDWATER (for himself, Mr. DECONCINI, Mr. HAYAKAWA, Mr. INOUYE, Mr. JEPSEN, Mr. LAXALT, Mr. LUGAR, Mr. MCCLURE, Mr. PRESSLER, Mr. THURMOND, and Mr. PRYOR):

S. 259. A bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 and older; to the Committee on Finance.

By Mr. SIMPSON:

S. 260. A bill to amend title 28 of the United States Code to allow for the holding of Federal district court in Jackson, Wyoming; to the Committee on the Judiciary.

By Mr. HEINZ:

S. 261. A bill for the relief of Remigio Aquino and his wife Ines Aquino; to the Committee on the Judiciary.

By Mr. MELCHER:

S. 262. A bill for the relief of Dolly Akers, Fort Peck Indian Reservation, Montana; to the Select Committee on Indian Affairs.

By Mr. MELCHER:

S. 263. A bill for the relief of Basile Christopoulos and Maria Christopoulos, husband and wife, and George Christopoulos, their son; to the Committee on the Judiciary.

By Mr. HUDDLESTON (for himself, Mr. RANDOLPH, Mr. FORD, Mr. ZORINSKY, and Mr. HEINZ):

S. 264. A bill to amend Title 23, United States Code, to authorize Federal-aid highway programs; to the Committee on Environment and Public Works.

By Mr. PERCY (for himself, Mr. HELMS, and Mr. HATFIELD):

S. 265. 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; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, by unanimous consent pursuant to the order of August 4, 1977.

By Mr. PERCY (for himself, Mr. COHEN, Mr. DURENBERGER, and Mr. PROXMIRE):

S. 266. A bill to establish a Federal Interagency Medical Resources Committee to ensure the most efficient and effective use of Federal direct Health care resources; to the Committee on Governmental Affairs.

By Mr. DECONCINI (for himself and Mr. THURMOND):

S. 267. A bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes; to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 268. A bill to amend the Internal Revenue Code of 1954 to encourage individuals to invest in the stock of domestic corporations by allowing a 10-percent income tax credit for such investments; to the Committee on Finance.

By Mr. DOLE (for himself and Mr. DECONCINI):

S. 269. A bill to amend title 28, United States Code, relating to federal court jurisdiction, and for certain other purposes; to the Committee on the Judiciary.

By Mr. SCHMITT (for himself, Mr. PACKWOOD, Mr. GOLDWATER, Mr. PRESSLER, Mr. STEVENS, Mr. CANNON, and Mr. HOLLINGS):

S. 270. A bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. GOLDWATER (for himself, Mr. PACKWOOD, Mr. SCHMITT, Mr. PRESSLER, Mr. STEVENS, Mr. CANNON, Mr. HOLLINGS, and Mr. INOUYE):

S. 271. A bill to repeal section 222 of the Communications Act of 1934; to the Committee on Commerce, Science, and Transportation.

By Mr. MATHIAS:

S. 272. An original bill to increase the membership of the Joint Committee on Printing; from the Committee on Rules and Administration.

By Mr. RIEGLE:

S. 273. A bill for the relief of William Vojislav Rankovic, Stanislava Rankovic, husband and wife; and William Rankovic, Junior, and Natalie Rankovic, their children; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 274. A bill for the relief of Samson Kossivi Kpadenou, doctor of medicine; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 275. A bill for the relief of Dante Soriano Loo and Rhodora Guerrero Loo, his wife; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 276. A bill for the relief of Roger Eric Lord; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 277. A bill for the relief of Luzbella Y. Imasa, doctor of medicine; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 278. A bill for the relief of Hun Sik Sanderson; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 279. A bill for the relief of Eduardo Velesco Barlan, doctor of medicine; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 280. A bill for the relief of Yaeko Howell; to the Committee on the Judiciary.

By Mr. RIEGLE:

S. 281. A bill for the relief of Anita Tavares Dy; to the Committee on the Judiciary.

By Mr. McCLURE:

S. 282. A bill for the relief of Ammara Reitz; to the Committee on the Judiciary.

By Mr. McCLURE:

S. 283. A bill for the relief of Ashok Amarshi; to the Committee on the Judiciary.

By Mr. BAUCUS:

S. 284. A bill to amend title 28, United States Code, with respect to the litigation authority of the Attorney General, to require the Attorney General to report on Federal case management, to require the Attorney General to provide status reports on certain cases referred to the Department of Justice, and to require the Attorney General to report to Congress regarding possible unconstitutional provisions of law; to the Committee on the Judiciary.

By Mr. BAUCUS:

S. 285. A bill to amend title 28 of the United States Code to require the Attorney General to transmit reports to the Congress summarizing any position of the Attorney General that any provision of law is unconstitutional and is not to be enforced or defended by the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. THURMOND (by request):

S. 286. A bill to authorize certain construction at military installations for fiscal year 1982, and for other purposes; to the Committee on Armed Services.

By Mr. HEINZ:

S. 287. A bill to amend the Internal Revenue Code of 1954 to provide a system of capital recovery for investment in plant and equipment, and to encourage economic growth and modernization through increased capital investment and expanded employment opportunities; to the Committee on Finance.

By Mr. CRANSTON:

S. 288. A bill to provide for the extension of the authorization of appropriations for title X of the Public Health Service Act; to the Committee on Labor and Human Resources.

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 289. A bill to amend the Securities Exchange Act of 1934 to provide margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States persons where such acquisition is financed by non-United States lenders; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MELCHER:

S. 290. A bill entitled the "Reye's Syndrome Act of 1981"; to the Committee on Labor and Human Resources.

By Mr. WILLIAMS (for himself and Mr. GLENN):

S. 291. A bill to amend title XII of the National Housing Act to establish national standards in order to reduce incendiarism and maintain community vitality, and to encourage States to adopt minimum standards for arson investigation and insurance underwriting; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BAUCUS:

S. 292. A bill to amend title XVIII of the Social Security Act with respect to judicial review of a decision by the Provider Reimbursement Review Board; to the Committee on the Judiciary.

By Mr. THURMOND:

S. 293. A bill to amend the Food Stamp Act of 1977 to prohibit any household from participating in the food stamp program if such household has one or more members on strike as a result of a labor dispute; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. GLENN (for himself, Mr. BOREN, Mr. BRADLEY, Mr. CHAFEE, Mr. DODD, Mr. FORD, Mr. HEFLIN, Mr. JACKSON, Mr. KENNEDY, Mr. MATSUNAGA, Mr. MELCHER, Mr. MOYNIHAN, Mr. PRYOR, Mr. RIEGLE, Mr. SARBANES, and Mr. WILLIAMS)

S. 294. A bill to establish an interagency Committee on Arson Control to coordinate Federal anti-arson programs, to amend certain provisions of the law relating to programs for arson investigation, prevention, and detection, and for other purposes; to the Committee on Governmental Affairs.

By Mr. FORD:

S. 295. A bill for the relief of Dr. Bonifacio B. Aranas, Mrs. Belen Aranas, and their children, Ethyl Aranas, Eileen Aranas, Bonifacio Amores, M.D.; to the Committee on the Committee on the Judiciary.

By Mr. RANDOLPH:

S. 296. A bill for the relief of Alfonso Amores, M.D.; to the Committee on the Judiciary.

S. 297. A bill for the relief of Jose Y. Auditor, M.D.; to the Committee on the Judiciary.

S. 298. A bill for the relief of Pablo Esquerra, Jr., M.D.; to the Committee on the Judiciary.

S. 299. A bill for the relief of Alberto A. Fernandez, M.D.; to the Committee on the Judiciary.

S. 300. A bill for the relief of Manuel P. Franco, M.D.; to the Committee on the Judiciary.

S. 301. A bill for the relief of Marietta Dizon Pamintuan; to the Committee on the Judiciary.

S. 302. A bill for the relief of Mr. Francis S. Suarez and his wife, Maria E. Suarez, M.D.; to the Committee on the Judiciary.

S. 303. A bill for the relief of Maria Luna Tan, M.D.; to the Committee on the Judiciary.

By Mr. PRESSLER (for himself, Mr. WARNER, Mr. BAKER, Mr. PACKWOOD, Mr. INOUYE, Mr. CANNON, Mr. EXON, Mr. LONG, Mr. GOLDWATER, Mr. HOLLINGS, Mr. FORD, Mr. KASTEN, Mr. HEFLIN, Mr. SCHMITT, Mr. RANDOLPH, Mr. DURENBERGER, Mr. PRYOR, Mr. STAFFORD, Mr. WILLIAMS, Mr. HAYAKAWA, Mr. HUDDLESTON, Mr. SASSER, and Mr. ABDNOR):

S. 304. A bill to establish a national tourism policy and an independent Government agency to carry out the national tourism policy.

By Mr. PRESSLER:

S. 305. A bill to ensure the protection of state water interests; to the Committee on Environment and Public Works.

By Mr. BOREN:

S.J. Res. 21. Joint resolution proposing an amendment to the Constitution of the United States to establish a ten year term of office for Federal Judges; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT:

S. 254. A bill to authorize public land States to select certain public lands in exchange for land taken by the United States for military and other uses, and for other purposes; to the Committee on Energy and Natural Resources.

PRESERVING STATE LAND HOLDINGS

● Mr. SCHMITT. Mr. President, I am introducing today legislation designed to insure that New Mexico and other public land States are fairly compensated for the loss of State lands when the Federal Government acquires lands for military and other uses within the boundaries of that State.

This particular problem has a long history in my own State of New Mexico arising out of military acquisition of State lands during World War II, and with new problems being created today as the Federal Government seeks to acquire lands for other purposes such as a nuclear waste disposal facility.

There are approximately 78 million acres of land within the borders of New Mexico of which approximately 26 million acres are federally owned, 13 million State owned, and the remainder are privately owned. Of the Government holdings there are about 3 million acres in military reservations which were taken from the public domain, State lands and private land owners.

In addition, the Federal Government presently leases thousands of acres of lands, many leases held under long-term commitments. The majority of the lease lands in New Mexico were acquired during World War II.

At that time it was assumed by both parties that the lands would be returned to the State after the war, therefore, the takings were for 5 years with options to renew annually. In cooperation with the war effort the State of New Mexico agreed to a minimum rental which in many instances was 3 cents per acre per annum. Instead of the Government relinquishing control after the war it relinquished only the smaller airports and bombing ranges and concentrated on expanding the larger ranges, such as White Sands Missile Range, in conjunction with its missile development programs.

Commencing in 1954, the military arm of the Government was strongly advocating a taking of all lands which it had held under lease. The first move was made in the Army's acquisition of the McGregor Range in Otero County. Early in the 1970's the House and Senate Armed Services Committee directed that military begin acquiring title to all lands within the boundaries of White Sands Missile Range. Last year the Government completed acquisition of all private lands within the range and is now prepared to begin acquiring all 350,000 acres of State lands by purchasing the title of these lands.

It has always been the State of New Mexico's position that when the Federal Government condemns State land in fee simple for various uses, it should allow the State to select lands in lieu thereof from the public domain. The main reason the State wishes to secure lands rather than settle for damages in condemnation is that the Enabling Act, under which New Mexico became a State, and our State constitution prevents the State from reinvesting the monetary damages in other lands.

The legislation which I am introducing today would protect the interest of all States by giving the individual State the option to select unreserved and unappropriated public lands in exchange for the State lands taken for military or other Federal uses. I feel that the New Mexico situation is representative of problems

experienced by other States. My legislation would provide a means to fairly compensate these States for the loss of their valuable lands and would establish a procedure whereby differences of opinion could be fairly resolved.

Basically, the general provisions of my legislation is summarized as follows: Where lands are taken by the Federal Government for Government use, the State is given an option to take payment in other unappropriated public lands. This option contains a time limit. The State makes its selections of public lands on a value-for-value basis and if a dispute arises as to the value which cannot be settled by negotiation, either party may refer the matter to the U.S. district court for a final determination.

At a time when the Congress and the President are trying to balance the Federal budget, this proposal would eliminate the need for the Federal Government to expend large sums of tax dollars to compensate States for condemned lands. Further, there is the argument presented by the Sagebrush Rebellion that the Federal Government should not be expanding its holdings of lands within the boundaries of the individual States, that it should hold land needed only for strictly governmental functions authorized by the Constitution.●

By Mr. MATHIAS (for himself, Mr. ROBERT C. BYRD, Mr. THURMOND, Mr. PERCY, and Mr. DECONCINI):

S. 255. A bill to amend the patent law to restore the term of the patent grant for the period of time that nonpatent regulatory requirements prevent the marketing of a patented product; to the Committee on the Judiciary.

PATENT TERM RESTORATION ACT OF 1981

● Mr. MATHIAS. Mr. President, today I am introducing the Patent Term Restoration Act of 1981. I am especially pleased to note that the distinguished minority leader of the Senate (Mr. ROBERT C. BYRD), the chairman of the Judiciary Committee (Mr. THURMOND), the chairman of the Foreign Relations Committee (Mr. PERCY), and the ranking minority member of the Subcommittee on the Constitution (Mr. DECONCINI) have joined me as cosponsors.

Our bill is designed to encourage American innovation by restoring the effectiveness of the patent system as it affects certain products subject to premarket testing by the Federal Government. I want to make it clear at the outset that our bill will in no way alter our commitment to the public to make sure that new products are safe for public use. But it does correct an inequity. Under current law, the Government grants a 17-year patent and then prohibits the product from being marketed until all tests are completed. During this time, the life of the patent is ticking away, often for many years.

This inequity hits small innovative businesses especially hard. They need the protection that a patent offers in order to protect their new ideas and innovations. These companies cannot afford to lose valuable years of patent coverage while awaiting premarket clearances from Federal regulatory agencies. It has been well documented that small businesses are the most innovative segment of our economy and the most dependable source of new jobs for our workers. Our bill will help these innovative companies provide the new products and jobs that are so desperately needed by the public.

In the past 15 to 20 years, a number of important laws have been enacted requiring that certain products be tested to insure that they are safe for marketing in the areas of public health and the environment. Gradually, as tests have become more and more sophisticated, the time needed to clear this review has grown. In 1962, for example, it took approximately 2 years and $6 million (or $15 million in 1979) to bring a new medicine from the laboratory to the marketplace.

It now takes, on average, 7 to 10 years and about $70 million to complete this testing period. Thus, it is not uncommon for a drug product to have lost up to one-half of its patent life without having been marketed. Similarly, the Environmental Protection Agency has estimated that the patent life for chemical products has been reduced to about 12 years. This phenomenon, coupled with the inability of many new products to achieve commercial success, discourages innovation—the historic basis of our prosperity.

This adverse impact upon innovation has resulted in fewer new and better products being introduced to the American consumer. For example, from 1955 through 1962, an average of 46 new drugs were introduced annually in the United States; today that average is only 17 new drugs a year, a decline of 63 percent. Similar trends are seen in other areas where the United States was once preeminent. Unless we turn around this trend, we will increase our dependence on foreign technology.

Right now the importation of foreign manufactured goods is the second biggest drain on our economy behind oil imports. While the West Germans and Japanese have redoubled their research and development efforts, many of our own companies have been forced to reduce the level of resources they can devote to research. Strengthening the patent system is one way to encourage them to invest more in R. & D. Our bill will do just that.

As Thomas Jefferson observed when he drafted the United States first patent law in 1793, "ingenuity should receive a liberal encouragement." The 17-year term of our patents was designed under this philosophy; but when our regulatory process effectively cuts this term in half, it should be no surprise that innovation suffers.

If this trend is not reversed, we will continue to fall behind our foreign competitors, who are careful to reward innovation. The real victims of this breakdown are the American people, who are deprived of new products.

The purpose of the present bill is to restore to products subject to premarket review requirements a period equal to the time required for this clearance—up to a maximum of 7 years. If the product does not clear the review, no extension of the patent will be granted. Further, such restoration of the patent will apply only to the specific purpose or use involved in the regulatory approval and not to the entire range of products that might result from the original patent grant.

I expect to conduct hearings on this bill early in the 97th Congress. The new administration wants to increase productivity by encouraging innovation. I urge our colleagues to consider this bill and join us as cosponsors of the Patent Term Restoration Act of 1981.

I ask unanimous consent that the text of the bill and the section-by-section analysis be printed in the RECORD immediately following this statement.

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

S. 255

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 "Patent Term Restoration Act of 1981.

SECTION 1. Title 35 of the United States Code, entitled "Patents" is amended by adding the following new section immediately after section 154:

"§ 155. RESTORATION OF PATENT TERM.

"(a)(1) Except as provided in paragraph (2), the term of a patent which encompasses within its scope a product, or a method for using a product, subject to a regulatory review period shall be extended by the amount of time equal to the regulatory review period for such product or method if—

"(A) the owner of record of the patent gives notice to the Commissioner in compliance with the provisions of subsection (b)(1);

"(B) the product or method has been subjected to a regulatory review period pursuant to statute or regulation prior to its commercial marketing or use; and

"(C) the patent to be extended has not expired pror to notice to the Commissioner under subsection (b)(1). The rights derived from any claim or claims of any patent so extended shall be limited in scope during the period of any extension to the product or method subject to the regulatory review period and to the statutory use for which regulatory review was required.

"(2) In no event shall the term of any patent be extended for more than seven years.

"(b)(1) Within ninety days after termination of a regulatory review period, the owner of record of the patent shall notify the Commissioner under oath that the regulatory review period has ended. Such notification shall be in writing and shall:

"(A) identify the Federal statute or regulation under which regulatory review occurred;

"(B) state the dates on which the regulatory review period commenced and ended;

"(C) identify the product and the statutory use for which regulatory review was required;

"(D) state that the regulatory review referred to in subsection (a)(1)(B) has been satisfied; and

"(E) identify the claim or claims of the patent to which the extension is applicable and the length of time of the regulatory review period for which the term of such patent is to be extended.

"(2) Upon receipt of the notice required by paragraph (1), the Commissioner shall promptly (A) publish the information noticed in the Official Gazette of the Patent

and Trademark Office, and (B) issue to the owner of record of the patent a certificate of extension, under seal, stating the fact and length of the extension and identifying the product and the statutory use and the claim or claims to which such extension is applicable. Such certificate shall be recorded in the official file of each patent extended, and such certificate shall be considered as part of the original patent.

"(c) As used in this section:

"(1) The term 'product or a method for using a product' means any machine, manufacture, composition of matter or any specific method of use thereof for which United States Letters Patent can be granted and includes the following or any specific method of use thereof:

"(A) any new drug, antibiotic drug, new animal drug, device, food additive, or color additive subject to regulation under the Federal Food, Drug, and Cosmetic Act;

"(B) any human or veterinary biological product subject to regulation under section 351 of the Public Health Service Act or under the virus, serum, toxin and analogous products provisions of the Act of Congress of March 4, 1913;

"(C) any pesticide subject to regulation under the Federal Insecticide, Fungicide, and Rodenticide Act; and

"(D) any chemical substance or mixture subject to regulation under the Toxic Substances Control Act.

"(2) The term 'major health or environmental effects test' means an experiment to determine or evaluate health or environmental effects which requires at least six months to conduct, not including any period for analysis or conclusions.

"(3) The term 'statutory use' means all uses regulated under the statutes identified in sections (c)(4)(A)-(D) for which regulatory review occurred for the product involved.

"(4) The term 'regulatory review period' means—

"(A) with respect to a food additive, color additive, new animal drug, veterinary biological product, device, new drug, antibiotic drug, or human biological product, a period commencing on the earliest of the date the patentee, his assignee, or his licensee (i) initiates a major health or environmental effects test on such product or a method for using such product, (ii) claims an exemption for investigation or requests authority to prepare an experimental product with respect to such product or a method for using such product under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, or the Act of Congress of March 4, 1913, or (iii) submits an application or petition with respect to such product or a method for using such product under such statutes, and ending on the date such application or petition with respect to such product or a method for using such product is approved or licensed under such statutes or, if objections are filed to such approval or license, ending on the date such objections are resolved and commercial marketing is permitted or, if commercial marketing is initially permitted and later revoked pending further proceedings as a result of such objections, ending on the date such proceedings are finally resolved and commercial marketing is permitted;

"(B) with respect to a pesticide, a period commencing on the earliest of the date the patentee, his assignee, or his licensee (i) initiates a major health or environmental effects test on such pesticide, the data from which is submitted in a request for registration of such pesticide under section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act, (ii) requests the grant of an experimental use permit under section 5 of such Act, or (iii) submits an application for registration of such pesticide pursuant to section 3 of such Act, and ending on the date such pesticide is first registered, either conditionally or fully;

"(C) with respect to a chemical substance or mixture for which notification is required under section 5(a) of the Toxic Substances Control Act

"(i) which is subject to a rule requiring testing under section 4(a) of such Act, a period commencing on the date the patentee, his assignee, or his licensee has initiated the testing required in such rule and ending on the expiration of the premanufacture notification period for such chemical substance or mixture, or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or injunction is dissolved or set aside;

"(ii) which is not subject to a testing rule under section 4 of such Act, a period commencing on the earlier of the date the patentee, his assignee or his licensee—

(I) submits a premanufacture notice, or

(II) initiates a major health or environmental effects test on such substance, the data from which is included in the premanufacture notice for such substance,

and ending on the expiration of the premanufacture notification period for such substance or if an order or injunction is issued under section 5(e) or 5(f) of such Act, the date on which such order or such injunction is dissolved or set aside;

"(D) with respect to any other product or method of using a product that has been subjected to Federal premarketing regulatory review, a period commencing on the date when the patentee, his assignee or his licensee initiates actions pursuant to a Federal statute or regulation to obtain such review prior to the initial commercial marketing in interstate commerce of such product and ending on the date when such review is completed,

except that the regulatory review period shall not be deemed to have commenced until a patent has been granted for the product or the method of use of such product subject to the regulatory review period. In the event the regulatory review period has commenced prior to the effective date of this section, then the period of patent extension for such product or a method of using such product shall be measured from the effective date of this section."

PATENT TERM RESTORATION ACT OF 1981
(S. 255)

EXPLANATION AND SECTION-BY-SECTION ANALYSIS

The Patent Term Restoration Act of 1981 would add a new section 155 to the patent law to provide for the extension of the patent term for products and methods of using products that are subject to regulatory review pursuant to Federal statutes and regulations before they are introduced into the market for commercial use.

Section 155(a) provides that the term of a patent will be extended for a period equal to the regulatory review period for the product or method of use to which the patent applies, except that no patent term will be extended for more than seven years. The patent owner must submit a notice to the Commissioner of Patents and Trademarks, and the patent to be extended must not have expired when that notice is given.

Section 155(b) specifies the information that must be contained in the notice to the Commissioner and states that the notice must be submitted within 90 days after the regulatory review period is completed. The Commissioner is required to publish information concerning the notice and to issue the patent owner a certificate of extension.

Section 155(c) defines the terms of the Act. The definition of a "product or method for using a product" includes new drugs, antibiotic drugs, new animal drugs, devices, food additives, and color additives subject to the Federal Food, Drug, and Cosmetic Act; human and veterinary biological products; pesticides; and chemical substances and mixtures subject to the Toxic Substances Control Act.

A "major health or environmental effects test" is defined as a test that requires six months to conduct, not including time for analysis or conclusions.

"Statutory uses" are defined to mean all uses of the enumerated products and methods for using products that are regulated under applicable statutes and for which a regulatory review occurs.

A "major health or environmental effects terms of the regulatory review procedures that apply to different kinds of products. For products subject to the Federal Food, Drug, and Cosmetic Act and for human and veterinary biologicals, the regulatory review period begins on the earliest of the date when a major health or environmental effects test is initiated, an investigational exemption is claimed (or an experimental permit is applied for), or an application or petition is filed. For pesticides, the review period commences when a major health or environmental effects test is begun, an experimental use permit is applied for, or a registration application is submitted. For chemical substances and mixtures subject to the Toxic Substances Control Act, the review period begins when a major health or environmental effects test is initiated pursuant to a test rule, or if no test rule applies, when a premanufacture notice is submitted or when a major health or environmental effects test is initiated for use in connection with that notice. For all products, the regulatory review period ends when a license or approval is granted or such period otherwise expires by statute. A general provision is included in section 155(c)(4)(D) to provide comparable coverage under the Act for any other product or method of using a product that is subjected to a regulatory review period pursuant to Federal statute or regulation.

The regulatory review period for a product or method of use does not commence for purposes of the Act until an applicable patent is granted. If a regulatory review period has commenced on the effective date of the Act, the period of patent extension will be measured from the effective date of the Act.●

Mr. THURMOND. Mr. President, I am pleased to join today with the distinguished Senator from Maryland (Mr. MATHIAS) in cosponsoring this legislation to amend the patent laws to restore the term of the patent that is taken up by nonpatent regulatory requirements.

In the last few years it has become painfully obvious that America's innovative capacity has been reduced substantially. In addition to backlogs in the patent application and reexamination system itself, is the added burden of regulatory requirements unrelated to the patent-seeking process. An increasing number of laws have been passed by the Congress to insure that new products are safe for the public to use. Unfortunately, the time required for this testing runs against the 17-year life of a patent. These tests are unrelated to the patent, but severely limit the time available to market the product.

This bill, Mr. President, simply restores to the life of a patent that amount of time required by Government testing of a new product. It does not restrict the Government's ability to test the safety of the product, it only gives to the patent holder the 17-year life of the patent in which to market the product once declared safe by the Government.

Mr. President, this legislation is extremely important to America's capacity to keep pace with the development of technology worldwide. The patent system is in need of reform. I ask unanimous consent that an article from U.S. News & World Report describing the condition of our present patent system be printed at the end of my remarks.

Mr. President, as chairman of the Judiciary Committee, I intend to press for early action on this measure and others that will improve this country's productivity and innovation.

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

PATENT SYSTEM A DRAG ON INNOVATION

(By Paul Recer)

For years, inventors have complained that federal red tape strangles ideas. Now a new administration is considering fresh approaches.

A Midwesterner spent thousands of dollars to develop a patent application and then waited five years for it to be approved. By then, the idea had been pirated by a large company. The inventor lost his investment—and the incentive to try again.

A former patent commissioner, strolling through a workroom in the U.S. Patent and Trademark Office in Arlington, Va., found a stack of patents piled on the floor in a corner, apparently misplaced or forgotten.

An inventor, after waiting for more than two years, finally received a patent report, only to discover it was in illegible handwriting.

"A cruel hoax." These incidents illustrate a development that is alarming experts: The U.S. patent process is widely regarded as so sluggish, outdated and undependable that it is contributing to the decline of innovation in America.

Millions of dollars' worth of new developments and thousands of potential jobs are tied up in registering the ownership of inventions, a system criticized as crippled by too much red tape, too little financial support, and bitter intragovernment rivalry. Says former Patent Commissioner Donald W. Banner: "A U.S. patent has become a cruel hoax, providing neither protection nor incentive for development of inventions."

The problem is of such concern to America's economic health that a blue-ribbon panel advising President Reagan devised proposals to get the system back on track. Among changes suggested: Administrative reforms, more patent examiners, computerization of files that are now only on paper and streamlining of a system basically unchanged since 1836.

A national resource of unmatched value, the Patent Office's files in Arlington include the largest depository of applied technology in the world—and the most open. Anyone may examine in minute detail those patents issued from any free country in the world.

Files include the work of such American geniuses as Thomas Edison, Samuel Morse, Cyrus McCormick and George Eastman, all of whom became famous and wealthy because U.S. patents protected their inventions.

Now, industrialists say, changes are needed to restore the patent system to its position as a help—not a hindrance—to emerging technology.

Critics says the office, with 2,700 employes and an annual budget of 112 million dollars, is understaffed, underfunded and forced to use outated office techniques. Among the problems:

Patent documents, called "prior art," are all on paper and stored in millions of boxes on shelves lining hundreds of corridors. Patent searches take weeks, with no assurance that all of the prior art is examined. Little effort has been made to develop a computerized search system for the 24 million patents on file.

Secretarial help is in such short supply that patent examiners often must file their findings in longhand.

Of the patent documents on file, at least 7 percent are actually missing—either lost, stolen or strayed. As a result, patent searches can be undependable and incomplete.

On the average, it takes 23 months for an application to be processed, and this delay is getting longer.

The value of patents, particularly for the small-time inventor, is at a low ebb. Patent rights are considered unreliable, and more than half of those tested in court have been declared invalid.

Before acting on a patent application, examiners must search all of the prior art in the appropriate classification to assure that the idea is unique. If it is, a patent is granted, and the holder theoretically is guaranteed 17 years of ownership of the idea.

The patent-search process was not a severe task when the files were small. But now, with 24 million patents filed in 100,000 subclassifications, the task can be monumental. Patent papers are stored in files and stacked in tall shelves lining block-long corridors.

Thick index books narrow the search, but each patent examiner must develop an extensive memory to keep up with his or her share of the 2,100 weekly applications.

"The whole thing is handled just like it was when Thomas Jefferson was President," says one official.

Now, the centuries-old system is breaking down, and many individuals and firms feel that getting a patent is often simply not worth the effort. Small companies find that a patent will not always protect an invention adequately. That is because some companies occasionally will risk pirating an invention when they believe a small firm can't afford a lawsuit.

Says the president of one technology company: "Stealing inventions has become an accepted business practice for big companies since they know they can probably beat the system. The little guy hardly has a chance."

In one case, a New York man who invented a digital-display system applied for a patent, but when it was granted several years later, a large company already had adopted the device. The inventor now faces years of litigation to determine who owns the idea.

NEED FOR EXAMINERS

Experts say the major difficulties at the Patent Office are that there is a shortage of examiners, and that an insufficient effort is made to keep the files updated and reclassified. New technology often is filed under old subclassifications, where it can be overlooked during patent searches.

"Even if it is there, how do you find it?" asks Michael Blommer, executive director of the American Patent Law Association. "They are so understaffed that they can't even get the antiquated system to work. And each year they're falling further and further behind."

Confidence in patent searches is further eroded by missing files. One study of the solar-energy subclassification showed that 28 percent of the prior art was gone. As a result, authors of the report said, patents granted from this subclass could be infringing on earlier, but unexamined, solar-energy patents.

"People in the marketplace are left in an uncertain status," complains Donald Dunner, a patent lawyer. "It causes dislocations in business planning. There have been some real screams of anguish."

Another problem is that patent-infringement suits have increased, overloading the courts. About 1 percent of all patents are challenged.

Patent litigation is heard first in federal district court, with appeals going to one of the 11 circuit courts of appeal. The Supreme Court seldom reviews a circuit court's findings.

"FORUM SHOPPING"

Attorneys say that some courts are known as "pro-patent" and others as "anti-patent." Thus lawyers play a vigorous game of "forum shopping," using every device to move their case to a court favorable to their cause.

Judges hearing patent cases are forced to evaluate highly technical details. Observes one attorney: "The tendency is to invalidate the newer patent." Legal costs of $500,000 are not unusual in patent cases.

Reformers are also frustrated by unsuccessful efforts to make the trademark-registration system more efficient, despite expenditure of hundreds of thousands of dollars to study how to computerize the operation.

Blommer says private firms have computerized trademark files, but "the U.S. government files are all on paper. Fifty thousand applications a year, and all on paper."

Many people involved in patent work blame the Department of Commerce for the condition of the Patent Office. Commerce controls the funds and has little interest in modernizing the operation, according to Banner.

In five of the last six years, funding has declined—when measured against inflation—while the workload has increased. Commerce officials say the PTO funding was based on an effort to use limited funds wisely.

Patent officials, however, say Commerce budget analysts, with little understanding of the patent function, annually propose only "caretaker" funds for the office.

The Department of Commerce three years ago, for example, erred on an appropriation request, and there was not enough money to pay all of the patent examiners. To avoid laying off people in a short-handed department, officials took funds from the printing budget. As a consequence, several thousand approved patents were not printed for months, holding them off the market.

Critics also are concerned that the corps of patent examiners, a group of highly skilled people regarded by many as an important national resource, has declined. There were more than 1,200 earlier in the decade, but the number dropped to about 990 last year. At the same time, patent applications have increased, reaching a record 112,315 for 1980.

Recent attempts to change the process made little headway. At congressional hearings last year, dozens of past and present PTO officials asked for removal of the office from the Department of Commerce and establishment of an independent agency. The proposal was supported by scores of inventors, patent lawyers and company executives, but was opposed by the administration. It failed in a House committee.

But many lawyers and inventors believe the election of President Reagan and a new Congress may result in the revamping of the Patent Office after all. Reagan has indicated he intends to make it easier for innovators to get their products on the market.

SPEEDING THE PROCESS

The patent system may be helped in other ways, too. There are bills pending in Congress that would restructure the court system for faster handling of patent litigation. Laws already have been passed to streamline the issuing of licenses to permit the use of government-developed patents and to ease the re-examination of questioned patents.

Still more changes will be studied during the new term of Congress. Senator Strom Thurmond (R-S.C.), chairman of the Judiciary Committee, says changing patent laws will be one of his panel's priorities. He calls it necessary for business productivity.

Government officials point out that

changes, no matter how helpful, will not cure all the troubles of industry in introducing new technology. Still, many experts say that reforms in the patent process could fire the kind of American genius that produced so many innovations in the past.●

By Mr. BOREN:

S. 256. A bill to amend the Internal Revenue Code of 1954 to eliminate the requirement that a member of the Armed Forces maintain a household in the United States to be eligible for an earned income credit; to the Committee on Finance.

S. 257. A bill to amend the Internal Revenue Code to allow members of the Armed Forces more time to reinvest the proceeds of sale of a principal residence without recognition of gain when they have served on extended active duty outside the United States; to the Committee on Finance.

RETENTION OF ACTIVE DUTY PERSONNEL IN THE ARMED FORCES

● Mr. BOREN. Mr. President, I have several times in the past expressed my concern over the difficulties faced by men and women on active duty with the U.S. Armed Forces, particularly in regard to salaries. I believe that our retention problems can be largely reduced if we cease to treat our Armed Forces personnel as second class citizens and recognize that in many instances they are faced with unique situations which require special solutions.

Accordingly, I am introducing today two measures that go to this problem. One deals with the capital gains taxes for certain members of the Armed Forces and the second with earned income credit.

Under present law, the entire amount of gain or loss on the sale or exchange of property generally is recognized by the IRS. However, if a taxpayers' principal residence is sold and a new principal residence acquired within a period beginning 18 months before and ending 18 months after the date of the sale of the old residence, the capital gains are not recognized.

The replacement period is suspended during any time that the taxpayer or the taxpayer's spouse serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence. This suspension may not extend more than 4 years beyond the date of the sale of the old residence. Thus a member of the Armed Forces generally is not required to recognize gain on the sale of a principal residence if he or she purchases a new principal residence within 4 years after the date of the sale of the old residence.

This has created a problem with regard to current Department of Defense policy which extends the period between members' permanent changes of station. This policy has been adopted as an economy measure. In some instances, this extended period between assignments will create financial hardships for members of the Armed Forces who have sold their residence before going overseas or who have been ordered into Government-owned quarters and are not reassigned to the United States.

In other words, some members of the Armed Forces serve an extended tour of duty outside the country or are ordered into Government-owned quarters which carries them beyond the 4-year limitation contained in the present law. Thus, these members will have to pay capital gains taxes on the sale of their old residence despite not having the opportunity to reinvest in a new principal residence.

This has the effect of discouraging overseas tour extensions which would save the Government money.

The bill I am introducing today says that a member of the Armed Forces who is stationed outside the United States or is required to reside in Government-owned quarters after the date of the sale of the principal residence will not be required to pay capital gains taxes if the taxpayer purchases a new principal residence within 4 years after the date of sale of the old residence or 1 year after the date on which the taxpayer is no longer stationed outside the United States or is no longer required to reside in Government-owned quarters, whichever is later.

The second bill which I am introducing today would make available to military taxpayers stationed overseas the same earned income tax credit available to their counterparts who maintain a household in the United States. Under the tax code an eligible taxpayer is permitted a refundable tax credit of 10 percent of the first $5,000 of earned income, up to a maximum of $500. This credit is reduced proportionately for earned income in excess of $5,000.

Among the requirements to qualify for this earned income credit is one which says that the taxpayer must maintain a household for the entire year in the United States which is the principal residence of the taxpayer and a child who is under 19 years of age or a student. The effect of this provision has been to render servicemen overseas, accompanied by their families, ineligible for this tax credit.

The amount of money involved may not seem particularly significant in today's economy, but it is considered a very large sum for many low-ranking military personnel.

My bill would simply eliminate the requirement that a member of the Armed Forces on active duty maintain a household in the United States in order to be eligible for the tax credit. The enactment of this bill would eliminate an inequity in the law which adversely affects military personnel earning less than $10,000 per year who are ordered to overseas bases outside the United States.

Mr. President, I believe these two bills, which have only a slight effect on the Treasury, would be of immense value in terms of increased morale and helping the members of the armed services maintain their economic stability in today's very unstable economy.

Mr. President, I ask unanimous consent that the text of the bills be printed in the RECORD.

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

S. 256

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 43(c)(1)(B) of the Internal Revenue Code of 1954 (26 U.S.C. 43(c)(1)(B)) is amended by inserting at the end thereof the following new sentence: "An individual who is otherwise eligible shall not be ineligible solely on the ground that the household or abode was outside the United States during any part or all of the taxable year if the individual was serving on active duty in the armed forces during that part of such taxable year."

SEC. 2. This Act applies to taxable years beginning after December 31, 1976.

S. 257

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the text of section 1034(h) of the Internal Revenue Code of 1954, as amended (26 U.S.C. 1034(h)), is amended to read as follows:

"The running of any period of time specified in subsection (a) or (c) (other than the 18 months referred to in subsection (c)(4)) shall be suspended during any time that the taxpayer (or his spouse if the old residence and the new residence are each used by the taxpayer and his spouse as their principal residence) serves on extended active duty with the Armed Forces of the United States after the date of the sale of the old residence except that any such period of time as so suspended shall not extend beyond the later of the following dates:

"(1) the date 4 years after the date of the sale of the old residence; or

"(2) the date 1 year after the first day of the first period—

"(A) of return to the United States incident to a permanent change of duty station; or

"(B) during all of which the taxpayer was permanently stationed within the United States.

For purposes of this subsection, the term 'extended active duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period." ●

By Mr. BOREN (for himself, Mr. BAUCUS, Mr. D'AMATO, Mr. DOLE, Mr. EXON, Mr. GARN, Mr. HEFLIN, Mr. LEVIN, Mr. RANDOLPH, Mr. ROTH, and Mr. SCHMITT):

S. 258. A bill to authorize the President to present on behalf of the Congress specially struck gold medals to certain former hostages and the survivors of certain deceased U.S. servicemen; to the Committee on Banking, Housing, and Urban Affairs.

PRESENTATION OF GOLD MEDALS TO RECENTLY RETURNED AMERICAN HOSTAGES

Mr. BOREN. Mr. President, I am today introducing a bill concerning the recently returned American hostages. The bill authorizes the President to present on behalf of the Congress and the American people gold medals, to each of the 66 American citizens held hostage in Iran and to the families of the 8 deceased U.S. servicemen who sacrificed their lives in an attempt to rescue the hostages.

These medals are to be an expression of appreciation from the Congress and the Nation for the sacrifices made by the hostages, the servicemen, and their families.

In addition to the gold medals this bill authorizes bronze medals to be struck and sold to the public. The proceeds from the bronze medals will be used to defray, or hopefully completely replace, the costs involved.

This legislation is similar to a resolution introduced in the House of Representatives by Congressman FRANK ANNUNZIO. My bill is a bit broader in scope,

but the aim of both measures is the same—to honor our fellow citizens who are continuing to go through the most traumatic and difficult period of their lives.

Mr. President, I am very aware of the difficulty that some of the returned hostages are experiencing in their return to freedom. It is certainly not my intention, nor is it the intent of any of my colleagues who have chosen to cosponsor this legislation, to in any way prolong or make more difficult the ordeal which some of the hostages are experiencing. The manner in which these medals are presented by the President to the recipients should be undertaken with these factors in mind.

Finally, Mr. President, I, along with many Americans, watched with interest the news conference held this morning by some of the returnees at Eisenhower Hall, at the Military Academy at West Point.

One could not watch that occurrence without a feeling of pride in the dedication that these men and women displayed toward the foreign service and in the United States. There may have been many times during these 14 difficult months that Americans wondered whether or not such symbolic gestures as the ringing of bells, the display of yellow ribbons, the hundreds of prayer vigils, and the sending of Christmas cards had any real value. There were cynics who privately and sometimes publicly derided such efforts as being ineffective and manifestations of America's weakness and inability to do anything else.

The statements at today's news conference by the former hostages of the encouragement such expressions of support gave them should dispel any notion that it was not worth the effort.

Bruce Laingen, the senior Foreign Service official in Iran closed today's news conference by reading a message sent to the hostages by the students of an elementary school in Ohio and reversed the message saying that the students' wishes for the hostages were in fact the hostages' wishes for the students and all of America.

Mr. President, I hope that the Senate can act swiftly on this legislation and I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 258

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the President is authorized to present, on behalf of the Congress, to each of the sixty-six United States nationals held hostage in Iran during all or part of the period from November 4, 1979, until January 20, 1981 and to one appropriate survivor of each of the eight deceased United States servicemen who sacrificed his life in the attempt to rescue such hostages a gold medal of appropriate design in recognition of the courage shown and the sacrifices made by such hostages and servicemen on behalf of the United States. For such purpose, the Secretary of the Treasury is authorized and directed to cause to be struck a gold medal with suitable emblems, devices, and inscriptions to be determined by the Secretary of the Treasury. There are authorized to be appropriated not to exceed $400,000 to carry out the provisions of this subsection.

(b) The Secretary of the Treasury may cause duplicates in bronze of such medal to be coined and sold under such regulations as he may prescribe, at a price sufficient to cover the cost thereof, including labor, materials, dies, use of machinery, and overhead expenses, and the appropriation used for carrying out the provisions of this subsection shall be reimbursed out of the proceeds of such sale.

(c) The medals provided for in this Act are national medals for the purpose of section 3551 of the Revised Statutes (31 U.S.C. 368).

By Mr. GOLDWATER (for himself, Mr. DECONCINI, Mr. HAYAKAWA, Mr. INOUYE, Mr. JEPSEN, Mr. LAXALT, Mr. LUGAR, Mr. MCCLURE, Mr. PRESSLER, Mr. THURMOND, and Mr. PRYOR):

S. 259. A bill to repeal the earnings ceiling of the Social Security Act for all beneficiaries age 65 and older; to the Committee on Finance.

ELIMINATION OF EARNINGS LIMIT OF SOCIAL SECURITY

● Mr. GOLDWATER. Mr. President, I am reintroducing today with several other Senators a proposal whose time has arrived, repeal of the earnings test of social security for all workers 65 and older. One of the major problems in the social security program from which other of its ills arise is the work disincentive of the earnings ceiling. Instead of encouraging older persons to remain productive workers benefiting themselves and the entire economy, social security penalizes work incentive by imposing a tax of 50 percent on any wages earned over a ceiling that is currently $5,500.

There are more than 11 million citizens, aged 65 to 72, who are covered by the earnings limit. Even in 1982, when the exempt age will drop to 70, the total number of persons in this age group exceed 10 million.

Mr. President, the major argument for repealing the ceiling is equity for older persons. The money older persons pay into social security is theirs. It does not belong to the Government and the Government should have no say in how it is paid back.

Not only does the worker pay tax premiums during his working lifetime, but economists have clearly demonstrated that the tax on the employer is also a tax on labor. In effect, the employer passes on his share of social security payroll tax to the workers in the form of lower wages.

By the time a worker reaches age 65, I believe he has earned his social security annuity. To require an older person to give up gainful employment is attaching a cruel penalty upon a pension which he has bought and earned.

Now there are other reasons for repealing the wage ceiling. For example, the American Medical Association finds that older persons suffer serious physical and mental harm by being induced to retire sooner than they would otherwise wish.

Another reason for repeal is the heavy drain upon the national economy caused by loss of the skills and production of older persons who withdraw from the labor force in order to collect their full social security checks.

Recent studies by several economists prove beyond a doubt that the earnings test dramatically increases the rate of early retirement among workers. For example, Prof. Anthony Pellechio of the University of Rochester has prepared convincing evidence from actual labor supply records that shows there is a direct relationship between labor activity and the earnings ceiling.

The point is that these persons would return to work with no additional cost to the system if the test is eliminated, since they are receiving maximum benefits already. This is why I believe repeal of the test will virtually finance itself.

To sum up, elimination of the earnings test will give back to older persons the money they have earned and help the economy by regaining use of the talents of experienced workers.

Mr. President, I ask that the text of the bill appear at this point in the RECORD.

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

S. 259

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 203(f)(8)(A) of the Social Security Act is amended by striking out "the new exempt amounts (separately stated for individuals described in subparagraph (D) and for other individuals) which are" and inserting in lieu thereof "the new exempt amount which is".

(b)(1) Section 203(f)(8)(B) of such Act is amended by striking out "Except as otherwise provided in subparagraph (D), the exempt amount which is applicable to individuals described in such subparagraph and the exempt amount which is applicable to other individuals, for each month of a particular taxable year, shall each be" and inserting in lieu thereof "The exempt amount for each month of a particular taxable year shall be".

(2) Section 203(f)(8)(B)(i) of such Act is amended by striking out "the corresponding exempt amount" and inserting in lieu thereof "the exempt amount".

(3) The last sentence of section 203(f)(8)(B) of such Act is amended by striking out "an exempt amount" and inserting in lieu thereof "the exempt amount".

(c) Section 203(f)(8) of such Act is further amended by striking out subparagraph (D) thereof.

(d) Subsections (f)(1), (f)(3), (f)(4)(B), and (h)(1)(A) of section 203 of such Act are each amended by striking out "the applicable exempt amount" and inserting in lieu thereof "the exempt amount".

(e)(1) Subsections (c)(1), (d)(1), (f)(1)(B) and (j) of section 203 of such Act are each amended by striking out "seventy" and inserting in lieu thereof "sixty-five".

(2) The last sentence of section 203(c) of such Act is amended by striking out "nor shall any deduction" and all that follows and inserting in lieu thereof "nor shall any deduction be made under this subsection from any widow's or widower's insurance benefit if the widow, widower, surviving divorced wife, or surviving divorced husband involved became entitled to such benefit prior to attaining age 60.".

(3) Clause (D) of section 203(f)(1) of such Act is amended to read as follows: "(D) for which such individual is entitled to widow's or widower's insurance benefit if she or he became so entitled prior to attaining age 60, or".

(4) Subsection (f)(3) of section 203 of such Act is amended by striking out "age 70" and inserting in lieu thereof "age 65".

(5) Subsection (h)(1)(A) of section 203 of such Act is amended by striking out "age 70" and inserting in lieu thereof "age 65".

(6) The heading of subsection (j) of section 203 of such Act is amended by striking out "Seventy" and inserting in lieu thereof "Sixty-five".

SEC. 2. The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1982.●

By Mr. SIMPSON:

S. 260. A bill to amend title 28 of the United States Code to allow for the holding of Federal district court in Jackson, Wyo.; to the Committee on the Judiciary.

HOLDING OF FEDERAL DISTRICT COURT IN JACKSON, WYO.

Mr. SIMPSON. Mr. President, during the last decade Wyoming has become the national focus of both energy development and environmental concerns. In the western part of the State, in an area designated as the "overthrust belt," oil and gas reservoirs or fields of "world class" proportions have been discovered. Much of the land in this "overthrust belt" has been previously recommended for inclusion within various Forest Service wilderness areas. The conflict here is quite evident. The environmental groups and prodevelopment groups are in a state of constant conflict and tension—and often in litigation. There is an increase in population in that area which is absolutely overwhelming. All of these activities naturally lead to an increase in litigation in the Federal court system.

In addition, Grand Teton and Yellowstone National Parks, the National Elk Refuge, the Bridger Teton National Forest, the Shoshone National Forest, Teton National Forest, and Fish and Wildlife offices are located in the northwestern corner of the State and these Government agencies have engendered a number of Federal lawsuits. Petty criminal offenses which occur on Federal lands are now also being tried before the U.S. magistrate for Yellowstone National Park. Yet at present there is no easily accessible Federal courtroom available for use in any of these types of cases.

The U.S. District Court for Wyoming has its primary location in the southeastern corner of the State in our capital city of Cheyenne, Wyo. There is a second permanent courtroom available to the Federal court in Casper, Wyo. Cheyenne is 433 miles from Jackson, and the central Wyoming city of Casper is 248 miles from Jackson. During the winter months the weather may often be so severe that travel from the northwestern areas to either of these Federal courtrooms is most hazardous and often difficult.

This bill would authorize the location of a Federal courtroom in Jackson, Wyo. This would allow the Federal court to travel to Jackson for the holding of court sessions, rather than requiring the attorneys and witnesses to travel from the northwestern parts of the State to the Federal courtrooms in Cheyenne or Casper. The cases which arise in that portion of the State often involve multiple parties and numerous witnesses. Examples of this are condemnation suits in which the Federal Government may seek to acquire parcels of land from diverse parties, boundary disputes, river meander line cases and criminal cases arising within the parks or upon Indian reservations in which often the defendant, the victim, and all witnesses may be residents of the northwestern corner of the State. The inconvenience and expense of conducting litigation across these vast distances of Wyoming is often prohibitive.

Therefore, Mr. President, I wish to introduce a bill to amend section 131 of title 28, United States Code, in order to allow the addition of the community of Jackson, Wyo., as being a proper site for the holding of Federal court within the State of Wyoming.

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. 260

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 131 of title 28, United States Code, is amended in the second paragraph thereof by inserting "Jackson," after "Lander,".

By Mr. HUDDLESTON (for himself, Mr. RANDOLPH, Mr. FORD, Mr. ZORINSKY, and Mr. HEINZ):

S. 264. A bill to amend title 23, United States Code, to authorize Federal-aid highway programs; to the Committee on Environment and Public Works.

ENERGY TRANSPORTATION IMPROVEMENT ACT OF 1981

● Mr. HUDDLESTON. Mr. President, today I am pleased to introduce, along with Senators RANDOLPH, FORD, ZORINSKY, and HEINZ, the Energy Transportation Improvement Act of 1981. It is my sincere hope that during this session of Congress we will at long last address the critical question of the adequacy of our Nation's energy transportation system.

Before detailing what the bill actually does I should point out to the newer Members of this body that the bill cleared the House of Representatives twice last year without a dissenting vote. In addition, another form of the bill was passed by the House in 1978.

Here in the Senate we passed practically the same measure by a voice vote last June. We were prepared to go along with the House once again concerning this matter at the end of the last session. However, the mass transit legislation to which the bill's provisions were tied became the subject of much controversy and unfortunately became the cause of its demise.

The repairing and restoring of our highway system in energy producing areas and the alleviating of the problems caused by unit trains hauling vast loads of coal through community after community must be started now. This bill, providing $300 million for this fiscal year for these purposes, with subsequent increases of $50 million per year over the next 4 years, will address only the minimum needs detailed by States. But, again, we must begin. The funding for these efforts will come, quite correctly in my judgment, from the proceeds of the windfall profit tax which I noted recently are expected to increase quite substantially in the coming year. The program's funding will be on an 80-percent Federal and 20-percent State matching basis.

This legislation is the culmination of a long-time effort on my part to assure that when we as a country finally begin to fully utilize our domestic energy resources we will be able to transport them in a safe, nondisruptive manner from point of production to point of use. Unless we move quickly in this direction, we shall very soon see, just at the time we may be turning the corner toward less reliance on foreign energy supplies, bottlenecks in coal deliveries to the Nation's energy consumers. Unless we move quickly and implement this bill, we will see inland the very same kinds of bottlenecks that are already hampering our coal exporting ability at severely overcrowded port facilities. We cannot allow this to occur. Just as we must correct the problems at the ports, we must not let our highway and rail system become throttled.

Just as importantly, it should be pointed out that the program called for in this legislation will prove to be of significant community value to the citizens inhabiting coal producing regions and other areas where there is heavy energy supply traffic.

It is the men, women, and children of these communities who must employ energy impacted highways as their lifeline to the rest of the world. It is the energy impacted system that carries other industrial goods to and from these regions. It is this rapidly deteriorating system that must carry the youth of these regions to and from their schools. It is the citizenry that faces potential disaster every time a lengthy unit train slices through a community cutting off fire, medical, and other vital services and transportation for undetermined lengths of time.

It is my hope the Environment and Public Works Committee, in its upcoming deliberations on the highway bill, will be able to address once again the issues raised here. I certainly will be working toward that end and I urge my colleagues to join me in seeking the enactment of this most important legislation.●

● Mr. ZORINSKY. Mr. Presient, a little over a year ago 16-year-old Cheryl Hinrichs was returning from a babysitting job in Hastings, Nebr. In order to return to her parent's home she had to cross two sets of railroad tracks. It was midnight, and she was perhaps a little tired. There were no crossing arms to guard the intersection. Cheryl Hinrichs never returned home.

Mr. President, that young girl's death could have been avoided. Every day scores of trains cut across our Nation, hauling coal, grain, and other commodities. Thousands of communities across the country are cut in half 50 to 60 times a day by passing trains.

Most of those communities are inadequately protected from the sort of haz-

ard which took Cheryl's young life. She died, as others have, because Hastings, Nebr., like hundreds of other communities, does not have the money to construct safety features at rail and highway crossings.

Mr. President, in my State alone there were 183 collisions involving a train in 1978, and 18 persons were killed. In 1979, 27 persons were killed in a total of 175 collisions, and between January and November 1980, 21 persons died in 154 collisions at rail-highway intersections.

But the loss of life due to accidents at crossings is not the only danger faced by these communities. Lives are also threatened by the delays encountered by emergency vehicles at rail-highway intersections. Ambulances lose precious minutes in getting critically ill patients to medical facilities, firefighters watch a house explode into flames on one side of the railroad tracks, while they wait helplessly for a train to pass. In Nebraska, Minnesota, North Dakota, and other Western States, communities are bisected by trains several times an hour for periods of 5 to 10 minutes.

A more subtle effect of the railroad barrier is the isolation of neighborhoods. As traffic along rail tracks bisecting a city increases, it becomes more and more difficult for residents on one side of the tracks to travel to the other side. The inconvenience of frequent delays in reaching schools, libraries, and shopping centers well may lead to the slow death of neighborhoods on the "wrong side of the tracks."

In short, Mr. President, any town which is cut in two by railroad tracks suffers a substantial social, economic, and safety impact. But for western towns, which have seen an enormous increase in rail traffic during the past decade, the effect has been particularly severe.

Our country is in the midst of an energy crisis. We have seized our abundant coal supply as a means of ending our dependence upon expensive foreign oil. The State of Nebraska is poised between the major coal-producing States of the West and the energy-starved East. In the past few years, rail traffic through the State has multiplied dramatically to accommodate increased production and transportation of coal. Where towns once hailed the passage of trains perhaps a dozen times a day as the purveyors of prosperity, today five times as many trains travel their town, bringing not prosperity, but economic and social hardship.

The energy crisis, and the consequent increase in coal production, is a national concern. The impact of increased coal traffic must also be a national concern. Neither the States nor the local communities affected have adequate financial resources to alleviate the social, environmental, and economic impact of vastly increased coal traffic through western and midwestern towns. The Federal Government should not shirk its responsibility to these communities. They are suffering as a direct consequence of our national energy policy. We must make it a national policy to help them overcome this energy-related problem.

Last year I joined Senators HUDDLESTON and RANDOLPH in amending the Mass Transit Act to authorize grants to States for the repair of roads on which coal is carried and for rail/highway grade crossing projects. The amendment duplicated language already in the House-proposed bill, and would have authorized $250 million for fiscal year 1981, with the authorization increasing by $50 million for each fiscal year through 1985.

Unfortunately, the mass transit bill died in the last days of the 96th Congress. Today, I am again joining my colleague from Kentucky in introducing a similar bill. It would provide for a 5-year authorization of grants on a 80/20 Federal/State share basis, with authorization for fiscal year 1982 set at $300 million. Authorizations would increase by $50 million each year, until a total of $500 million is reached in fiscal year 1986.

Mr. President, I urge my colleagues to support this legislation, and to act promptly to assist communities adversely affected by increased energy-related rail traffic.●

● Mr. HEINZ. Mr. President, I am pleased to cosponsor this bill to provide aid to energy-impacted roads and railroads. As you know, it is virtually identical to our amendment which passed the Senate and House of Representatives in the last session as part of the Surface Transportation Act of 1980. We have simply increased the funding levels slightly to adjust for inflation.

The bill before us today addresses a national problem with a responsible solution. It will aid not only the coal-bearing roads and bridges of West Virginia, Kentucky, and Pennsylvania, but also the energy-impacted transportation systems of our Western and Southern States, which are now increasingly facing the consequences of the Nation's growing need for domestic sources of fuel. It is clear that the United States must rely more and more on our own energy sources if we are to throw off the chains of dependence on foreign oil and gas. Yet development of domestic coal and oil resources has already put a heavy burden on our highways, bridges, waterways, ports, and railroads, and the deterioration of these transportation links has already reached critical levels in many parts of the country. Unless we act swiftly, we will not be able to sustain the rapid level of development of energy resources which we need to insure energy independence.

Between 1980 and 1985, coal production is expected to increase by approximately two-thirds. A 1978 DOT study, "Transporting the Nation's Coal—A Preliminary Assessment," predicts that coal-haul roads in particular could become a bottleneck to the flow of coal into energy-hungry regions of the country. Recent studies show that 34,000 miles of road in 21 States are used for coal hauling and that three-fourths of this coal system mileage will need improvements between 1980 and 1985. In my own State alone, the Pennsylvania Department of Transportation estimates that 2,500 miles of coal-haul highways, 700 bridges, and 342 miles of rail branch lines involved in coal movement will need significant repair between 1980 and 1985.

I have seen the deplorable conditions of roads which are extensively used to transport coal. Even several years ago, when I inspected the coal haul roads in Cambria County, Pa., these roads were a danger to the local community, with pavements you could crumble with your bare hands. Roads in this State of disrepair exist today throughout Pennsylvania and the rest of the Nation. Residents of Cambria County, other Pennsylvania coal-producing counties and other areas should not be forced to sacrifice their safety, their roads and their own wages as increased taxes for road problems created as a consequence of our supplying the energy needs of all Americans. This is an inequitable burden for them to bear.

Mr. President, this bill will provide the necessary Federal assistance to begin this important repair work, both to our energy impacted roads and to similarly affected rail lines. I join my colleagues from West Virginia, Kentucky, and Nebraska in urging its passage.●

Mr. FORD. Mr. President, once again I join my distinguished colleague, Mr. HUDDLESTON, in cosponsoring this legislation that addresses a critical and intolerable situation which exists in my State and others. The problem exists as a result of unprecedented demands on Kentucky's energy transportation network, demands that will only become greater in the next decade.

The deteriorating condition of the energy transportation systems, particularly the coal-haul roads is a matter of utmost concern to State and local officials, who must daily examine the dimension and severity of this problem and who feel that the Federal Government has a responsibility to help fund a resolution. All the highway systems in Kentucky—Federal, State, and local—have suffered extensive damage because we have a product, coal, that has seen more than doubled production rates in the last 15 years.

Kentucky has the coal, and the Nation needs it. But, quite frankly, the roads have not been adequate to sustain the burden of this upsurge in production, and inordinate problems have been created for the residents and communities of Kentucky's 60 coal-producing counties, or one-half of the counties in our State stretching from the western to the eastern borders.

This situation confronted me while Governor in 1974, and I brought my case to Washington. I found the Federal Highway Administration sympathetic to our plight and receptive to the idea of a study by the Kentucky Department of Transportation detailing the scope of the problem. That study is now complete, and it resulted in a 10-year highway construction and maintenance program to accommodate the transportation needs of both the coal industry and the people of the Commonwealth in the coal-producing regions. It provided for upgrading coal-haul roads and for a maintenance program, but even a minimum cost estimate was substantial.

The demands on coal production are going to increase, not decrease. The Nation will continue to turn more and more to coal as a major source of energy. As

this happens, the road systems of coal-producing States will continue to realize new and additional burdens. And the Federal Government must join with the States in assuming the responsibility of an entire nation.

For those who may think this is a problem that does not concern them, I would point out that this very day Kentucky coal is providing electrical power in 22 of the 50 States. Right here in Washington, D.C. Pepco consumes coal extracted from Kentucky's mines and transported over Kentucky's highways. So, Mr. President, this is a national problem. But paradoxically, the needs are local ones, needs created by production and transportation requirements.

Significantly more coal is being moved over Kentucky's highways than a decade ago. Alternative methods of transport such as railroad lines have been found to be too inflexible—and sometimes too expensive—to match the increase in production in Kentucky's mines. This coal is traveling, then, over roads that more than likely were never intended for the weight of a coal truck—not to mention an abundance of coal trucks.

Today there are approximately 6,000 coal trucks operating in Kentucky alone, traversing some 5,000 miles of our roadways. Most of this is along steep grades or near streams or along unstable slopes. Some of these roads were marginally deficient to begin with. You can imagine their state now. And every year the number of miles deteriorating grows and grows, while construction and maintenance costs do the same.

And, in spite of their best efforts, Kentucky's government officials cannot find sufficient funds to cover the cost of this burden. The Governor of Kentucky testified before the Senate Subcommittee on Transportation of the Committee on Public Works that "an 'adequate' system of coal-haul roads in Kentucky will require a minimum expenditure of $1 billion spread over the next 10 years." And that is a minimum, not the more ideal $2.7 billion that engineers say is needed for best results.

This bill directly addresses this vital need. By approving it, the Senate will offer assurance that Kentucky's coal-haul roads will be ready as we meet the energy needs of this Nation in the decade we are now entering. We must act soon if we are to avoid doubling the cost of coal-haul road repairs as well as coal production.

Mr. President, this assistance is needed not only to facilitate increased domestic use of American coal, but also to enable this country to take advantage of increased export opportunities. As the President's Interagency Task Force on Coal Exports concluded—

> Absent a major expenditure to rehabilitate the coal haul roads in Appalachia, it will be difficult for small producers who depend upon truck transport to benefit from the export market.

The legislation we are introducing today strikes at the very heart of the problem. It was passed by both the Senate and the House during the last Congress and I urge all of my colleagues to once again add their support to this measure which is more important now than ever before.

By Mr. PERCY (for himself, Mr. HELMS, and Mr. HATFIELD):

S. 265. 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; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, by unanimous consent pursuant to the order of August 4, 1977.

LIMITING FEDERAL SPENDING

Mr. PERCY. Mr. President, I am today introducing the Federal Lending Control Act of 1981. This legislation, identical to a proposal I introduced in 1979, is a step toward reducing the off-budget Federal deficit. Moreover, it is also a major step in our effort to roll back government-generated inflation.

Last year, the Consumer Price Index, our basic measure of inflation, rose by nearly 13 percent. It was the second year in a row that the economy was overheated to this extent. We know that Federal finances have played a major role in generating this inflation and I have been working with my colleagues the past several years to slake these fires of inflation.

The anti-inflation fight is many sided. Tax cuts, regulatory reform, and spending reductions are all a part of the effort. Each of these proposals will reduce the role of the Federal Government in the marketplace. Like the successful deregulation of the truck and airline industries, a reduction in the Federal role can generate new businesses, more competition, and more jobs.

An indispensible part of this effort is spending restraint. President Reagan's advisers are working now on their recommendations for cutting the budget. Trimming the budget deficit—$60 billion in fiscal year 1981—is a critical challenge for us. But a look at outright spending itself is not enough. In fiscal year 1981, for example, the Office of Management and Budget estimates that we will run up an additional $23 billion through the activities of off-budget Federal entities. Putting this all together, we see a Federal deficit of $83 billion this year.

These off-budget Federal entities referred to by OMB include the Rural Telephone Bank, the Synthetic Fuels Corporation, and the Postal Service Fund. The grand-daddy of all the off-budget agencies, however, is the Federal Financing Bank (FFB). Of the $23 billion in off-budget lending for fiscal year 1981, nearly all of it comes through the FFB.

Not only is Federal lending activity a significant share of the budget deficit, but it is also growing at a fast clip. In 1970, new net Federal loans and guarantees totaled only $11 billion. By 1980, these net new extensions reached $56.7 billion, a 400-percent increase. Outright Federal spending, on the other hand, increased by 300 percent in the same time period. So Uncle Sam's lending is outstripping even his rate of spending.

All of this Federal activity does not go unnoticed in the economy. If has its impact by making private credit more expensive. Last spring, the Federal Reserve Bank of San Francisco estimated that Federal and federally assisted borrowing could account for as much as 23 percent of all funds raised in the credit markets in 1980. The San Francisco Fed has recently revised this upward, to a high of 29 percent. What is more, economists are predicting a comparable rate of 25 percent this year. Historically, these are high levels of borrowing. During the 1977–79 expansion, for example, the average rate was 20 percent. Naturally the more deficit lending that occurs, the more the Federal Government will have to go into the private markets to raise funds to cover those deficit loans.

Mr. President, last fall an excellent article on Federal credit programs appeared in the Washington Report, a weekly newspaper of the Chamber of Commerce. Written by Murray Weidenbaum, recently appointed chairman of the President's Council of Economic Advisers, it is a succinct analysis of the economic costs of Federal credit programs. I commend it to my colleagues and ask unanimous consent that it be included at the close of my remarks.

It is time, Mr. President, for us to take a hard look at these lending programs and see just what impact they have on the interest rates we all must pay in one form or another. Certainly the more competition there is in the financial markets, the higher the price of capital will rise. When the Federal Government arbitrarily decrees that certain credit seekers will receive priority, then someone else may very well be priced out of the market.

Any home buyer or small business knows what the high costs of money mean. They mean a deferred home purchase or a failed business. We want to make sure that the Federal Government does not add undue pressure to interest rates and yet we do not really know because we do not follow lending programs with the same care that we do spending and taxes.

My legislation will begin to change this. It amends the Budget Reform Act of 1974 to establish ceilings and targets for loans and loan guarantees, much as we do now for outlays and budget authority. In each year's budget resolution, it would set forth the appropriate level of direct loans and loan guarantees. The budget would also show itemized estimates of loans and guarantees by budget functions.

The legislation requires the submission of credit plans to the Budget Committees by each authorizing committee. Presently, committees must submit their spending plans to the Budget Committees by March 15; the bill would extend this to loans and guarantees.

Banking Committees of both Houses would submit to the Budget Committees by March 15 each year their estimates and recommendations for the appropriate level of overall guarantees and loans

for the next fiscal year. The Banking Committees would, in effect, evaluate the credit needs of private and public borrowers.

Bills or resolutions authorizing new loans or guarantees must be reported from their respective committees by May 15. Bills reported after that deadline would face a point of order on the floor, as do all spending bills under the budget process.

The Congressional Budget Office would report annually to the Budget Committees on all Federal credit programs.

Points of order could be raised, after passage of the second budget resolution, against lending programs that exceed the totals in the budget. Moreover, loans and guarantees must be included within appropriations bills. Points of order could be raised against loans or guarantees that do not subject themselves to the Appropriations Committees.

Mr. President, this legislation has been endorsed by two prominent economists, Henry Kaufman of Salomon Brothers, investment bankers and Alan Greenspan, former chairman of the Council of Economic Advisers. Mr. Greenspan is now an unofficial adviser to President Reagan and in testimony on January 22, 1981 before the Joint Economic Committee said:

The financial community is going to insist on seeing basic changes from which they can extrapolate a significantly lower rate of growth in Federal outlays over the longer run and a marked decline in the aggregate amount of credit requirements directly and indirectly engendered by Federal government policy.

As part of his anti-inflation strategy, he stated that we must have an equal commitment to the reduction of budget deficits and off-budget financings.

I have been encouraged by OMB Director DAVID STOCKMAN'S commitment to reducing Federal lending activities. At his confirmation hearings before the Governmental Affairs Committee, I asked him about this. His reply was that—

One of my first actions as Director of OMB will be to initiate a major, high priority study of Federal credit policies and programs. I am convinced that the largely unplanned and unobserved growth of such programs has had seriously deleterious effects on the private credit markets; however, I believe that the amount of loans now outstanding is an issue of lesser consequence when compared to the creation of new loans and loan guarantees.

Mr. President, I look forward to action on this legislation this year. Last summer the Senate Budget Committee held a series of hearings on Federal credit programs, including this legislation. The House Budget Committee has shown a strong interest in this subject and Representative MINETA, who is sponsor of the House legislation, has led the way in bringing this matter to the attention of the House. For those of my colleagues who have an interest in the historical development of Federal lending programs, I ask unanimous consent that the text of the bill, a table on the programs, and an article be included in the RECORD at the end of my remarks.

There being no objection, the bill, table, and article were ordered to be printed in the RECORD, as follows:

S. 265

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 "Federal Lending Control Act of 1981.".

SEC. 2. (a) The Congress finds and declares that—

(1) Federal loans and loan guarantees are becoming an increasingly important means of providing Government services with the total volume of direct loans and guaranteed obligations outstanding in 1980 being 58 per centum and 53 per centum higher, respectively, than in 1976;

(2) the total volume of credit in the economy is finite and limited by the supply of savings, level of interest rates, and Federal monetary policy;

(3) Federal credit programs are not costless to the economy, as they allocate credit to groups and individuals who would otherwise find credit difficult to obtain;

(4) while plans for direct and guaranteed loans under individual Federal credit programs are reviewed each year, there is no systematic mechanism in either the Congress or the executive branch for reviewing the volume of total Federal credit activity, and therefore no systematic way of considering the resource allocation effects of Federal loans and loan guarantees or the reasonableness of the total volume; and

(5) if the Federal Government is to allocate its credit resources efficiently and coordinate that allocation with its fiscal policy and direct expenditures, it must exercise control over Federal credit activities as it does over direct spending activities.

(b) It is therefore declared to be the policy of the Congress and the purpose of this Act to provide a statutory basis for a Federal credit program control system by establishing procedures within the congressional budget process to set targets and ceilings for the gross amount of direct loans which the Federal Government may make, and the gross amount of loan guarantees which the Federal Government may enter into, during each fiscal year.

SEC. 3. (a) Section 202(a) of the Congressional Budget Act of 1974 is amended by striking out "and (3)" and inserting in lieu thereof "(3) information with respect to direct loans and guarantees of loan principal, and (4)".

(b) Section 202(f) of such Act is amended by striking out "and (B)" and inserting in lieu thereof "(B) the levels of direct loans and guarantees of loan principal, and (C)".

SEC. 4. (a) Section 301(a) of the Congressional Budget Act of 1974 is amended—

(1) by redesignating paragraphs (6) and (7) as paragraphs (8) and (9), respectively; and

(2) by inserting after paragraph (5) the following new paragraphs:

"(6) the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal;

"(7) an estimate of gross obligations for the principal amount of direct loans and an estimate of commitments to guarantee loan principal for each major functional category, based on allocations of the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal;".

(b)(1) Section 301(c)(2) of such Act is amended by striking out ", and budget outlays resulting therefrom," and inserting in lieu thereof "and budget outlays resulting therefrom, and of the total amounts of gross obligations for the principal amount of direct loans and commitments to guarantee loan principal,".

(2) Section 301(c) of such Act is further amended by inserting after "1946." the following new sentence: "The Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate shall each also submit to the Committee on the Budget of its House its recommendations as to the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal.".

SEC. 5. (a) Section 302(a) of the Congressional Budget Act of 1974 is amended—

(1) by inserting "and the appropriate levels of total gross obligations for the principal amount of direct loans and total commitments to guarantee loan principal" after "total new budget authority"; and

(2) by inserting "or authorizing such obligations and commitments" after "such new budget authority".

(b) Section 302(b) of such Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (1);

(2) by redesignating paragraph (2) as paragraph (3); and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) the Committee on Appropriations of each House shall also, after consulting with the Committee on Appropriations of the other House, subdivide among its subcommittees the allocation of gross obligations for the principal amount of direct loans and of commitments to guarantee loan principal allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution; and".

SEC. 6. Section 307 of the Congressional Budget Act of 1974 is amended by inserting ", and the appropriate levels of total gross obligations for the principal amount of direct loans and of total commitments to guarantee loan principal," after "new budget authority".

SEC. 7. (a) Section 308(a)(1) of the Congressional Budget Act of 1974 is amended—

(1) by striking out "and" after the semicolon at the end of subparagraph (B); and

(2) by adding after subparagraph (C) the following new subparagraph:

"(D) how the limitations on gross obligations for the principal amount of direct loans and on commitments to guarantee loan principal provided in that bill or resolution compare with the gross obligations for the principal amount of direct loans and commitments to guarantee loan principal set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302; and".

(b) Section 308(b) of such Act is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (4) the following new paragraph:

"(5) an up-to-date tabulation comparing the gross obligations for the principal amount of direct loans and the commitments to guarantee loan principal for such fiscal year in bills or resolutions on which the Congress has completed action to the gross obligations for the principal amount of direct loans and the commitments to guarantee loans set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302.".

SEC. 8. (a) Section 309 of the Congressional Budget Act of 1974 is amended by inserting "or providing limitations on gross

obligations for the principal amount of direct loans or on commitments to guarantee loan principal for such fiscal year," after "such year," where it first appears in paragraph (1).

(b) (1) The heading of section 309 of such Act is amended by striking out "AND CERTAIN NEW SPENDING AUTHORITY" and inserting in lieu thereof ", LIMITING DIRECT LOANS OR LOAN GUARANTEE COMMITMENTS, OR PROVIDING CERTAIN NEW SPENDING AUTHORITY".

(2) The table of contents for such Act is amended (in the item relating to section 309) by striking out "and certain new spending authority" and inserting in lieu thereof ", limiting direct loans or loan guarantee commitments, or providing certain new spending authority".

SEC. 9. Section 310(a) of the Congressional Budget Act of 1974 is amended—

(1) by striking out "or" after the semicolon at the end of paragraph (3);

(2) by redesignating paragraph (4) as paragraph (5) and (in such paragraph) striking out "and (3)" and inserting in lieu thereof "(3), and (4)"; and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) specify the total amount by which gross obligations for the principal amount of direct loans or commitments to guarantee loan principal are to be changed and direct the committees having jurisdiction to recommend such change; or".

SEC. 10. (a) Section 311(a) of the Congressional Budget Act of 1974 is amended—

(1) by inserting "increasing the limitations on total gross obligations for the principal amount of direct loans or on total commitments to guarantee loan principal for such fiscal year," after "effective during such fiscal year," in the matter preceding paragraph (1); and

(2) by inserting "would cause the appropriate level of gross obligations for the principal amount of direct loans or of commitments to guarantee loan principal set forth in such concurrent resolution to be exceeded," after "exceeded," in the matter following paragraph (3).

(b) (1) The heading of section 311 of such Act is amended by inserting ", LOAN AND LOAN GUARANTEE COMMITMENTS," after "SPENDING AUTHORITY".

(2) The table of contents for such Act is amended (in the item relating to section 311) by inserting ", loans and loan guarantee commitments," after "spending authority".

SEC. 11. (a) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end thereof the following new section:

"LEGISLATION PROVIDING AUTHORITY TO GUARANTEE THE REPAYMENT OF INDEBTEDNESS

"SEC. 405. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides, extends, or enlarges authority to insure or guarantee the repayment of indebtedness incurred by another person or government (or any amendment which provides, extends, or enlarges such authority) unless that bill, resolution, or amendments also provides that such authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

(b) The table of contents for such Act is amended by adding at the end of the matter relating to title IV the following new item:

"Sec. 405. Legislation providing authority to guarantee the repayment of indebtedness.".

SEC. 12. Section 402(a) of the Congressional Budget Act of 1974 is amended by inserting "or which authorizes the insurance or guarantee of the repayment of indebtedness incurred by another person or government for a fiscal year," after "for a fiscal year,".

SEC. 13. Section 2 of the Congressional Budget and Impoundment Control Act of 1974 is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (4);

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) to provide for the congressional determination each year of the appropriate level of gross obligations for the principal amount of direct loans and of commitments to guarantee loan principal; and".

SEC. 14. Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(6) The term 'direct loan' means a disbursement of funds by the United States or any officer or agency thereof (not in exchange for goods or services) under a contract which requires the repayment of such funds with or without interest, and in addition includes—

"(A) direct participation in a loan made and held by another person or government;

"(B) the purchase (through secondary market operations) of a loan made by another person or government; and

"(C) the acquisition of a federally guaranteed loan made by another person or government, as collateral or in satisfaction of default or other guarantee claims.".

SEC. 15. Section 201(d) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(d)), is amended by striking out "items enumerated in section 301(a)(1)–(5)" and inserting in lieu thereof "items enumerated in section 301(a)(1)–(7)".

SEC. 16. Section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), is amended—

(1) by striking out "and" after the semicolon at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (13) the following new paragraph:

"(14) all essential facts regarding direct lending by the Government, and guarantees by the Government of the repayment of indebtedness incurred by another person or government.".

SEC. 17. The amendments made by this Act shall be effective with respect to fiscal years beginning on and after October 1, 1980.

FEDERAL PARTICIPATION IN DOMESTIC CREDIT MARKETS

[In billions of dollars]

	Actual											Estimates	
	1971	1972	1973	1974	1975	1976	TQ	1977	1978	1979	1980	1981	1982
Total funds advanced in U.S. credit markets[1] (includes equities)	125.7	163.5	207.7	193.4	181.3	251.8	66.1	314.4	385.3	414.3	348.0	(2)	(2)
Advanced under Federal auspices	16.5	22.9	27.2	25.7	27.1	27.0	6.7	37.3	58.9	73.8	80.8	98.8	109.8
Direct loans:													
On-budget	2.0	3.0	.9	3.3	5.8	4.2	1.1	2.6	8.6	6.0	9.5	3.9	6.1
Off-budget			.1	.8	7.0	6.7	2.6	9.0	11.2	13.6	14.7	23.2	18.5
Guaranteed loans	16.1	19.8	17.7	10.5	8.7	11.2	−.1	14.0	13.9	26.1	32.4	51.3	56.9
Government-sponsored enterprise loans	−1.7	.1	8.5	11.2	5.6	4.9	3.1	11.7	25.2	28.1	24.1	20.3	28.3
Federal participation rate including Government-sponsored enterprises (percent)	13.1	14.0	13.1	13.3	14.9	10 7	10.1	11.9	15. 3	17.8	23.2		
Total funds raised in U.S. credit markets[1]	125.7	163.5	207.7	193.4	181.3	251.8	66.1	314.4	385.3	414.3	348.0	(2)	(2)
Raised under Federal auspices	33.5	40.0	47.5	24.4	64.9	98.2	19.3	79.6	94.4	81.7	124.4	141.5	126.8
Federal borrowing from public	19.4	19.4	19.3	3.0	50.9	82.9	18.0	53.5	59.1	33.6	70.5	72.0	45.0
Borrowing for guaranteed loans	16.1	19.8	17.7	10.5	8.7	11.2	−.1	14.0	13.9	26.1	32.4	51.3	56.9
Government-sponsored enterprise borrowing	−2.1	.7	10.6	10.9	5.3	4.1	1.4	12.0	21.4	21.9	21.4	18.2	24.9
Federal participation rate (percent)	26.6	24.5	22.9	12.6	35.8	39.0	29.2	25.3	24.5	19.7	35.7		

[1] Nonfinancial sectors. Source: Federal Reserve Board Flow of Funds Accounts.
[2] Not estimated.

Source: Fiscal year 1982 Federal Budget, Special Analyses.

GOVERNMENT CREDIT PROGRAMS CARRY HEAVY COSTS

(By Murray L. Weidenbaum)

The federal government has bailed out Chrysler, Lockheed, and New York City. Yet, providing credit to various parts of the economy is a little-understood and little-known component of government economic power.

That power is underpublicized for good reason: most of the government's annual $200 billion in credit does not show up in the U.S. budget and much of it does not involve any immediate expenditure of funds.

On the surface, federal credit programs seem a painless way of achieving national goals. Congress is blithely urged to use this approach for such different and massive activities as supporting large companies and bailing out major cities, since it seems that government is "merely" guaranteeing private borrowing or sponsoring supposedly private credit institutions.

The proposal to bring back that relic of the 1930s, the Reconstruction Finance Corp., is the latest manifestation of this illusion.

Is the use of the government's credit power a variation of the old "free lunch?" The answer is a resounding no. Contrary to popular belief, federal credit programs are not costless—either to the Treasury or to the citizens who fill its coffers.

These programs have three distinct costs:

Economic costs. Because government credit programs do nothing to increase the economy's total supply of investment funds,

they in fact deny credit to unsubsidized borrowers. Such programs are a glorified "shell game," with a variety of losers.

Initial fiscal costs. Government credit programs increase the total size of government-related borrowings—ranging from the Treasury's own securities to private issues guaranteed by federal credit agencies. An expansion in the volume of government-related credit results in higher interest rates being paid by an entire category. The fiscal cost to government arises—and here is the key point—because that portion of higher interest rates servicing the public debt is a direct charge to the federal budget, although we do not see it "on paper."

Ultimate fiscal costs. When borrowers holding government-guaranteed credit default, the Treasury bears the ultimate cost. Government credit programs thus become a form of "back-door" spending, whereby federal expenditures are incurred in the absence of direct budget appropriations.

These are very real costs to taxpayers. To tackle the problem, all proposals to create new credit programs (or broaden existing ones) must be accompanied by a detailed factual analysis—so the public can see what is involved.

This appraisal should specifically add up the subsidies by showing the difference between the interest rate charged to borrowers in the federal credit program and the rate that would be charged by private lenders.

Another way is to impose a ceiling on the total volume of federally assisted credit. Many programs now have virtually a blank check on the nation's credit resources. Under this method, credit would no longer be treated as a "free good."

In the long run, however, the most fundamental proposal relates to the underlying conditions creating these credit programs. If we promote an economic climate more conducive to private savings and investment, then we will reduce the need for private borrowers to seek federal credit assistance.

We must also recognize that the recent expansion in government credit programs—notably the aid to Chrysler—is qualitatively different from traditional credit activities. Loan guarantees by the Federal Housing Administration, for instance, are secured by readily marketable assets, such as real estate.

But many newer programs have different risk characteristics. A typical synthetic fuels project, for example, has substantial technical uncertainty as to costs and profitability.

The same is true of credit expansions to municipalities. If New York should default, how would the government foreclose on its "mortgage?" It is hard to envision the city fathers auctioning off Central Park or the Bronx Zoo. The city has pledged no tangible assets for repayment, as is done in traditional credit programs. What incentive, in short, does the city have to get its finances in order?

A new business bailout agency, such as the Reconstruction Finance Corp., would be a fiscal nightmare. A report by the Center for the Study of American Business at Washington University noted four problem areas in operating a government credit agency like RFC: criteria for granting federal loans are likely to be vague and open to arbitrary interpretation; government subsidy of private activity will encourage misallocation of resources; the credit agency will exist long after immediate problems are solved; and credit programs will leave the government holding assets of questionable quality or limited use.

My point here is not to oppose each extension of government credit. Rather, the issue is the full extent of contingent liabilities government might assume, which could result in ultimate federal assumption of large, unpaid debts. Supporters of more government credit programs and agencies should consider the consequences—and consult history before repeating its errors.

By Mr. PERCY (for himself, Mr. COHEN, Mr. DURENBERGER, and Mr. PROXMIRE):

S. 266. A bill to establish a Federal Interagency Medical Resources Committee to insure the most efficient and effective use of Federal direct health care resources; to the Committee on Governmental Affairs.

FEDERAL INTERAGENCY MEDICAL RESOURCES SHARING AND COORDINATION ACT OF 1981

Mr. PERCY. Mr. President, if this Congress is going to successfully cut Government spending without jeopardizing vital services, we are going to have to scrutinize every Federal program to make sure it is being run with the utmost efficiency. Today I am reintroducing legislation which will promote such efficiency in the delivery of billions of dollars worth of direct medical care to Federal beneficiaries—thereby saving millions of dollars while actually improving the quality of health care. I am happy to have Senator PROXMIRE, Senator COHEN, and Senator DURENBERGER as cosponsors.

This bill, the Federal Interagency Medical Resources Sharing and Coordination Act, passed the Governmental Affairs Committee and the Senate unanimously last September. Unfortunately, Congress adjourned before the House could act on it. I urge that the 97th Congress act swiftly on this cost-saving proposal.

HEARING REVEALED MILLIONS OF WASTED TAX DOLLARS

In recent years, increasing concern has been expressed in the Congress over the spiralling costs of medical care in the Nation. As in the private sector, Federal agencies' costs to provide health care directly to eligible beneficiaries have continued to rise, and substantial efforts have been made to find ways of holding down these costs without adversely affecting the quality of care.

The Governmental Affairs Committee, the GAO, and an interagency task force completed a lengthy investigation into the Federal Government's lack of interagency coordination of its $10-billion-a-year hospital system with hearings last July.

Examples of waste and inefficiency in the VA's, Defense Department's and Public Health Service's 308 hospitals are plentiful. For instance:

In North Chicago, the VA and Navy operate hospitals less than a mile from each other. While the Navy's modern facility sits more than three-quarters empty because of a lack of doctors, forcing them to spend $3 million on private sector care, the VA nearby plans to spend $67 million in coming years on its crumbling 1905 era buildings. The VA enjoys a relative abundance of doctors. Current laws, regulations and other problems have held up attempts to coordinate resources among the two Federal facilities.

For lack of a VA-Army agreement to share Boston VA orthopedic services, the Army flies dozens of patients from Boston to Walter Reed Hospital in Washington on its very expensive air evacuation system when more convenient and less costly treatment could be provided by the VA.

The Federal Government's Public Health Service Hospital in Seattle has a spinal cord injury center just 2 miles from a VA hospital that lacks such facilities. In 1 year, the VA transported 19 spinal cord injury patients to Long Beach, Calif., because regulations required patients to be treated within the same agency. The Seattle VA is now planning to construct its own $7 million spinal cord center just 2 miles from the other Federal facility.

These are not isolated cases.

NEED FOR LEGISLATION

These opportunities and many others are not being taken advantage of because the following obstacles inhibit the efforts of agencies to implement cost-effective sharing:

Restrictive laws limiting the types of resources that can be shared among Federal agencies: They restrict beneficiaries from being treated in another agency's facility.

Conflicting agency regulations, policies, and procedures. Most prominent are inconsistent and unequal reimbursement methods.

Disincentives at the hospital director level. For example, when a VA hospital director agrees to provide a service to a Defense Department hospital, the reimbursement for that service goes to Washington rather than to the VA hospital providing the service.

THE FEDERAL INTERAGENCY MEDICAL RESOURCES SHARING AND COORDINATION ACT

The purpose of this legislation is simple: To clear away the legal and administrative barriers to sharing, create incentives at the local level, and encourage the agencies to begin assessing money-saving opportunities for sharing and implement them expeditiously. The legislation also provides specific safeguards to prohibit sharing where it would adversely affect the quality of health care to Federal beneficiaries.

Reaction to the bill last year was nearly unanimous: This legislation is needed.

We have a unique opportunity with this bill to save hundreds of millions of tax dollars while actually enhancing Federal direct health care. In view of the difficult decisions the 97th Congress faces in trying to cut Federal spending, I urge that we move swiftly to pass this bill and others that can save tax dollars without creating hardships for Federal beneficiaries.

I ask unanimous consent that the text of the bill be included in the RECORD.

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

S. 266

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 "Federal Interagency Medical Resources Sharing and Coordination Act of 1981".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds that—

(1) coordination among Federal agencies in the use of Federal medical resources would minimize duplication and underutilization of Federal direct health care facilities, reduce costs, and enhance health care;

(2) optimum coordination between the Veterans' Administration and Department of Defense, the largest Federal providers of direct health care, would reduce health care costs and, in many cases, improve the quality of, and access to, care available to Federal beneficiaries;

(3) greater interagency sharing of medical resources between the Veterans' Administration and the Department of Defense may be achieved without a detrimental effect on each agency's primary beneficiaries;

(4) currently there are not adequate incentives in the various Federal direct health care delivery systems to encourage maximum interagency use of Federal medical resources;

(5) the Veterans' Administration and the Department of Defense should, to the extent feasible within each agency's responsibilities, share medical resources and increase the coordination of medical care; and

(6) the establishment of an interagency committee will facilitate interagency sharing of medical resources between the Veterans' Administration and the Department of Defense.

(b) It is the purpose of this Act to (1) clarify and expand the authority of the Veterans' Administration and the Department of Defense as direct health care providers in order to facilitate Federal interagency sharing of medical care and medical care support resources and (2) establish an interagency committee to serve as a mechanism to encourage maximum interagency sharing of such resources.

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) "direct health care" means any health care provided to an eligible beneficiary in a facility operated by the United States Government, including inpatient care and any type of outpatient treatment, testing, or examination;

(2) "beneficiary" means any individual who is entitled by law to direct health care furnished by the Veterans' Administration or the Department of Defense;

(3) "providing agency" means the Veterans' Administration or the Department of Defense;

(4) "primary beneficiary" means an individual who is specifically entitled by law to direct health care in the facilities of a particular providing agency;

(5) "negotiated cost" means the cost determined by local hospital officials on a medical service-by-service, hospital-by-hospital basis to be an equitable and consistent charge for the services provided; and

(6) "medical resource" means medical care and medical care support resources.

INTERAGENCY FEDERAL MEDICAL CARE COORDINATION

SEC. 4. (a) There is established a Federal Interagency Medical Resources Committee (hereafter in this Act referred to as the "Committee"). The Committee shall be composed of the Secretary of Defense and the Administrator of Veterans' Affairs or their designees. In order to establish policies applicable to the Veterans' Administration and the Department of Defense as Federal direct health care providers with regard to interagency sharing of medical resources, the Committee shall, notwithstanding any other provision of Federal law relating to interagency sharing of medical resources, undertake the following:

(1) Assess the opportunities for interagency sharing of existing medical resources between the Veterans' Administration and the Department of Defense.

(2) Remain continuously apprised of the planning of any additional Veterans' Administration or Department of Defense medical facilities, including the location of new facilities and the acquisition of major new medical equipment, with regard to the impact of such plans on opportunities for interagency sharing.

(3) Review existing Veterans' Administration and Department of Defense direct health care capabilities, including support and administrative services, to identify sharing opportunities that will not adversely affect the quality of, or the established priority of, care provided.

(4) Prescribe policies and procedures designed to maximize the interagency sharing of the Veterans' Administration and the Department of Defense medical resources.

(5) Coordinate the establishment of uniform interagency health care policies and procedures for providing agencies and monitor the implementation of such policies and procedures, including policies and procedures for coordinated planning for future development of each agency's direct health care delivery system.

(6) Consult, when appropriate with regard to carrying out the matters described in paragraphs (1) through (5), with other Federal providers to encourage optimum coordination in the delivery of direct health care.

(7) Prescribe uniform guidelines, within 180 days after the date of the enactment of this Act, to directors and commanding officers of health care facilities within the Veterans' Administration and the Department of Defense for the sharing of medical resources by such health care facilities. Such guidelines shall provide, consistent with the policies and procedures developed under this Act, for the following:

(A) The director or commanding officer of each health care facility within the jurisdiction of the Veterans' Administration and the Department of Defense shall, whenever possible, enter into interagency cooperative sharing arrangements with other health care facilities of such providing agencies. Under such arrangements, a beneficiary eligible for direct health care in one agency's facility may receive medical care at a providing facility of the other agency.

(B) Services to be shared may include any medical resource.

(C) Medical resources to be shared shall be negotiated by the directors or commanding officers of the health care facilities entering into an arrangement.

(D) The availability of direct health care to beneficiaries of an agency other than the providing agency shall be on a referral basis, and shall not, as determined by the directors or commanding officers participating in such arrangements, adversely affect the quality of care and priority access for medical services of the providing agency's beneficiaries.

(E) Whenever a beneficiary receives medical services from a providing agency other than the particular providing agency for which such beneficiary is a primary beneficiary, such providing agency shall be reimbursed based on negotiated costs as agreed by the directors or commanding officers of the participating health care facilities.

(F) Reimbursement shall be credited when received by the providing agency to the specific facility that provided the medical service.

(G) Sharing arrangements shall be operative upon agreement of the directors or commanding officers entering into such arrangements unless disapproved upon submission to each agency.

(b) Nothing in this Act shall be construed to preclude sharing of medical resources among all Federal direct health care providers pursuant to any other law.

(c) The responsibilities of the Committee under this Act with regard to uniform direct health care shall not be construed to alter any providing agency's responsibilities with regard to the provision of medical services provided by law.

(d) (1) The Committee shall, within one year after the date of the enactment of this Act, prepare and transmit to the Congress a report, including such legislative recommendations as the Committee considers appropriate, with regard to—

(A) the guidelines prescribed pursuant to subsection (a) (6);

(B) the opportunities for interagency sharing as required in section 4(a)(1);

(C) the interagency sharing arrangements entered into by health care facilities of such providing agency;

(D) each providing agency's activities pursuant to cooperative interagency sharing arrangements;

(E) other interagency activities directed toward maximizing the efficient use of Federal health resources during the preceding fiscal year;

(F) the progress of Federal interagency medical resource sharing;

(G) the interagency coordination of Federal health resources planning; and

(H) other major Federal activities to increase interagency sharing of Federal medical resources.

(2) Each year at the time the President transmits the Budget under section 201 (a) of the Budget and Accounting Act, 1921, beginning with the year after the year in which the Committee submits its report under paragraph (1), the Committee shall prepare and transmit to the Committees on Appropriations of the Senate and the House of Representatives a report for the preceding year containing the information described in paragraph (1).

By Mr. DECONCINI (for himself and Mr. THURMOND):

S. 267. A bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes; to the Committee on the Judiciary.

NATIONAL GUARD TORT CLAIMS ACT

Mr. DECONCINI. Mr. President, Gen. Douglas MacArthur once said that—

In no other profession are the penalties for employing untrained personnel so appalling or so irrevocable as in the military.

At a time when our great Nation is in the process of sending a message to the world that our military is prepared to defend the vital interests of the United States, the training, the skills, and numbers of our Army and Air National Guard Reserve components are critical elements in our effort to maintain a strong national defense.

The legislation which I have introduced today, the National Guard Tort Claims Act, will make a major contribution to this effort by finally allowing the National Guard component to conduct training which will prepare the men and women of the Guard to play their rightful role as part of the "total force" of our military establishment. It will do so by covering the Guard under the Federal Tort Claims Act while in training, thus creating liability in the Federal Government for torts committed by National Guardsmen and women in the

scope of their employment. This bill will have the additional effect of encouraging volunteers, today so badly needed in the Reserves.

The States have long expressed serious concern over the liability cast upon them by members of the National Guard engaged in training for Federal missions. There now exists a myriad of possible responses from a complete remedy to none at all. Some States deny all liability or limit their liability on the grounds of sovereign immunity. Some carry automobile insurance but no general or comprehensive coverage. Into this maze is cast the guardsman or woman who is ordered to perform a given task by the military and then forced to respond in damages for injuries caused by him or her while acting within the scope of employment.

The bill I am introducing today, the National Guard Tort Claims Act, would extend to the National Guard in training, the same protection under the Federal Tort Claims Act that is already provided for all other members of the Armed Forces as well as all Federal employees. In addition, it would make the Federal Tort Claims Act the exclusive remedy for claims based on the medical malpractice of National Guard medical personnel.

As stated in a recent defense department document:

> Our nation continues to depend for its defense upon our reserve forces, under the "total force" concept, reserve forces would perform critical missions in any future conflict, my administration is committed to ensuring that these vital forces are fully manned, well trained, well equipped and capable of rapid mobilization and integration into the active force in time of national emergency.

We will not have a well trained force, performing critical missions, if a major component of that force cannot use real ammunition in its training nor participate with other military components in realistic training exercises. And I am aware of units in the National Guard which are forbidden to use real ammunition in their training exercises because, and only because, the Federal Tort Claims Act does not apply to the Guard in training.

All members of the Armed Forces, except National Guard members, are recognized as Federal employees under the presently drafted Federal Tort Claims Act. The theory behind the exclusion of the National Guard is feeble at best, given the realities of the present day military situation. The rationale which has been used, and which was articulated most recently by the Supreme Court in Maryland against United States is that because the National Guard was originally established as a State militia unit by the Constitution, the present day guardsman or woman is, under the theory of respondeat superior, really an employee of, and under control of the State, and not the Federal Government.

This particular interpretation of constitutional text completely ignores not only reality but also another part of the Constitution. The Constitution, however, does something more. It gives Congress the power to "provide for organizing, arming and disciplining the militia, and for governing such part of them as may be employed in the service of the United States, reserving to the States respectively, the appointment of the officers. and the authority of training the militia according to the discipline prescribed by Congress."

Thus, the National Guard is not just a State entity, but plays a dual role. But its overwhelming role is Federal. By law, it is a major component of the Federal Armed Forces. In fact, it is given precedence in law over all other reserve components of the U.S. military system. In 10 U.S.C. 263 and at least two other parts of the United States Code, one finds language like this:

> Whenever Congress determines that more units and organizations are needed for the national security than are in the regular components of the ground and Air Forces, the Army National Guard of the United States and the Air National Guard of the United States, or such parts of them as are needed, together with units or other reserve components necessary for a balanced force, shall be ordered to active duty, and retained as long as so needed.

Guard units are organized and structured along lines prescribed by the Federal Government. Federal law, in fact, gives the President the right to specify the types of organization to be maintained in each State and requires that the organization and composition of units be the same as those prescribed for the Army and Air Force.

Guard units receive training that is identical to that given active units, and they are expected to perform wartime missions identical to those of comparable active units.

Members of the active—Federal—Military Establishment observe and assist with Guard training, and regularly inspect the training and other operations of Guard units. Failure to meet Federal standards can result in withdrawal of Federal recognition of a unit, thus depriving it of Federal funds and Federal equipment. In fact, it actually ceases to be a National Guard unit when Federal recognition is withdrawn.

Guard units stand ready for mobilization by the President whenever an emergency requires. Some 50,000 may be ordered to duty without even the necessity of a Presidential proclamation of emergency, in fact, and any number up to 1 million—Guard or Reserve, or both—for up to 2 years on a Presidential proclamation.

When a man or woman decides to join the National Guard, they take a dual oath, to defend their Nation and their State. They sign an enlistment contract that makes them members of the National Guard of their State and of the Reserve of the Army or Air Force, concurrently.

The new enlistee is handed an Army or Air Force uniform with a "U.S." on the collar and other insignia clearly identifying their affiliation with one of the U.S. military forces. The enlistee is issued a weapon and assortment of other gear, all of it identical to that issued to members of the Active Forces, all of it provided by the Federal Armed Forces.

The guardsperson stores gear in a Federal locker, in an armory for which the Federal Government provided up to 75 percent of the construction funding—as much as 100 percent for many training facilities. When the guardsperson takes part in "inactive duty training," as prescribed in 32 U.S.C., he or she draws a Federal paycheck and food and other necessities are provided by the Federal Government.

If the National Guard unit travels to an outdoor training area, they ride in. or drive, Federal vehicles powered by Federal fuel. When training involves weapons firing, Federal ammunition is fired. If there is an injury during training, or illness or disease results, he or she is entitled to Federal medical care just like other members of the Armed Forces.

If specialized training is required, the guardsperson goes to an Army or Air Force service school, and draws full pay while there. All training, whether inactive duty training under title 32, or any of the several types of active duty under title 10, is creditable toward Federal military retired pay. On the days active duty is performed, whether under title 32 or title 10, the guardsperson is entitled to use commissaries, post exchanges and other facilities restricted to active duty personnel.

Finally, the training given, and the functions performed in such areas as maintenance, logistics, administration, and management, all are focused almost entirely on the Federal mission. Readiness to perform a State function is almost wholly a by-product of preparing for the Federal role. State missions do not envision the utilization of 155mm guns, missiles, or high speed jet aircraft.

The Adjutant General of each State is supervised through the Chief of the National Guard, Bureau of the Department of Defense. Any rules and regulations promulgated under title 32 are promulgated by the Department of Defense.

The Federal role of the Guard was established right at our beginning as a Nation, through the previously quoted section of the U.S. Constitution, it became necessary as time passed to spell out the Guard's dominant Federal nature more clearly in law. However, a whole series of legislative enactments resulted, commencing with the Dick Act of 1903, through the National Defense Act of 1916 and its numerous later amendments, to the Armed Forces Reserve Act of 1952 and its numerous amendments or successor acts.

One of those enactments, in 1933, produced the legal rationale for a dual enlistment and concurrent Federal-State status. That enactment created a "National Guard of the United States," the organizations and membership of which would be identical with those of the National Guard of the several States. It is from that provision that the dual status/dual enlistment/dual responsibility doctrine flows.

Thus, the two aspects of the National Guard are two sides of the same coin, separated only by a thin legalistic membrane. That thin membrane is punctured in countless places, in the many ways enumerated earlier. It is almost ripped in two by another provision of law—10

U.S.C. 3686 and 8686 for the Air Guard—which says:

For the purposes of laws providing benefits for members of the Army National Guard of the United States and their dependents and beneficiaries—and

(3) Inactive duty training performed by a member of the Army National Guard of the United States in his status as a member of the Army National Guard, in accordance with regulations prescribed under section 502 of title 32 or other express provisions of law, shall be considered inactive duty training in Federal Service as a Reserve of the Army.

In fiscal years 1979 and 1980, about $1.6 billion Federal dollars were spent to maintain the Guard and its activities. The importance of the Guard to our national security is also evident by the fact that it is our national policy to rely fully for one-half of our Nation's combat power and two-thirds of its support capability on the Reserve Forces.

For example, when mobilized as the total force, the Army National Guard provides 27 percent of the total Army strength in the following percentages: 33 percent of the combat division; 72 percent of the separate brigades; 57 percent of the armored cavalry requirement; 63 percent of the infantry battalions; 33 percent of the special forces groups; and 21 percent of the medical units.

Furthermore, our timely and demonstrated ability to mobilize these forces—itself a function of training—can contribute greatly to deterring the Warsaw Pact from launching an attack in Europe in the belief that the U.S. units could not respond in time to augment forces already stationed in that theater.

The fiscal year 1981 budget from the Department of Defense has very clearly described an enhanced role for the Reserve Forces. States the narrative:

The U.S. defense posture of the 1980's will emphasize increased reliance on the Reserve Forces, reserve units must be manned, equipped and trained properly and be capable of mobilizing and deploying rapidly in time of need.

The context of this policy is the fact that the Armed Forces and the Reserve must be able to participate in a major conventional war in Europe that begins with little or no warning, and is of such high intensity that the Reserve Forces must be fully trained and capable of deployment directly into battle within the first 30 days. And we must have people to send. There is a serious manpower problem in the Reserves today. How can we expect people to volunteer for service if they are not treated in a consistent fashion in terms of training and status as those in other military branches, while expected to perform exactly the same combat mission?

Another partial solution was enacted by the 95th Congress, but it applied only to medical malpractice. Instead of extending Federal tort claims coverage to Guard medical personnel, such as medical personnel of other military components enjoy, it authorized Federal payment of judgments, court and legal fees and other costs stemming from a medical malpractice suit brought against the individual member.

But in spite of the good intentions of the drafters of these relief provisions, there are still serious problems in these areas for the Guard.

With respect to the medical malpractice area, in most cases, a physician or dentist whose malpractice insurance policy does not cover him when he is engaged in military training or duty could have it extended to cover such periods, upon application and payment of an additional premium.

However, the cost is most often prohibitive, for example, a physician in Michigan 127th Hospital has reported that he would have to pay an additional annual premium of $5,000 in order to have his medical malpractice insurance extended to cover his Air National Guard activities.

Since medical personnel of the National Guard may often be required to perform their duty wherever their units may be sent, and without regard to the nature of their civilian medical specialties, it is obvious that the broader liability exposure would in nearly every case increase the cost of their insurance.

But, whatever, the expense, nominal or astronomical, our medical personnel in the National Guard do not feel that they should have to protect and pay for insurance to protect themselves from liability for official military activities. The income the National Guard doctor or dentist derives from his miltary avocation is most often substantially less than he could earn in the same time in his private practice. If the threat of ruinous civil liability is not removed by providing protection for "line-of-duty" medical activities, an exodus of professional medical personnel may well be expected. At a time when rapid mobilization of completely trained troops is a top priority for the protection of national security, we cannot let critical military medical training become only a formal exercise with no actual training occurring. In time of war as no other, we will need as many highly trained medical personnel as possible. We are dealing with human lives, and cannot afford to let a technical argument about definitions of State versus Federal get in the way of saving them.

I want to give you another example of the inadequacy of the present remedy—an example which will show that under it, innocent civilians are caused great suffering, and that bureaucratic absurdity attains its ultimate form. Several years ago, an Iowa Air National Guardsman crashed into a farmhouse. At the time of the crash, the State of Iowa had waived its sovereign immunity by passing a State tort claims act.

Some time shortly after the crash, the Iowa State Legislature passed a bill to amend the State act to exclude coverage for activities of the members of the Iowa National Guard performing training under title 32.

From the time of the accident, when a claim for administrative relief was filed, there was a controversy over whether the Air Force or the State had to pay, and how much. A house full of antiques had been completely demolished and the family lived in a henhouse on the property which had been thankfully spared.

Finally, after many months of anguish and no payment forthcoming from anyone, the Air Force and the plaintiff could not agree to a settlement. The Air Force claiming that the antiques were only "old furniture," the Governor of Iowa grounded all Federal vehicles issued to the Iowa Army and Air National Guard.

Needless to say, there was a speedy resolution. We cannot allow such a comedy of errors to occur at a time when our defense needs are so urgent. The cost to the Air Force for this prolonged sequence of events—and I am speculating—was probably as much or more than the cost of settlement procedure under the Federal Tort Claims Act. Once the Guard is under the act, such costs will go down, for Government attorneys would be used, rather than the private attorneys allowed under the claims procedure.

The issue, therefore, is a simple one:

If a National Guard member on inactive duty training (title 32) is driving a U.S. Army tank as part of an Army-prescribed training event aimed at readying that guardsman to perform a Federal defense mission, and he inadvertently rams into a privately owned structure causing major structural damage or perhaps serious personal injuries, how does the Federal character and responsibility for the action differ from an identical action, potentially tortious, committed by an Active Army or Army Reserve soldier, under identical circumstances and likewise in preparation for performing a Federal defense mission?

Placing the Guard under the Federal Tort Claims Act not only protects the Guard, but also protects the citizens unfortunately involved in the accident, for reasons of fairness and equity toward aggrieved citizens and because the fiction of the National Guard as primarily a State-operated and operating entity is unrealistic and antithetical to our newly restructured defense needs—with an emphasis on the role of the Reserves—I urge the Congress to put the final brick in the strong building of American defense by supporting this measure. A guardsperson should not be burdened with a personal responsibility for an accident while others performing the same federally directed function and wearing the same uniform are rightfully shielded from liability.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD as follows:

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

S. 267

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2671 of title 28, United States Code is amended—

(1) in the second paragraph, by inserting a comma and "members of the National Guard while engaged in training or duty under Section 316, 502, 503, 504, or 505 of title 32, or any other provision of law for which such a member is entitled to, or has

waived, pay under title 37," after "United States"; and

(2) in the third paragraph, by inserting "or a member of the Army National Guard or Air National Guard" after "United States".

SEC. 2. Section 1089(a) of title 10, United States Code, is amended by inserting "the National Guard while engaged in training or duty under section 316, 502, 503, 504, or 505 of title 32 of the United States Code, or any other provision of law for which such a member is entitled to, or has waived, pay under title 37 of the United States Code," after "armed forces".

SEC. 3. Section 334 of title 32, United States Code, is repealed.

By Mr. JOHNSTON:

S. 268. A bill to amend the Internal Revenue Code of 1954 to encourage individuals to invest in the stock of domestic corporations by allowing a 10-percent income tax credit for such investments; to the Committee on Finance.

INDIVIDUAL EQUITY INVESTORS' INCENTIVE ACT OF 1981

● Mr. JOHNSTON. Mr. President, today I am introducing the Individual Equity Investors' Incentive Act of 1981 which simply provides a 10-percent tax credit on the purchase of equity securities. The credit would be limited to $1,000 per individual and would be applied only to the net increase in an individual's equity investment each year. I introduced this bill late in the 96th Congress even though I knew that action on this legislation could not be completed before congressional adjournment. I believed then, as I do now, that clear and strong signals should be sent to American entrepreneurs and venture capitalists, to individual American savers and investors that Congress can be innovative and could establish more creative incentives for savings, investment and productive risk taking. Indeed, Mr. President, the performance of the 97th Congress should be measured by how effectively we achieve these objectives. I am convinced that the Individual Equity Investors' Incentive Act of 1981 effectively stimulates savings, investment and productive risk taking.

First, by rewarding individual Americans who sacrifice immediate consumption in order to invest in U.S. corporate stock, this legislation increases savings. Second, by promoting purchases of U.S. corporate stock and by slightly shifting tax incentives from debt to equity, this legislation expands the productive capital base which is the foundation of our free enterprise system and upon which new and more productive investments can be made. Third, by stimulating more investments in equity securities, this legislation encourages productive risk taking which has historically been the underpinning of American innovation and initiative and which has enabled American industry to develop and commercialize new technology.

Mr. President, some will argue that the Individual Equity Investors' Incentive Act subsidizes a few failing businesses because the tax credit is given before a particular investment has proven to be profitable. Some will argue that investment incentives should increase the rate of return only on new investments and that no incentive is required to free up "locked-in capital. Finally, some will argue that the tax code should be neutral and should not promote the competitiveness of American industry.

Each of these arguments is shortsighted, Mr. President, because the greater merit of an incentive to stimulate investment in stock is clear. In fact, it is ironic to note that the absence of an adequate risk protection base during the recent period of record high interest rates has caused bankruptcies and the concommitant loss of revenues from diminished economic activity.

Mr. President, few should dispute the proposition that the expansion of American free enterprise is the impetus behind the economic reindustrialization and revitalization debate. However, an expansion cannot occur without savings and productive risk taking. Because the definition of risk includes the possibility of loss, it is axiomatic that our free enterprise system cannot guarantee everyone success. This is true regardless of the nature or type of investment incentive. Even where the investment incentive is provided through accelerated depreciation, the possibility of failure exists.

Mr. President, the reduction of capital gains taxation has proven to be an effective stimulant to capital formation. Capital gains tax reductions, however, are after-the-fact rewards for productive risk taking. The conditions in the American economy require massive infusions of front-end risk taking capital. The Individual Equity Investors' Incentive Act provides that front-end infusion. This legislation taps the enormous supply of capital held by the American people.

Finally, Mr. President, if a tax credit for investing in stock cannot be accepted for any other reason, it should be accepted as a means of restoring corporate balance sheets to some reasonable level of normality. As summarized in a report by the Salomon Brothers entitled "Restoring Corporate Balance Sheets: An Urgent Challenge," the problem was summarized as follows:

> What was 20 years ago a routine task of restoring balance sheets in order to participate in the subsequent economic expansion has become confounded immeasurably. In the last decade, liabilities have grown more than twice as fast as equity. Equity is now only half the capitalization of all manufacturers, compared with two-thirds at the start of the sixties. Liquidity ratios, current ratios, debt maturity ratios, and interest coverage in the corporate sphere have plummeted to record lows.

A slight shift of tax incentives from debt to equity certainly will contribute immensely to what has been described as "an unprecedented long-range challenge."

Mr. President, I doubt seriously that there are many among us who would argue that inaction is the solution to the problems of the American economy. I doubt very seriously that many among us would argue that Eurodollars or petrodollars from abroad will be forthcoming to solve America's problems. It is time we accept the fact that the reindustrialization and revitalization of the American economy will succeed only with American dollars and with American investment. Let us encourage Americans to save and to take stock in themselves. Let us encourage Americans to invest in their own futures. Under the Individual Equity Investors' Incentive Act, let us reward Americans who demonstrate faith and confidence in the economic foundation of America when they invest in productive risk taking American stock.●

By Mr. DOLE (for himself and Mr. DECONCINI):

S. 269. A bill to amend title 28, United States Code, relating to Federal court jurisdiction, and for certain other purposes; to the Committee on the Judiciary.

FFEDERAL COURT JURISDICTION OVER CASES ARISING FROM ACTS OF INTERNATIONAL TERRORISM

● Mr. DOLE. Mr. President, the Senator from Kansas shares the national euphoria over the release of the 52 Americans held prisoner by Iran for over 1 year. I extend my warmest and most personal best wishes to each of those Americans and their families and friends.

However, Mr. President, this Senator must confess that his feelings of joy at this happy event have been dampened by the recent news reports of exactly how those Americans were treated while they were held in captivity. Indeed, in last Thursday's Washington Post, the front page is dominated by the headline reporting that former President Carter has charged the Iranians with "acts of barbarism." Apparently, our fellow citizens who had been held captive in Iran were treated in a far worse fashion than even the most pessimistic of us had dared to guess. As the story in the Post recounts—and here I quote—

> Beatings, loneliness, death threats, life without sunlight, physical abuses, a spartan diet and a host of other deprivations, major and minor, defined the daily life of the American hostages in their Iranian prisons.

Consequently, we have seen many responsible citizens, including those familiar with the norms of the diplomatic establishment, recommending that the United States not completely fulfill the agreement extracted from us by the Iranian Government. The Wall Street Journal recently characterized the agreement between the United States and Iran as having "the same moral standing as an agreement made with a kidnaper, that is to say none at all." The Journal went on to urge that we "renounce the deal." In yesterday's Washington Post, George Ball, former Under Secretary of State and experienced diplomat, in a provocative editorial expounded on why the hostage arrangement is void under international law. He concluded by stating:

> Crime should not pay, and we should not collaborate in making it pay.

I ask unanimous consent that the full text of the Wall Street Journal and George Ball's editorials be reprinted in the RECORD at this point in my remarks.

Mr. President, the Senator from Kansas makes no claim to being an expert in the intricacies of either international law or diplomatic negotiation. At this

point, the Senator from Kansas takes no position regarding whether we should completely fulfill every aspect of this agreement. Yet one of the reported elements of this agreement does give this Senator major concern. As reported in the press, the executive has agreed to take action to nullify the roughly 388 law suits in the U.S. courts filed by claimants who have suffered various forms of damages at the hands of the Iranian Government. These law suits do not yet even include actions which might be filed by the hostages or their families for the suffering that they endured.

It seems to this Senator that embracing such a policy simply encourages foreign governments to endorse or actively participate in acts of international terrorism. Furthermore, denying American citizens recourse to the Federal courts when they have suffered legal injury is not only unjust and unworthy of a nation of laws, but may for that reason be unconstitutional. During the last Congress, this Senator developed a proposal to expand the Foreign Sovereign Immunities Act to give the Federal courts jurisdiction over the acts committed by foreign governments when those acts violated certain aspects of international law. I refrained from actually introducing the proposal after consultation with representatives of the hostage families for fear of jeopardizing the efforts to release the hostages. At this time, there is no longer such a restraint. Indeed, this proposal seems more appropriate now than ever before.

Therefore, Mr. President, the Senator from Kansas and the Senator from Arizona, Senator DECONCINI, today introduce a bill amending the Foreign Sovereign Immunities Act. This proposal does not directly affect what remains of the blocked Iranian assets or indeed take punitive action against Iran. Rather, it attempts to give American citizens some access to the Federal courts to seek compensation for injuries inflicted by foreign governments. For example, the hostages and their families probably have no right under existing law to sue Iran in our courts for its actions against them because the Foreign Sovereign Immunities Act only allows such law suits where torts are committed in the United States. This bill expands Federal jurisdiction to torts committed in whole or in part in U.S. diplomatic missions and consulates, and to torts committed in whole or in part in U.S. diplomatic missions and consulates, and to torts committed elsewhere when international law is violated and the aggrieved party is a U.S. national.

Furthermore, though the International Court of Justice has held that the United States is entitled to recover money from Iran for the injuries done to the hostages, such a judgment can be enforced only by the U.N. Security Council where the U.S.S.R. has a veto. To cure this difficulty, the amendment would have allowed the Federal courts to enforce decisions of the International Court of Justice and international arbitration awards.

Finally, U.S. investment abroad is frequently, and increasingly, subject to expropriation without effective compensation or redress. Such expropriation has recently occurred in Iran on a massive scale. Therefore, the bill we propose today gives the Federal courts jurisdiction over law suits based on uncompensated expropriations in violation of international law.

Mr. President, as can be seen by the language of this bill, this proposal is consistent with the long-standing policy of the U.S. Government to behave in a lawful manner in the international arena. We propose no unilateral punitive action against those whom Americans might have some claim. Rather, standards of international law are thoroughly woven into the provisions of this legislation. Thus, no action which could be taken under this legislation could be viewed by the international community as arbitrary or unfair. By expanding jurisdiction to permit the Federal courts to remedy violations of international law in certain circumstances, these sorts of controversies would in the first instance be considered in a primarily legal, rather than political, forum. Damages awarded by the courts could not be seen as punitive political or diplomatic maneuvers consciously taken as a matter of national policy.

Quite obviously, Iran's failure to protect the U.S. Embassy and personnel in Tehran, its positive support for the hostage takers, its attempt to coerce the United States through the use of hostages, and its threat to try them as criminals involve numerous serious violations of international law and practice. Rather than detail the involved violations of international law here, I ask unanimous consent that the memorandum, "International Law Violations in the Iranian Take-Over of the United States Embassy," be printed in the RECORD at the end of my remarks.

As demonstrated by this memorandum, Iran is clearly in violation of not only treaties with the United States, but the UN charter and customary international law as well. As the Federal district court in the District of Columbia held last July in an American International Group, Inc. against Islamic Republic of Iran:

> It is absolutely clear that the Republic of Iran has shown a complete and utter disregard for international law by its seizure and holding of diplomatic hostages for a period exceeding eight months and its disdain of all diplomatic and international efforts to obtain their release.

Yet, in spite of Iran's continued vengeful lawlessness, the United States has generally adopted peaceful means to redress its grievances. This legislation that we are proposing today is consistent with those peaceful efforts yet establishes as a matter of law that this Government and the courts of this land will take lawful steps to protect and compensate injured citizens. Thus, even when we are injured, law and calm deliberation, rather than uncertain vacillation or impetuous aggressiveness, would be the order of the day. Individual citizens could vindicate their rights even when their Government cannot, or will not, do so.

In sum, Mr. President, the grave foreign policy questions surrounding the captivity of the American hostages will not fade with the release of our hostages, foreign terrorists, nations unconcerned by the dictates of law, and other adversaries will not let us ignore such problems. We must, sooner or later, take responsible action to protect our interests. This legislation is a first step and we urge all our colleagues to vigorously support it.

I would also like to thank Brice M. Clagett, Esq., an attorney with vast experience in international legal matters, for his assistance in preparing this bill.

I ask unanimous consent that the text of this bill be printed in the RECORD immediately following these remarks.

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

S. 269

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

Chapter 97 of title 28, United States Code, is amended—

(1) by adding at the end of section 1603 the following:

"(f) A 'national of the United States' means—

"(A) a natural person who is a citizen of the United States, or

"(B) a corporation or other legal entity which is organized under the laws of the United States, or of any State, the District of Columbia, or the Commonwealth of Puerto Rico, if natural persons who are citizens of the United States own, directly or indirectly, 50 per centum or more of the outstanding capital stock or other beneficial interest of such corporation or entity.";

(2) by inserting in section 1605(a)(1) after "implication" a comma and the following: "including as provided in subsection (c)";

(3) by striking out in section 1605(a)(5) "occurring in the United States" and inserting in lieu thereof the following: "occurring in whole or in part in the United States, within the premises of a diplomatic or consular mission of the United States, or elsewhere if in violation of international law and if the aggrieved party is a national of the United States,";

(4) by adding at the end of section 1605(a) the following:

"(6) not otherwise provided for in paragraph (3), in which the action is based upon a taking of property of a national of the United States without the payment of prompt, adequate, and effective compensation required by international law or otherwise in violation of international law.

"(7) in which the United States seeks recognition and enforcement of a judgment for money rendered by the International Court of Justice.";

(5) by adding at the end of section 1605 the following:

"(c) For purposes of subsection (a)(1), an agreement by a foreign state to submit to arbitration shall be deemed a waiver of immunity with respect to any proceeding to confirm an arbitral award resulting from such agreement.";

(6) by striking out in section 1606 "except for an agency or instrumentality thereof shall not be liable for punitive damages" and inserting in lieu thereof "other than an agency or instrumentality thereof shall not be liable for punitive damages except to the extent provided under international law";

(7) by amending section 1610—

(A) by inserting in subsection (a)(1) after "implication" a comma and the following: "including as provided in subsection (e)";

(B) by striking out the period at the end of subsection (a) and inserting in lieu thereof a comma and "or";

(C) by adding at the end of subsection (a) the following:

"(6) the execution relates to a judgment obtained pursuant to paragraph (5), (6), or (7) of section 1605 (a).";

(D) by striking out in subsection (b)(2) "or (5)" and inserting in lieu thereof "(5), or (6)"; and

(E) by adding at the end thereof the following:

"(e) For purposes of subsection (a)(1), an agreement by a foreign state to submit to arbitration shall be deemed a waiver of immunity with respect to attachment in aid of execution or with respect to execution, relating to a judgment entered on an arbitral award.";

(8) by adding at the end thereof the following:

"§ 1612. Judgments for money rendered by the International Court of Justice

"On complaint by the United States, the district courts of the United States shall recognize and enforce any judgment for money rendered by the International Court of Justice."; and

(9) by inserting at the end of the table of sections for chapter 97 the following item:

"1612. Judgments for money rendered by the International Court of Justice.".

[From the Washington Post, Jan. 26, 1981]

HOSTAGE DEAL "CRIME SHOULD NOT PAY"

(By George W. Ball)

Though a few voices have been heard contending that we should denounce the Iranian hostage agreements as made under duress, former president Carter, and apparently the Reagan administration as well, seem to feel that such a renunciation would violate our "national honor."

I find it absurd to wrap these extorted documents in the flag of national honor, since, under international law as expressed in Article 52 of the Vienna Convention on the Law of Treaties of 1969, they are "void" because they were "procured by the threat or use of force." The precise language is important; the agreements are not "voidable" but "void," which does not leave the issue of validity to the decision of the president.

Unless he is prepared to set an unwise precedent and undercut a solemn multilateral convention that has become customary international law, President Reagan has no option but to acknowledge the invalidity of these agreements.

Such an acknowledgment would not, of course, preclude him, after careful study of all aspects of the problem, from waiving that illegality while emphasizing that that waiver was no precedent for the future.

Still, given the righteous anger of Americans, the new president may not wish to assume the political burden of a unilateral waiver and, in that case, might consider other possible solutions. One alternative might be for the president to announce that, though renouncing the agreements as invalid, he was referring final decision on the issue of validity to the International Court of Justice, which might or might not be prepared to take jurisdiction. In that way he could blunt the edge of accusations of arbitrary, arrogant and imperialistic action that would almost certainly be forthcoming, particularly from some sectors of the Third World.

Though the question needs careful examination of its international law implications and equally careful scrutiny of its political consequences, the suggested procedure might help relieve the sense of outrage of Americans as they hear new revelations of the brutalities and indignities inflicted on the hostages. After all, the International Court has already considered the hostage issue and, on May 24, 1980, handed down a six-point decision ordering that Iran immediately release all the hostages, warning it not to put them on trial and holding Iran liable to pay reparations for its actions. Although Iran boycotted those court proceedings, our government insisted that Iran was bound by the decision.

If such a course is followed, the problem must be sensitively handled so as not to call into question America's good faith. In particular, President Reagan should make it crystal clear that, invoking Article 52 of the Vienna Convention of the Law of Treaties of 1969 and declaring the agreement internationally invalid and not binding on the United States, he was not in any way undercutting the principle that international agreements are between states and not governments and that a new administration is fully bound by the formal undertakings of its predecessors. Thus, to the extent possible, expressions of approval of the course outlined should be obtained from Carter administration officials who participated in the negotiations.

If the International Court should accept jurisdiction and decree the agreements to be invalid, that would not mean that our government must reject unfulfilled aspects of the agreements that might be beneficial to our own interests. Moreover, we would have to consider carefully the effect of renunciation on the escrow arrangements and the repercussions in the financial community. But we should certainly repudiate those provisions that preclude the hostages and their families from asserting compensation claims against Iran for the outrageous treatment they received.

More difficult to appraise than the legal and financial aspects of the proposal would be the effect on our international interests. Would such a qualified renunciation penalize the more rational elements of a current Iranian government and play into the hands of the fanatical mullahs? What would be the reaction in Algeria, which has performed an invaluable role as go-between, yet is traditionally no friend of the United States? Would the Algerians feel betrayed? Finally, what would be the impact of our renunciation on America's international reputation?

Though we could not wholly restrain adverse reactions by even the most careful presentation of the American case, we should never be a complaisant prisoner of other nations' opinions. The world must not be allowed to forget that the taking of hostages was a violation of the right of legation honored by the Vienna Convention on diplomatic relations of 1961. It was—as the International Court has already determined—a flagrant breach of international law. Since allowing the Iranians to benefit from such brutal, lawless act would encourage its imitation by others elsewhere, all nations engaged in international diplomatic intercourse have a vital stake in the president's reactions. To let Iran off not merely scot-free but actually profiting from its obscene conduct would establish an odious and dangerous precedent.

Crime should not pay, and we should not collaborate in making it pay.

[From the Wall Street Journal, Jan. 21, 1981]

RENOUNCE THE DEAL

The agreement the United States made with Iran for return of the hostages has the same moral standing as an agreement made with a kidnapper, that is to say none at all. This is not said in criticism of the Carter administration, which made the deal to save the hostages' lives. But now that the hostages are free, President Reagan should examine the agreement carefully and if its unfulfilled parts do not, on balance, benefit American interests, there should be no hesitation in renouncing it.

There will be arguments against such a course, no doubt. It will be said that no great nation, having made a commitment, should renege if it wants to be trusted in the future. It will be argued that such a move would cut the ground out from under those Iranian leaders who favored the deal and faced up to the wild men who would have held the hostages forever. It will be argued that we are only giving back to the Iranians what is lawfully theirs. It will be asked whether we would be able to do business with terrorists in the future if the need arose.

Those are all persuasive arguments, but they miss the core point: This was not an agreement, it was extortion. And it is important for the world to know that extortionists are not entitled to the same legal and moral consideration as governments operating in accordance with international law.

There would be another implicit message: We are not worrying about how much future terrorists trust our word because future terrorists will not be dealt with in this manner. Having learned our lesson from this experience we will see to it that the next ones who try it are dealt with swiftly and with force. Whether they trust our word will be immaterial.

As to the Iranians who argued for negotiations, do we really feel we owe anything to anyone in Iran's power elite? They are all, after all, the creatures of the Ayatollah Khomeini. Anyone who was not is either now dead or in exile. Our initial mistake in Iran was in the idea that we could do business with such people.

There is finally the question of our giving back to the Iranians "their own property." If we are dealing here with legalisms, any Iranian assets that are free of liens might be considered their property, but everything else falls into a different category. The U.S. negotiators took a very long leap when they agreed to submit to an international claims commission the claims of American nationals against Iranian assets held in the U.S. They were, in effect, pledging to take these cases out of U.S. courts, a pledge that has dubious constitutionality. As to the damages that can be claimed by the hostages themselves, the agreement seems to leave them with no recourse in the courts. As to delivering up any discoverable assets of the Shah's family do we really want to finally capitulate to the Ayatollah's lust for vengeance against the Shah?

We do not want to treat the American negotiators harshly. They worked arduously for long hours under horrendous pressure and achieved their primary goal, getting the hostages released. But the other side, bargaining with human lives against money and contracts, had an unfair advantage. We should not hesitate to make it clear that an agreement negotiated under such conditions is worthless and equally clear that anyone who attempts the same thing in the future will not be treated so gently.

INTERNATIONAL LAW VIOLATIONS IN THE IRANIAN TAKEOVER OF THE UNITED STATES EMBASSY, NOVEMBER 20, 1979

SUMMARY

Iran's failure to protect the United States Embassy and personnel in Tehran, its positive support for the hostage takers, its attempt to coerce the United States through the use of hostages, and its threat to try them as criminals involve numerous serious violations of international law and practice.

The taking of hostages under any circumstances is a serious violation of international law, and the Government of Iran must bear responsibility for that event. Moreover, the illegality here is particularly grave for sev-

eral reasons. The hostages were seized in an effort to coerce the United States to meet Iranian demands, in violation of the Charter of the United Nations which requires that disputes among states be resolved exclusively by peaceful means. Second, the hostage-taking, involving diplomatic personnel, violates the law of diplomatic protection, reflected in basic international treaties to which Iran is a party. Finally, Iran's threat to try the hostages as criminals would violate the absolute immunity from criminal jurisdiction to which our Embassy personnel are entitled under longstanding rules of international law.

1. A state's complicity in the taking of hostages is impermissible under international law

Customary international law recognizes a duty on the part of all states to exercise due diligence to protect foreign nationals present in their territory. This includes the obligation to take measures to prevent injury to foreign nationals and to punish private persons who commit crimes against foreign nationals. *See generally* H. Lauterpacht, 1 *Oppenheim's International Law* 364–68 (8th ed. 1955); Lillich & Paxman, State Responsibility for Injuries to Aliens Occasioned by Terrorist Activities, 26 *Am. U. L. Rev.* 217, 225–51 (1977). In addition to this customary international law obligation, Iran has a binding treaty obligation to afford United States citizens in Iran "the most constant protection and security." Article II(4), Treaty of Amity, Economic Relations, and Consular Rights Between the United States and Iran, 8 U.S.T. 899, T.I.A.S. 3853, 284 U.N.T.S. 93 (1955).

Iran has clearly failed to exercise due diligence to protect the Embassy personnel from being seized as hostages. It is failing in its obligation to take steps to terminate the crime and punish the offenders. Through its direct support for the hostage takers and its linkage of the release of the hostages to demands on the United States Government, Iran has gone beyond vicarious responsibility through failure to act to direct responsibility through complicity in the offense:

"[W]herever there has been evidence sufficient to show a clear connection between the acts of government officials and the acts of the individuals, at least to the extent that the state has facilitated or participated in the injury, responsibility has been imposed upon the state. In a situation like Poggioli [Poggioli Case (*Italy* v. *Venezuela*) 10 R. Int'l Arb. Awards 669 (1903)], it is not so much the ratification or passive tolerance of of the illegal acts of individuals as the actual participation by government officials in the injurious conduct that gives rise to state responsibility." Lillich & Paxman, *supra*, at 239.

State responsibility is particularly acute on the taking of hostages, which has been condemned as illegal in a variety of international agreements. A flat prohibition on the taking of hostages was included in Article 34 of the Fourth Geneva Convention of 1949, the Convention Relative to the Protection of Civilian Persons in Time of War, 6 U.S.T. 3516, T.I.A.S. 3365, 75 U.N.T.S. 287 (1949). This article was adopted to "bring positive law into line with the principles of justice and humanity." Pictet, Commentary on the Geneva Convention (IV) 231 (1958). Under this Convention, to which Iran, the United States and over 140 other states are party, the taking of hostages is prohibited even where, in case of armed conflict, the security and survival of a state are at stake. There is clearly no justification for such acts in times of peace. Further, the taking of hostages would clearly violate the internationally protected human rights of the hostages, for example, the right to liberty, freedom from cruel and degrading treatment and freedom from arbitrary arrest. *See* Arts. 3, 5 & 9, Universal Declaration of Human Rights (General Assembly Res. 217A (III), Dec. 10, 1948).

2. Iran's use of hostages as coercion in an international dispute violates the U.N. Charter

In the present case, Iran has done more than participate in the taking of hostages. Through linking the safe release of the hostages to the United States' satisfying certain Iranian governmental demands, Iran is seeking to deal with a dispute with the United States through terrorism and coercion. Article 2(3) of the Charter of the United Nations requires:

"All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered."

Article 33(1) of the Charter provides:

"The parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice."

States are obligated "to agree upon such peaceful means as may be appropriate to the circumstances and nature of the dispute." Declaration on Principles of International Law Concerning Friendly Relations and Cooperation Among States in Accordance with the Charter of the United Nations, General Assembly Resolution 2625 (XXV), Oct. 24, 1970. Iran has not pressed its dispute with the United States through negotiation or any of the other peaceful means called for under the Charter. Holding of hostages, in fact, precludes free negotiations. In any event, Iran has refused to admit our special emissaries. It has not indicated any recognition that issues of extradition, ownership of assets and other questions involved in its dispute with us would be appropriate for resolution through judicial or other peaceful means.

3. The violation is compounded by Iran's failure to protect the U.S. Embassy and its personnel

The hostage taking in this case in particularly grave, involving as it does a diplomatic embassy and diplomatic personnel. Iran is thus in violation of the basic international law affording immunity to diplomatic missions and requiring their protection. These rules, which are a cornerstone of peaceful international relations, are codified in the 1961 Vienna Convention on Diplomatic Relations, 23 U.S.T. 3227, T.I.A.S. 7502, 500 U.N.T.S. 95, to which the United States, Iran and over 130 other states are party.

The Vienna Convention violations are numerous. Article 22 provides that "[t]he premises of the mission shall be inviolable," and it imposes on the receiving state:

"a special duty to take all appropriate steps to protect the premises of the mission against any intrusion or damage and to prevent any disturbance of the peace of the mission or impairment of its dignity."

Iran has also violated Article 29, which states:

"The person of a diplomatic agent shall be inviolable. He shall not be liable to any form of arrest or detention. The receiving State shall treat him with due respect and shall take all appropriate steps to prevent any attack on his person, freedom or dignity."

In addition to these basic Articles, the Iran situation would appear to involve violations of a number of other provisions of the Vienna Convention: Article 24, inviolability of the archives and documents of the mission; Article 25, accordance of full facilities for performance of the functions of the mission; Article 27, free communication on the part of the mission for all official purposes; Article 44, permitting and assisting mission personnel to depart, even in case of armed conflict; and Article 47, no discrimination between States in the application of the Convention.

The vital importance of the duty to protect diplomatic mission personnel was recognized by the United Nations in the adoption in 1973, by consensus, of the Convention on the Prevention and Punishment of Crimes Against International Protected Persons, Including Diplomatic Agents, T.I.A.S. 8532 (The New York Convention), to which Iran, the United States and 40 other countries are presently party. Parties are required by Article 2 to make it a crime under internal law to kidnap or commit any other "attack upon the person or liberty of an internationally protected person," to threaten such an attack, or to commit "an act constituting participation as an accomplice in any such attack." They are further obligated by Article 4 to cooperate in the prevention of these crimes and by Article 7 to bring the alleged offenders to justice, without exception and without undue delay. By condoning and supporting the hostage taking, the authorities in Iran are and continue to be in clear violation of this convention.

4. Subjecting U.S. Embassy personnel to trials would represent a further violation

The authorities in Iran are now threatening a further violation of basic laws of international discourse by subjecting U.S. embassy personnel to political trials. A receiving state has no right, under any circumstances, to prosecute diplomatic envoys without the consent of the sending state. The United States manifestly has not consented to this mistreatment of its officials.

The Vienna Convention on Diplomatic Relations of 1961 codifies customary international law in this respect. As mentioned, Iran and the United States of a diplomatic agent shall be inviolable. He shall not be liable to any form of arrest or detention." Article 31 provides, without exception, for the immunity of diplomats from the criminal jurisdiction of the receiving State.* Article 37 confirms that these same immunities apply to the administrative and technical staff of our embassy.

This principle of inviolability has been described as "the oldest established and the most fundamental rule of diplomatic law." E. Denza, *Diplomatic Law* 135 (1976). It applies regardless of the nature of the alleged crime. Under centuries of customary international law, if a diplomatic agent "became involved in conspiracies against the sovereign of the receiving State, State practice confined itself to his expulsion. He could on no account be tried or punished." *Id.* Thus:

"History records many cases of diplomatic envoys who conspired against the receiving States, but nevertheless were not prosecuted. Thus, in 1584 the Spanish Ambassador in England, Mendoza, plotted to depose Queen Elizabeth; he was ordered to leave the country. In 1587 the French Ambassador in England, L'Aubespine, conspired against the life of Queen Elizabeth; he was simply warned not to commit a similar act again. In 1654 the French Ambassador in England De Bass, conspired against the life of Cromwell; he was ordered to leave the country within twenty-four hours."—H. Lauterpacht, 1 *Oppenheim's International Law* 791 (8th ed. 1955).

Iranians possessed some evidence of espionage activities by U.S. embassy personnel, there would be no basis for any punishment other than expulsion. Political trials of diplomatic envoys would be contrary to centuries of international law and practice.●

*A diplomat's immunity from trial extends to ecclesiastical courts, as well as civil and criminal courts. E. Satow, *A Guide to Diplomatic Practice* § 309, at 176 (4th ed. 1957).

By Mr. SCHMITT (for himself, Mr. PACKWOOD, Mr. GOLDWATER, Mr. PRESSLER, Mr. STEVENS, Mr. CANNON, and Mr. HOLLINGS):

S. 270. A bill to amend the Communications Act of 1934 in order to encourage and develop marketplace competition in the provision of certain radio services and to provide certain deregulation of such radio services, and for other purposes; to the Committee on Commerce, Science, and Transportation.

RADIO DEREGULATION ACT OF 1981

● Mr. SCHMITT. Mr. President, during the 96th Congress, the Commerce Committee held extensive hearings on comprehensive telecommunications legislation. The committee considered three bills, in addition to two staff discussion drafts.

During the hearings it became clear to me that a general consensus had developed among industry and Government representatives that radio broadcasting should be deregulated. I was pleased to see that on January 14 the FCC took significant steps to deregulate radio. However, as I have said repeatedly, administrative deregulation is not enough; statutory deregulation is the most effective way to insure timely deregulation. Significantly, the FCC's decision has already been appealed by public interest groups.

The bill being introduced today, like S. 622 which the committee considered in the last Congress, will accomplish the statutory deregulation of radio. Specifically, the bill will eliminate the following forms of regulation:

First. FCC involvement in program formats;

Second. Ascertainment requirements;

Third. Program log requirements;

Fourth. FCC involvement in programing decisions; and

Fifth. FCC standards on commercialization.

In addition, it provides for indefinite license terms, while providing citizens a meaningful opportunity to petition the Commission to revoke a radio station license for serious violations of the Communications Act.

This bill is consistent with President Reagan's announced intention to reduce the size of the bureaucracy, and trim Government spending. I have asked the FCC to report to me on the budgetary impact that the bill will have. When I hear from the Commission, I will report back to the Senate.

Mr. President, I anticipate that this bill will be one of a series of telecommunications bills that will include television broadcasting (including comparative renewal and cross-ownership), political broadcasting (including the fairness doctrine and equal time), domestic and international common carrier, cable television, and nonbroadcast radio services.

Mr. President, I would welcome my colleagues to join me in cosponsoring this bill.

Mr. President, I ask that this bill and a factsheet describing it be printed in its entirety at this point in the RECORD.

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

S. 270

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 "Radio Deregulation Act of 1981".

RADIO LICENSE TERMS

SEC. 2. (a) Section 307(d) of the Communications Act of 1934 is amended by striking the first two sentences and substituting the following: "The term of any license granted on or after the effective date of the Radio Deregulation Act of 1981 for the operation of a radio broadcasting station shall be for an indefinite period of time. No license for the operation of a television broadcasting station shall be for a longer term than 3 years. No license granted for the operation of any other class of station shall be for a longer term than 5 years. Any license granted may be revoked as hereinafter provided. Upon the expiration of any license, a renewal of such license may be granted, upon application thereof, from time to time for a term of not to exceed 3 years in the case of a television broadcast station, and not to exceed 5 years for any other class of station, if the Commission finds that the public interest, convenience, and necessity would be served thereby.".

(b) Section 307 of such Act is further amended by adding at the end thereof the following new subsection:

"(f)(1) Any party in interest may file with the Commission a petition to revoke a radio broadcasting license issued under subsection (a). A petition to revoke shall—

"(A) be filed within 60 days after the petitioner has knowledge of the allegations for which the petition is filed;

"(B) be served upon the Commission and the licensee; and

"(C) contain specific allegations of fact sufficient to show that the petitioner is a party in interest and to establish a prima facie case that the licensee has violated or is in violation of subsection (a) of section 312.

"(2) Allegations of fact shall be supported by affidavit of a person or persons with personal knowledge thereof. The licensee shall have the opportunity to file a written reply with the Commission and the petitioner not later than 30 days after receipt of the petition.

"(3) (A) If the Commission finds after a review of the petition filed under this subsection and the licensee's response thereto, if any, that there are no substantial and material questions of fact, it shall either revoke the license or deny the petition to revoke.

"(B) If the Commission finds that there is a substantial and material question of fact presented in the petition to revoke, it shall expeditiously hold a hearing on the record and shall within 30 days after such hearing either revoke such license or deny such petition.".

COMPARATIVE LICENSING PROCEDURE

SEC. 3. Section 309 of the Communications Act of 1934 is amended by adding at the end thereof the following new subsection:

"(i) In any case where there is more than one applicant qualified in accordance with subsection (b) of section 308 for any frequency that becomes available in the radio broadcast service, the Commission may, in its discretion, grant an application based on a system of random selection. The Commission shall establish procedures for random selection not later than 180 days after the date of enactment of the Radio Deregulation Act of 1981, which procedure shall not apply to any application filed before such date.".

RADIO DEREGULATION

SEC. 4. Title III of the Communications Act of 1934 is amended by inserting at the end thereof the following new section:

"RADIO DEREGULATION

"SEC. 331. (a) Subject to any other applicable Federal law, the Commission is prohibited from requiring, by rule, regulation, or otherwise, radio broadcast station licensees to—

"(1) provide news, public affairs, locally produced, or any other programs;

"(2) adhere to a particular programming format;

"(3) maintain program logs;

"(4) ascertain the problems, needs, and interests of its service area; and

"(5) restrict the length or frequency of commercial announcements.

"(b) The Commission shall report annually to the Congress on its progress in reviewing all other rules, regulations, and policies directly or indirectly applicable to radio broadcast licensees and its elimination of those that are not necessary.

"(c) Not later than 3 years after the date of enactment of the Radio Deregulation Act of 1981, the Commission shall report to the Congress—

"(1) on the extent to which the Commission has promoted, where technologically feasible, the development of competitive, new and diverse sources of radio programming;

"(2) the effect of the Radio Deregulation Act of 1981 on the availability to the public of diverse radio programming; and

"(3) any recommendations for further statutory changes.".

JANUARY 27, 1981.

FACT SHEET FOR RADIO DEREGULATION ACT OF 1981

Radio presents an ideal place to begin substantial deregulation. With the more than 8,500 radio stations, it is clear that the current rules are unnecessary in the highly competitive environment of commercial radio. The Federal Communications Commission (FCC) recently voted 6 to 1 to deregulate radio in certain respects, but administrative deregulation is not enough; statutory relief is the most effective way to ensure timely deregulation.

Below is a summary of the provisions of the Act:

1. License Terms—The license period would be for an indefinite period of time.

2. Comparative Licensing Procedure—The FCC is permitted to use a system of random selection to choose among otherwise qualified applicants for newly available frequencies.

3. Programming—The FCC is prohibited from requiring licensees to provide news, public affairs, locally produced, or any other programs.

4. Program Format—The FCC cannot require licensees to adhere to a particular programming format.

5. Program Logs—Licensees are no longer required to maintain program logs.

6. Ascertainment—Licensees are not required to ascertain the problems, needs and interests of their service areas.

7. Commercialization—The FCC cannot restrict the length or frequency of commercial announcements that a licensee may broadcast.

8. Revocation of License—In conjunction with the provisions of Section 312 of the 1934 Act, any party in interest may file with the FCC a petition to revoke a license, and upon a prima facie showing of grounds for revocation, a hearing shall be held.

9. Annual Review—The FCC shall report annually to the Congress on its review of all other rules, regulations, and policies, and

its elimination of those that are not necessary.

10. Promotion of Diversity of Programming—Within three years of enactment of the Act, the FCC shall report to the Congress on the extent to which the FCC has promoted competitive, new, and diverse sources of radio programming.●

● Mr. CANNON. Mr. President, the legislation introduced today represents the continued effort by the Senate to amend the Communications Act of 1934. The present law has served us well for the past 47 years; however, we must now enact legislation which reflects today's world.

I am pleased to join Senator GOLDWATER in offering this bill to eliminate some of the burdensome regulations currently applied to the radio broadcasting industry. In the previous Congress, Senators HOLLINGS, PACKWOOD, GOLDWATER, SCHMITT, and I introduced similar legislation intended to substantially deregulate radio while maintaining the public interest standard. I believe the bill introduced today is yet another step forward in the process begun by Senator HOLLINGS and myself to reshape telecommunications policy.

This bill codifies some of the provisions adopted by the Federal Communications Commission in their recent decisions on radio deregulation. Another provision of this legislation is to increase the license terms for radio stations from 3 years to an indefinite period of time. The Commission would employ a system of random selection to choose among qualified applicants for newly available frequencies. Also included in conjunction with the provisions of section 312 of the 1934 act is the ability of any party of interest to file a petition with the Commission to revoke a license, and upon a reasonable showing, hearings shall be held to determine if the license should be revoked.

Today there are more than 8,500 radio stations. The number of stations has created a highly competitive environment for commercial radio. We must reform the present communications law to meet the challenges that lie ahead in the telecommunications industry. I believe radio deregulation presents an opportunity to continue the deregulatory scheme envisioned by the Commerce Committee during the previous Congress.●

By Mr. GOLDWATER (for himself, Mr. PACKWOOD, Mr. SCHMITT, Mr. PRESSLER, Mr. Mr. STEVENS, Mr. CANNON, Mr. HOLLINGS, and Mr. INOUYE):

S. 271. A bill to repeal section 222 of the Communications Act of 1934; to the Committee on Commerce, Science, and Transportation.

INTERNATIONAL RECORD CARRIER COMPETITION ACT OF 1981

● Mr. GOLDWATER. Mr. President, the bill I introduce today is entitled the International Record Carrier Competition Act of 1981. It repeals section 222 of the Communications Act of 1934, which restricts Western Union to providing domestic record (telegraph) service. Western Union's provision of international service is prohibited by section 222. While important in 1943 when it was adopted, section 222 of the Communications Act unreasonably binds Western Union to conditions that make little sense in today's modern, competitive telecommunications environment. Western Union no longer possesses the significant domestic market power it did in 1943. Pursuant to this bill Western Union would no longer be barred by statute from entering international markets. Western Union would be required to provide interconnection with international record carriers on reasonable and nondiscriminatory terms.

Both the Federal Communications Commission (FCC) and the courts have urged repeal of Section 222. In 1977, former FCC Chairman Richard Wiley testified before the Communications Subcommittee that:

Section 222 of the Communications Act which governs international record carriers has impeded rather than enhanced the availability of international communications services.

And on May 9, 1979, FCC Chairman Ferris testified that he strongly favored deletion of section 222.

In 1979 Judge Friendly in *ITT World Communications, Inc.* v. *FCC*, 595 F.2d 897 (1979) observed that:

Although obscurity in federal statutes is not a new phenomenon to this court, we have rarely seen opacity as dense as here. (Section 222) . . . The best solution . . . would be for Congress to clean away the debris it created 35 years ago and clearly advise what it wants.

See also, *ITT World Communications, Inc.* v. *FCC*, No. 79-4220, et al., 2d Cir., decided August 25, 1980, slip opinion at 15.

The rationale underlying section 222—that Western Union had a monopoly of record telegraph and record services—has been further eroded since 1977. In 1979, the FCC ended Western Union's historic monopoly in record services. Additional telecommunications companies are ready, willing and able to compete vigorously with Western Union. Furthermore, recent Commission actions have allowed new entry into the international market, expanded the domestic operations of current international record carriers (IRC's), and allowed the formula governing the distribution of unrouted traffic to be negotiated between Western Union and the IRC's.

I am convinced, Mr. President, that repeal of section 222 would leave the FCC with ample authority elsewhere in the act (e.g., sections 202 and 214) to deal with Western Union's distribution of outbound traffic among international carriers. The FCC could use its powers under these sections of the act if it found a need to continue oversight of the distribution of outbound traffic. Section 214 permits the agency to place conditions on facilities certificates, as the public interest may require. For example, the Commission may condition any future certification of Western Union facilities on Western Union's compliance with a fair method of distribution. The FCC also might exercise its authority under section 202 to require Western Union not to discriminate among the international carriers with respect to traffic distribution. The amendment expressly requires the agency to require Western Union to interconnect fairly with the international carriers. The Commission must insure fair interconnection by Western Union with the IRC's.

Standing alone, repeal of section 222 does not mandate Western Union's entry into international markets. Under section 214 of the Communications Act the timing and conditions of entry would require a determination by the Commission.

The Senate Commerce Committee of the last Congress considered the repeal of section 222, and unanimously adopted it as an amendment to H.R. 6228, the Communications Cross Ownership Act of 1980.

Mr. President, I ask that this bill and a fact sheet describing it be printed in the RECORD at this point in its entirety.

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

S. 271

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 "International Record Carrier Competition Act of 1981".

SEC. 2. Section 222 of the Communications Act of 1934 is repealed.

SEC. 3. Nothing in this Act shall be construed to relieve the Federal Communications Commission from requiring any domestic telegraph carrier to provide interconnections with international record carriers. In making such requirement the Federal Communications Commission shall assure that such interconnections shall be made upon reasonable request and on a nondiscriminatory basis.

FACT SHEET—INTERNATIONAL COMMON CARRIER COMPETITION ACT OF 1981

1. Repeals Section 222 of the Communications Act of 1934.

2. Section 222 of the 1934 Act prohibits Western Union from providing international record or telegraph service. This bill would allow Western Union to compete internationally.

3. The 1934 provision was originally adopted because of Western Union's monopoly in the domestic market.

4. That monopoly no longer exists. Recently, FCC expanded domestic operations of current international record carriers (IRCs), and other companies are ready and able to enter into the record market.

5. This bill does not mandate Western Union entry; under Section 214 of the Communications Act the timing and conditions of entry would require Commission determination.

6. This provision was considered by the Senate Commerce Committee in the 96th Congress and unanimously adopted as an amendment to H.R. 6228, the Communications Cross Ownership Act of 1980.

7. Sponsored by Senator Goldwater, and Senators Packwood, Schmitt, Pressler, Stevens, Cannon, Hollings, and Inouye.●

● Mr. HOLLINGS. Mr. President, I am pleased to join in cosponsoring this bill to repeal section 222 of the Communications Act of 1934. Section 222, which deals with permissive mergers of telegraph carriers, is an archaic remnant of an earlier time when there were only a relative few common carriers offering record services. Today section 222 hin-

ders wider competition in the provision of international record services by restricting Western Union to domestic markets. While necessary when adopted in 1943, as Western Union merged with the failing Postal Telegraph Company, legislative apportionment of markets makes little sense in the modern competitive telecommunications environment.

Last year the Federal Communications Commission attempted to reinterpret the rather unclear language of section 222 so as to permit Western Union's direct participation in international communications, only to be rebuffed by the U.S. Court of Appeals for the Second Circuit in *ITT World Communications, Inc.* v. *Federal Communications Commission*, Nos. 79–4220, 80–4003, 80–4016, 2d Circuit August 25, 1980 (Slip Opinion). In a decision of the same circuit 1 year earlier, Judge Friendly called for Congressional action on section 222:

> We observe preliminarily that although obscurity in federal statutes is not a new phenomenon to this court, we have rarely seen opacity as dense as here . . . the best solution . . . would be for Congress to clear away the debris it created thirty-five years ago and clearly advise what it wants. *ITT World Communications, Inc.* v. *Federal Communications Commission*, 595 F.2d 897, 905 (2d Cir. 1979).

Mr. President, the bill which I today cosponsor could not more clearly demonstrate the congressional intent. Repeal of the provision of the 1934 Communications Act would indicate that the Congress believes that greater competition in international communications is both possible and desirable. With elimination of section 222, the public potential carrier entrants, and the Commission will be in a position to base necessary business and regulatory decisions on actual market conditions, not artificial legal distinctions.

Let me briefly touch upon some of the legal consequences of this bill. Repeal of section 222 would not result in unwanted disruptions in the current arrangements among Western Union and the existing international record carriers. It would not vitiate outstanding arrangements for distribution of unrouted traffic, and most significantly would not detract from the Commission's authority to require Western Union to interconnect with international carriers. Repeal of section 222 would not lead to any automatic changes in existing services, domestic or international. The Commission would retain current authority to determine the time and conditioning of entry. In short, the Commission retains plenary authority under other sections of the Communications Act to assure full and fair competition.

Repeal would not affect full fledged communications service to Hawaii contemplated by the amendment to section 222 which became law just last December (Public Law 96–590). That law removed the anomaly of Hawaii's status as an "international point" for purposes of defining areas from which domestic record carriers (that is Western Union) are excluded. While repeal of section 222 would permit Western Union to service Hawaii upon appropriate authorization under section 214 and to compete with other carriers currently providing service to that market, it would not affect the outstanding authorizations of those other carriers. Hence, repeal of section 222 is fully consistent with Public Law 96–590.

Repeal of section 222 would reflect the judgment of Congress that customers of international record services would stand to benefit from additional competition created by introduction of a viable competitor such as Western Union. Enhanced competition in international markets will likely result in lower prices and increased innovation in services. I urge speedy consideration of this measure.●

● Mr. CANNON. Mr. President, I am pleased to join Senator GOLDWATER in offering this bill to repeal section 222 of the Communications Act of 1934. While serving a clear purpose when adopted in 1943, section 222 is now outmoded. It precludes the Western Union Telegraph Co. from entering international record communications markets. In 1943, Western Union possessed significant domestic market power. Today, while substantial, that monopoly has been eroded.

In 1979, the Federal Communications Commission ended Western Union's historic monopoly in domestic record services; other carriers are presently competing vigorously with Western Union. Other recent Commission actions have permitted expanded entry into international markets by domestic carriers other than Western Union. Moreover, international carriers, Western Union's potential competitors, have been accorded expanded domestic U.S. operations. The recent decision by the Federal Communications Commission, revisions in the structure of domestic and international communications, and technological changes have faced Western Union with more competition domestically, justifying Western Union's re-entry into international record carrier operations.

I have long believed that customers for international record services would profit from Western Union's added competition with other international carriers. Introduction of Western Union as a new competitor may well lead to lower prices and encourage greater service innovation. In the last Congress, I co-authored bills (S. 611 and S. 2827) containing provisions to repeal section 222. Unfortunately, owing to circumstances wholly unrelated to the merits of this repeal, we were unable to report these bills out of the Commerce Committee. However, in the final days of the 96th Congress we were able to enact and have signed into law a bill (S. 3261, P.L. 96–590) to correct inequities which that archaic section produced for the State of Hawaii. Just last December during the postelection session, I supported an amendment in committee to another bill (H.R. 6228) which would repeal section 222. That bill also failed to pass, again for unrelated reasons.

Clearly prompt congressional action on this bill is required. I hope we can give expedited consideration of this important measure to customers of international telecommunications services and the companies which serve them.●

By Mr. THURMOND (by request):

S. 286. A bill to authorize certain construction at military installations for fiscal year 1982, and for other purposes; to the Committee on Armed Services.

MILITARY CONSTRUCTION AUTHORIZATION BILL

Mr. THURMOND. Mr. President, I am introducing, by request, the fiscal year 1982 military construction authorization bill. This is the bill drafted by the Carter administration and it totals $6.660 billion in new construction authority. Details concerning the bill are included in the letter of transmittal from the Defense Department which follows this statement.

Mr. President, this bill does represent a substantial increase in military construction over previous years, an increase that I feel is long overdue. I fully expect that the Defense Department will review military construction as part of the overall defense review that President Reagan has promised. Further increases in the form of a fiscal year 1981 supplemental and a fiscal year 1982 budget amendment, are anticipated.

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

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

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., January 23, 1981.

HON. GEORGE BUSH,
President of the Senate
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with section 802 of Pub. L. No. 95–356 there is forwarded herewith a draft of legislation "To authorize certain construction at military installations for Fiscal Year 1982, and for other purposes." This legislation is consistent with the Budget of the United States for Fiscal Year 1982 as sent to the Congress on January 15, 1981. Appropriations in support of Titles I through IX of this legislation are discussed in that Budget.

The Budget as submitted on January 15, 1981 is presently under review and modifications to this legislation may be required based on the results of that review to conform this legislation to the program of the President.

Titles I, II, III, IV, and V of this proposal would authorize $4,170,848,000 in new construction for requirements of the Active Forces, of which $813,265,000 are for the Department of the Army; $1,074,183,000 for the Department of the Navy; $1,610,000,000 for the Department of the Air Force; $248,400,000 for the Defense Agencies; and $425,000,000 for the United States' share of the NATO Infrastructure Program.

Title VI contains legislative recommendations considered necessary to implement the Department of Defense family housing and homeowners assistance programs and authorizes $2,284,888,000 for the cost of this program for FY 1982.

Title VII contains Authorization of Appropriations and Administrative Provisions generally applicable to the Military Construction Program. Title IX contains nonrecurring general provisions applicable to the Military Construction Program.

Title VIII totaling $204,800,000 would authorize construction for the Guard and Reserve Forces, including $41,500,000 for the Army National Guard; $31,200,000 for the Army Reserve; $24,100,000 for the Naval and Marine Corps Reserves; $79,500,000 for the Air National Guard; and $28,500,000 for the Air Force Reserve. These authorizations are

in lump sum amounts and will be utilized in accordance with the requirements of chapter 133, title 10, United States Code.

Title X provides authorization as may be necessary beginning for FY 1983 and meets the basic requirements of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344).

Additionally, included in Title I, pursuant to section 138 of title 10, United States Code, as amended, is authorization for construction of production base support at Army Ammunition Facilities, for which appropriations are being requested.

The projects that would be authorized by this proposal have been reviewed to determine if environmental impact statements are required in accordance with Public Law 91-190. Required environmental statements will be submitted to the Congress by the Military Department.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

By Mr. CRANSTON:

S. 288. A bill to provide for the extension of the authorization of appropriations for title X of the Public Health Service Act; to the Committee on Labor and Human Resources.

FAMILY PLANNING SERVICES AND POPULATION RESEARCH AMENDMENTS OF 1981

Mr. CRANSTON. Mr. President, I am today introducing S. 288, the proposed "Family Planning Services and Population Research Amendments of 1981." This bill authorizes the continuation of the family planning services and population research program authorized under title X of the Public Health Service Act, with modest changes, for an additional 3 years.

Mr. President, the Family Planning Services and Population Research Act of 1970, Public Law 91-572, which established the programs under title X of the Public Health Service Act, had three major objectives: First, to make family planning services available to all those who want them but cannot afford or gain ready access to them; second, to improve our knowledge in the fields of human reproduction and population dynamics so that each individual family can determine its size by choice rather than by force of circumstances; and, third, to insure that the necessary leadership is available to focus Federal resources on these objectives, by establishing an Office of Population Affairs and a Deputy Assistant Secretary for Population Affairs within the Department of Health and Human Services to carry out these responsibilities.

Mr. President, since title X was enacted in 1970, much progress has been made. Millions of low-income individuals for whom cost or inaccessibility to services presented real obstacles to the use of family planning methods have received these services under title X programs. These programs have done much to contribute to the lives of millions of families.

In my capacity as chairman over the past 12 years of the subcommittee of the Labor and Human Resources Committee with jurisdiction over these programs, I have had the opportunity to observe very closely the implementation and administration of the programs authorized under title X. Although I am not serving on the Labor and Human Resources Committee in this Congress. I believe that it is essential that we continue these programs so that the many individuals who are dependent upon title X can be assured of continued availability of these family planning services. I would like to describe briefly the types of programs that are carried out under title X.

VOLUNTARY FAMILY PLANNING SERVICES

Section 1001 of the Public Health Service Act authorizes appropriations for project grants and contracts for the purpose of providing family planning services to individuals who desire such services. It is estimated that there are approximately 10 million low-income individuals, for whom cost or inaccessibility to services presents real obstacles to the use of family planning methods. Approximately 6.5 million of these 10 million women and teenagers are receiving these services on a regular basis from clinics or private physicians through title X and other federally supported programs. More than half of these women—3.5 million—receive services through title X clinics.

Mr. President, despite the significant number of women receiving services from title X programs, a great deal remains to be done. There are still 3.5 million low-income women who currently cannot readily obtain family planning services. These include an estimated 2.3 million sexually active teenagers and 1.2 million adult women who do not have ready access to preventive family planning services.

TEENAGE PREGNANCY

Mr. President, I would like to focus for a moment on the problem of teenage pregnancy. About 1 million teenage women become pregnant each year. Two-thirds of these pregnancies are unintended. An estimated 1,157,000 abortions were performed in 1978; one-third of them on teenagers. In 1977 an estimated 22 percent of abortions were for women who had had one or more previous abortions. Undoubtedly, many of these abortions could have been avoided with greater availability of effective family planning methods. Testimony received during subcommittee hearings over the past several years has made it clear that organized family planning clinics have had the greatest success in reaching adolescents.

It is clear that family planning clinics are, and should continue to be, an integral part of efforts to reduce teenage pregnancies. It is important that we build upon the service capacities that have already been established to help these young women. At the same time, however, we must continue the effort started almost 10 years ago to provide family planning services to low-income adult women who are in their childbearing years and desire these services.

This will not be an easy task, Mr. President. The approximately 1.2 million adult low-income women not yet provided services are, in large part, in underserved areas, where the costs of establishing programs are often quite high. And, the cost of providing family planning services to teenagers in need of these services is even higher—partly due to the lack of third-party reimbursement and the special counseling and other support services they need. But continuation of services to the women and teenagers currently receiving assistance, along with outreach to those who are not receiving but desire such services, is essential.

COST-EFFECTIVENESS OF FAMILY PLANNING SERVICES

Mr. President, there is no question that the title X family planning services program has been a cost-effective one. A 1977 study by Phillips Cutright of the University of Indiana and Frederick Jaffe of the Alan Gutmacher Institute showed that in the first 6 years of the title X program, an estimated 1,097,596 unintended births were averted.

The savings resulting from averting those unintended births were projected by estimating the medical cost of maternity and first-year pediatric care, and factoring in a modest amount for food stamps, social services, and public housing for the estimated 20 percent of family-planning-clinic patients receiving public assistance during those years.

That study showed that each dollar invested by the Federal Government in family planning in 1 year saved Federal, State, and local governments a minimum of $1.80 a year in subsequent costs—in other words, the program produced almost a 2 to 1 savings. Using a similar cost analysis, the California Department of Health Services and the California Office of Planning and Program Analysis in 1980, estimated a cost savings of $4.14 to the State for every dollar the State invested in family planning services.

Another study—conducted by the Urban Institute—demonstrated the consequences of early childbearing on the later economic status of the mother and her family. That study indicated that regardless of family background or social or economic characteristics, the age at which a woman gave birth for the first time has an important impact on educational attainment of the mother, and that the disadvantages experienced by a young mother are not compensated for over time. The study also showed that overall, among women age 14 to 30 in AFDC households, 61 percent had borne their first child when they were teenagers.

As chairman of the former Subcommittee on Child and Human Development, I heard considerable testimony on the consequences an early pregnancy can have on a young woman's future. The bearing and raising of an infant by a teenager imposes serious consequences. According to Dr. Adele Hofmann of the Society for Adolescent Medicine, the younger the mother is at the birth of her first child, the less likely she is to complete a high school education. Only 11 percent of 13- to 14-year-old mothers, and only 18 percent of those 16 to 17 years old will graduate. Among 15- to 19-year-old inner city mothers, according to Dr. Hofmann, nearly two-thirds will never work or have stable marriages. Teenage mothers also are more likely to bear a greater total number of children than if initial childbearing is

deferred until after age 20. These factors all contribute to the fact that the age of first childbearing is a major predictor of a woman's ultimate economic status—31 percent of those who become mothers between 13 and 15 years, 23 percent of 16- to 17-year-olds, and 16 percent of 18- to 19-year-olds will live in poverty as compared to 11 percent of all women whose first birth is deferred until age 22.

Mr. President, age of the mother is also an important determinant of risk for an infant. Using low birth weight as a rough indicator of infant morbidity, in 1978, 7.1 percent of all live births were considered to be low birthweight—less than 2,500 grams. By far, the greatest percentage of those births were to mothers under the age of 20—24.2 percent; and of these, 14.3 percent were born to mothers under age 15.

Mr. President, these statistics make it imperative that special efforts be made to help these young women avoid unwanted pregnancies. Only 30 percent of teenage women use contraception consistently and often the method used is relatively ineffective. Many teenagers cite the difficulty in securing a contraceptive as the reason for failure to protect themselves from an unintended pregnancy.

An important consideration, Mr. President, is that maternal or general health centers have been unable to attract the millions of persons who need and want family planning services. They have been particularly unable to attract teenagers before they become pregnant. While every effort should be made to encourage these general health programs to increase the provision of family planning services to those who need and wish them, it would be foolhardy to do so at the expense of the specialized clinic system that provides services to the overwhelming majority of family planning patients and is particularly critical in reaching teenagers.

TRAINING, INFORMATION, AND EDUCATION PROJECTS

Mr. President, in addition to providing funding to support the program of family planning services to individuals who need and desire these services, title X supports various training, educational, and informational activities related to family planning.

Section 1003 of title X specifically authorizes appropriations for grants and contracts for the training of personnel to carry out family planning services. These trainees represent all elements of family planning clinic staff. One major accomplishment has been the training and utilization of family planning nurse practitioners in family planning clinics. The use of nurse practitioners in family planning clinics is not only cost effective but is good medical practice. Reports from family planning clinics indicate a higher acceptance of women clinicians, including nurse practitioners, especially on the part of teenagers.

Section 1005 of title X specifically authorizes appropriations for grants and contracts to assist in developing and making available family planning and population growth information to all persons desiring such information. The development and dissemination of educational and informational materials under title X has been helpful in reducing information barriers about the availability of family planning services. In addition, the materials have helped family planning professionals to interpret the latest medical, social, and cultural developments in the family planning field, thereby assisting in improving the quality of services provided.

POPULATION RESEARCH PROGRAMS

Mr. President, in addition to supporting the provision of family planning services, title X provides for support for basic research into human reproduction. Section 1004 of title X authorizes appropriations to support research in the biomedical, contraceptive development, behavioral, and program implementation fields related to family planning and population.

Although our knowledge of the reproductive system has increased through research over the past two decades and has led to the development of the contraceptive pill and the IUD, these methods are not recommended for everyone. They have limitations with respect to efficacy, safety, acceptability, and continuity of use. A number of women are sufficiently concerned about the safety of these methods to discontinue their use and resort to less effective methods of fertility control.

The need for substantial expansion of reproductive research is critical. Most Americans expect, as they move through successive stages of adult life, to be able to have the number of children they want, when they want them. They want to know that the method of fertility control they use, whether it is a drug or a device that is used over a long period of time, will not have a latent harmful effect.

The American public is clearly demanding the availability of safer and more acceptable contraceptives. Responding to this demand will also benefit world population needs, particularly in those developing nations where fertility rates are highest.

Research is needed not only in finding improved and safe contraceptives for women, but also in solving problems of infertility for families that want children but cannot have them because of infertility problems. Finally, there does not yet exist a satisfactory and effective contraceptive method for men. Advances in male reproductive physiology have lagged behind those in female reproductive physiology because of a shortage of trained scientists, and because of a lack of funds for clinical and basic research in this area.

The need for more research in these areas is evident. Both public and private resources are needed. Unfortunately, it does not appear likely that contraceptive development will attract major new funding from private industry. Industry's investment has been diminishing due to the high costs of research and the many years required to test new methods fully for safety and efficacy.

The legislation I am introducing today attempts to address the need for more research by a modest increase in the authorization of appropriations for the programs carried out under section 1004 and by requiring, where appropriate, the Secretary of HHS to enter into exclusive development and marketing rights agreements with recipients of grants and contracts for contraceptive development. With this incentive of appropriate marketing and development rights, it is likely that more private sector funds and resources would be devoted to contraceptive development and research. This provision is consistent with the recently enacted act to amend the patent and trademark laws, Public Law 96-517, to promote the utilization of inventions arising from federally supported research or development.

REPORTING

Mr. President, I want to comment briefly on the reporting requirements under title X. I firmly believe that we must not place burdensome reporting requirements on individual projects. This can be time consuming and expensive. However, during my chairmanship of the subcommittee, the adequacy of the reporting mechanisms that were used by title X programs was something that I became concerned about.

In 1977, the National Reporting System for Family Planning Services was converted from a 100-percent reporting system to a sample reporting system. The entire reporting system was discontinued on December 31, 1980. The Department of HHS has contended that the Bureau of Community Health Services' common reporting system will provide adequate information for administration of the program. This is an issue on which there have been long-standing differences of opinion, and I hope that the new subcommittee chairman and ranking minority member will look closely at this issue during consideration of this legislation. The General Accounting Office will also be addressing this issue in a report that will soon be released related to the title X program.

VOLUNTARY PARTICIPATION AND PROHIBITION RE ABORTION

Mr. President, there are two existing provisions of title X that I think should be highlighted. First, section 1007 makes it clear that acceptance by any individual of family planning services or information shall be completely voluntary and shall not be a prerequisite to eligibility for or receipt of any other service or participation in any other program. Second, section 1008 explicitly provides that none of the funds appropriated under title X shall be used in programs where abortion is a method of family planning. These are important and integral parts of title X.

OUTLINE OF LEGISLATION

Mr. President, I would like to outline briefly for my colleagues the provisions of the legislation I am introducing today. Virtually all of the changes proposed in this measure were approved by the Senate in 1978 in S. 2522. Because of the time constraints facing us at the close of the 95th Congress, we were unable to complete conference action with the House on these and other changes which

had been approved by the Senate and proceeded to enact extensions of the authorization of appropriations with minor changes proposed by the House for the various programs carried out under title X. The few changes I am proposing today would not significantly alter the existing title X programs, but would rather clarify certain aspects of the program along the lines approved by the Senate in 1978.

NATURAL FAMILY PLANNING

Mr. President, section 2 of the legislation I am introducing today would add a provision to section 1003(a) to include training in the provision of natural family planning methods within the training programs carried out under this section. Title X provides that a full range of family planning methods must be offered in the programs supported by title X, and title X regional training centers currently do provide training in the provision of natural family planning methods. The amendment I am proposing would simply reemphasize the need for this training as an incident of the requirement in existing law that a full range of family planning methods be made available. Section 3 would add a similar provision to section 1004 relating to research.

RESEARCH

Mr. President, section 3 of this legislation would also amend section 1004 to include specifically research on natural family planning methods and to direct the Secretary to provide recipients of grants or contracts for contraceptive development with appropriate exclusive development and marketing rights pursuant to regulations which the Secretary of Health and Human Services shall prescribe when the Secretary determines such arrangements would serve the purposes of title X. As I indicated earlier, contraceptive development is a costly research area which few commercial firms find financially worthwhile to enter. In the past decade, private sector and foundation-supported population research has declined markedly. With the incentive of appropriate marketing rights, more private sector funds and resources might be attracted to contraceptive development.

The enactment last year of Public Law 96–517, relating to rights in inventions made with Federal assistance reversed the preexisting patent policies which had served to discourage universities and private industry from investing the necessary funds for the development and marketing of inventions emanating from federally funded research. The legislation I am offering today, similar to that approved by the Senate in 1978, would direct the Secretary of HHS to apply these new policies in the area of contraceptive research. The specific inclusion of natural family planning in the research provisions should stimulate increased research focus on this area. Since there is good reason to believe large numbers of couples are dissatisfied with contraceptive drugs or devices now available, this is an area to which greater research and attention should be directed.

PROVISION OF SERVICES

Mr. President, section 4 of this legislation would make two changes to section 1006(c). These provisions would require, first, that family planning services be available to both sexes, and, second, that plans be where a substantial number of individuals of limited English proficiency are being served.

Mr. President, during hearings held by the Subcommittee on Child and Human Development, testimony was received indicating that males frequently seek counseling as well as family planning services. It was also indicated that although many projects provide this assistance to males, there is a need for more projects to make services available to males as well as females.

Mr. President, this legislation also includes provisions identical to provisions included in the Public Health Service Act with respect to neighborhood health centers and migrant health centers, and in other health law—such as the Community Mental Health Centers Act, with respect to community mental health centers, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act with respect to programs for the treatment of alcohol abuse, and title 38 of the United States Code with respect to VA health care programs—which require projects or programs serving populations that include a substantial proportion of individuals of limited-English proficiency to provide services, to the extent practicable, in the appropriate language and cultural context, and to identify an individual on the staff who is bilingual and who can help staff and patients with respect to cultural sensitivities and the bridging of linguistic and cultural differences.

VOLUNTARY PARTICIPATION

Mr. President, section 1007 provides that all services provided under title X shall be voluntary and shall not be a prerequisite to eligibility for any other service or any other program. Section 5 of this legislation would add a new subsection (b) to section 1007 to reassert the principles embodied in the "conscience clause" amendments adopted in the past to govern all programs authorized by the Public Health Service Act by providing that the Secretary may not require an individual employed by a family planning project to advise regarding, refer patients for, or provide, abortion or sterilization procedures when such activity would be contrary to the religious beliefs or moral convictions of the individual, nor could the Secretary terminate assistance to a project for such an individual's refusal under those circumstances to provide such services.

AUTHORIZATION OF APPROPRIATIONS

Mr. President, section 6 of this legislation would extend the authorization of appropriations for 3 additional years with modest increases in the level of authorization for each of the four programs authorized under title X.

Section 6(a) would authorize appropriations for the basic family planning services program carried out under section 1001 at a level of $276,000,000 for fiscal year 1982, $288,000,000 for fiscal year 1983, and $300,000,000 for fiscal year 1984. These increases—$12 million each fiscal year—would allow for services to an estimated additional 100,000 adult women and 100,000 adolescents each year. Presently, fiscal year 1981 appropriations for the family planning services program are authorized under section 1001(c) at a level of $264,500,000 and are funded at a level of $155,000,000 under the continuing resolution, Public Law 96–536.

Section 6(b) would authorize the appropriation of $4,600,000 for fiscal year 1983, $5,100,000 for fiscal year 1983, and $5,600,000 for fiscal year 1984 for training grants and contracts authorized under section 1003. The levels provide for a $500,000 increase each fiscal year. Presently, fiscal year 1981 appropriations for the training program are authorized under section 1003 at a level of $4,100,000 and are funded at a level of $3,500,000.

Section 6(c) would authorize the appropriation of $154,000,000 for fiscal year 1982, $169,000,000 for fiscal year 1983, and $184,000,000 for fiscal year 1984 for the population research activities carried out under section 1004. This would provide for an increase of $15 million for each fiscal year. Presently, fiscal year 1981 appropriations for the research program are authorized under section 1004 at a level of $138,900,000 and are funded at a level of $85,000,000.

Section 6(d) would authorize the appropriation of $1,126,000 for fiscal year 1982, $1,326,000 for fiscal year 1983, and $1,526,000 for fiscal year 1984 for the education and information programs carr ed out under section 1005. This would provide for increases of $200,000 each fiscal year. Presently fiscal year 1981 appropriations for the education and information programs are authorized under section 1005 at a level of $926,000 and are funded at a level of $800,000.

Mr. President, the authorization levels in this legislation represent modest increases for each of the 3 fiscal years affected. Actual appropriations for these programs have consistently been at levels below the full authorization levels, but I believe that the authorization levels are reasonable and responsible levels in light of the large unmet needs of potential recipients of these services.

CONCLUSION

Mr. President, as I stated at the outset, the programs carried out under title X of the Public Health Service Act are important programs that provide important services to millions of women who need and desire these services. They are cost-effective, in both the long term and the short term. I believe they deserve the support of the Congress and the new administration.

By Mr. TOWER (for himself and Mr. BENTSEN):

S. 289. A bill to amend the Securities Exchange Act of 1934 to provide margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by

non-U.S. lenders; to the Committee on Banking, Housing, and Urban Affairs.

MARGIN REQUIREMENTS IN CERTAIN TRANSACTIONS

● Mr. TOWER. Mr. President, I introduce today a bill to amend the Securities Exchange Act of 1934 to provide for margin requirements in certain transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders. This legislation is needed to close a loophole in our securities laws which allow foreign borrowers or lenders to purchase substantial amounts of securities in violation of our margin requirements.

In 1970 the Congress amended the margin requirements section of the Securities Exchange Act to make it clear that the use of foreign capital by American purchasers of securities is subject to the margin requirements. Before the passage of the 1970 law, a U.S. borrower could circumvent margin requirements by borrowing from a foreign lender. In applying the provisions of the act to foreign lenders making loans to American borrowers, Congress recognized the danger to our securities markets if this practice were not subject to restrictions comparable to those applicable to domestic loans.

The same rationale which motivated the Congress to take action in 1970 serves as a foundation for the legislative effort which I launch today. With over $50 billion in U.S. securities in the hands of foreign investors, the consequences of not closing this loophole in our securities laws are extremely troubling. Although U.S. markets have been relatively stable in recent years, this stability is no doubt attributable in part to the application of the margin requirements.

With each passing day more U.S. securities are acquired by foreign investors under arrangements that would violate U.S. margin requirements if these acquisitions were financed in the United States and with these investments, the potential for a destabilizing situation grows.

One example of the need for legislation has specifically come to my attention. The Zale Corp. of Dallas, Tex., the largest jewelry retailer in the United States, now faces the possibility of a takeover by a Canadian competitor, Peoples Jewelers, Ltd., which is financing its acquisitions through loans from Canadian banks; these loans, if obtained in the United States, would violate the Federal Reserve Board's margin rules.

Mr. President, the acquisition of one company by another is a basic part of our free market system. However, circumstances surrounding a possible takeover such as that involving Zale raise a fundamental policy problem which must be addressed by anyone interested in the equitable financing of international capital markets, investment transactions across international borders and the basic health of U.S. securities markets.

In its acquisition of Zale stock, Peoples has used a loophole in U.S. securities law by financing its acquisition of Zale's securities through arrangements which would clearly violate U.S. margin requirements, if either Peoples or the bank financing the acquisition were considered U.S. entities. In fact, this loophole creates an incentive for foreign takeovers of U.S. companies and a competitive advantage over domestic companies seeking to make acquisitions. And it is this loophole which the legislation I have introduced will close.

The Federal Reserve Board has promulgated regulations which implement section 7 of the Securities Exchange Act of 1934 by restricting the extent to which credit may be extended for the purchase of securities. In general, these regulations set a credit limit for stock purchases of 50 percent of the current market value of the stock. These regulations govern, first, the extension of credit by U.S. banks, U.S. brokers or dealers, persons other than banks, brokers or dealers and, second, the receipt of credit by U.S. persons from non-U.S. persons. The stated intent of these regulations is "to prevent the infusion of unregulated credit obtained both outside and within the United States into the U.S. securities markets in circumvention of the Board's margin regulations * * *." 12 CFR, section 2241. However, section 7 of the Securities Exchange Act does not explicitly cover the exact situation presented where acquisition is attempted by a foreign firm using foreign credit.

Therefore, foreign companies are able to enjoy the fruits of the U.S. economy, while seeking to acquire a U.S. competitor through means that would violate U.S. securities regulations if the law equitably put U.S. and foreign purchasers on the same footing. The margin requirements were enacted in order to regulate the availability of credit for the purchase of securities and to prevent the destabilizing fluctuations due to intense speculation in the U.S. stock market which occurred during the 1920's. The use of uncontrolled foreign credit presents a similar potential as well as providing an unfair advantage to foreign purchasers of U.S. securities.

The bill I introduce today has the following elements:

First. It will apply margin requirements to those transactions for which a schedule 13D or 14D must be filed under the Securities Exchange Act; that is, when more than 5 percent of the class of securities is acquired by purchase or tender offer.

Second. It will apply to any transaction in which the borrowed funds are disbursed by the lender after the date of the bill's introduction. This provision is needed in order to assure that consideration of the bill does not provoke anticipatory action which, if not consummated before the bill's enactment, would be unlawful.

Third. It will create a private right of action to sue in Federal court when a violation is alleged by an injured party. This provision is intended to create a mechanism for private enforcement of the act in appropriate cases. While I have reservations about the growth of the private right of action in general, I am inclined to believe that its use here is appropriate to assure that the act is not circumvented. Nevertheless, I would expect that this issue would be specifically addressed and debated during consideration of the bill.

It is important to note that the legislation I introduce would in no way result in the extraterritorial application of U.S. law. Purely foreign transactions would also remain unrestricted and small foreign investors buying less than 5 percent of the stock of any one U.S. company would not be affected. However, borrowers and lenders who are already subject to U.S. securities laws through the application of section 13d or 14d of the Securities Exchange Act have a sufficient nexus with the United States to support the application of U.S. margin requirements.

Mr. President, there is a strong need to end the unfair advantage which foreign purchasers of U.S. securities and those who finance such purchases now enjoy when they seek to acquire control of U.S. corporations. These foreign corporations and lenders should be required when purchasing U.S. stock to adhere to the same margin requirements which U.S. investors must follow.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 289

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 7(f) of the Securities Exchange Act of 1934 (15 U.S.C. 70g) is amended to read as follows:

"(f)(1) It is unlawful for any United States person, or any foreign person controlled by a United States person or acting on behalf of or in conjunction with such person, to obtain, receive, or enjoy the beneficial use of a loan or other extension of credit from any lender (without regard to whether the lender's office or place of business is in a State or the transaction occurred in whole or in part within a State) for the purpose of (A) purchasing or carrying United States securities, or (B) purchasing or carrying within the United States of any other securities, if, under this section or rules and regulations prescribed thereunder, the loan or other credit transaction is prohibited or would be prohibited if it had been made or the transaction had otherwise occurred in a lender's office or other place of business in a State.

"(2)(A) It is unlawful for any person to make a loan or other extension of credit, or to obtain, receive, or use the proceeds of a loan or other extension of credit from any lender (without regard to whether the lender's office or place of business is in a State or the transaction occurred in whole or in part within a State) for the purpose of (i) purchasing or carrying United States securities, or (ii) purchasing or carrying within the United States of any other securities, if (I) under this section or rules and regulations prescribed thereunder, the loan or other credit transaction is prohibited or would be prohibited if it had been made or the transaction had otherwise occurred in a lender's office or other place of business in a State, and (II) a statement is required to be filed under section 13(d) of this Act or section 14(d) of this Act by such person in connection with the acquisition or carrying of such securities.

"(B) Any United States Person injured or threatened with injury by reason of a violation of this paragraph and any issuer of securities being purchased or carried may

bring an action in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States to recover damages for such injury or to enjoin such a violation.

"(3) For the purpose of this subsection—

"(A) The term 'United States person' includes a person which is organized or exists under the laws of any State or, in the case of a natural person, a citizen or resident of the United States; a domestic estate; or a trust in which one or more of the foregoing persons has a cumulative direct or indirect beneficial interest in excess of 50 per centum of the value of the trust.

"(B) The term 'United States security' means a security (other than an exempted security) issued by a person incorporated under the laws of any State, or whose principal place of business is within a State.

"(C) The term 'foreign person controlled by a United States person' includes any noncorporate entity in which United States persons directly or indirectly have more than a 50 per centum beneficial interest, and any corporation in which one or more United States persons, directly or indirectly, own stock possessing more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of share of all classes of stock.

"(4) The Board of Governors of the Federal Reserve System may, in its discretion and with due regard for the purposes of this section, by rule or regulation exempt any class of persons from the application of this subsection.".

(b) The amendment made by this section takes effect on January 27, 1981, and the provisions of paragraph (2) of section 7 (f) of the Securities Exchange Act of 1934, as so amended, shall apply to any purchase of securities occurring on or after such date and to the carrying of such securities on or after such date, if the loan or extension of credit therefor originated on or after such date or if the loan proceeds used to purchase or carry such securities were disbursed on or after such date.●

By Mr. MELCHER:

S. 290. A bill entitled the "Reye's Syndrome Act of 1981"; to the Committee on Labor and Human Resources.

REYE'S SYNDROME ACT OF 1981

● Mr. MELCHER. Mr. President, the bill I am introducing today, the Reye's Syndrome Act of 1981, is a revised version of Reye's bill, S. 1794, I introduced on September 21, 1979.

Unlike S. 1794, which established two Reye's research centers and provided $6 million for a 3-year program of grants and studies, the Reye's Syndrome Act of 1981 takes a leaner and, I believe, a more immediately effective approach. The new bill provides a total of nearly $5 million over a 3-year period, including $4.5 million for research grants and $450,000 for new Reye's research mobile teams.

Last year, Reye's syndrome was exposed nationally for exactly what it is, a serious threat to the lives of children recovering from viral illnesses like the flu or chicken pox. Reye's can strike with terrifying speed a week or so after the child appears to be recovering from a virus. Its symptoms can include persistent vomiting, listlessness, disorientation, convulsions, hallucinations, or hyperactivity. Coma can follow because of lack of brain oxygen which can result in permanent damage to the brain of those who survive. The mortality rate has ranged from 20 to 40 percent. Once the patient slips into a coma, the chances for recovery decline. The median age of victims has been 11 years.

Early in January the Center for Disease Control provided me with current figures on Reye's. Bearing in mind that Reye's cases are reported voluntarily to CDC rather than by requirement, CDC listed 506 cases between December 1, 1979 and November 30, 1980. The majority of cases occurred among children under 14 years of age; 27 percent of the cases were found among children younger than 4 years. Between the ages of 5 and 14, CDC listed 67 percent of the cases. Among all cases, 22 percent resulted in death; 70 percent of the victims had respiratory illnesses. Another 18 percent had chicken pox.

To more clearly understand the roots of the current bill, I want to provide this brief chronology of events which preceded its introduction.

In July of 1979, the Senate Appropriations Subcommittee on Labor-HEW included, at my request, language directing the National Institutes of Health to prepare a full report on their activities relating to Reye's syndrome.

On September 21, 1979, I introduced S. 1794, the Reye's Syndrome Act of 1979.

On February 1, 1980, the National Institutes of Health issued the report I had requested. That report began by stating that the National Center for Health Statistics estimated that in 1977 there were 2,650 deaths in the Nation from Reye's syndrome. The National Center for Health Statistics later disavowed that figure, saying they had—

No data on the number of deaths attributable to Reye's syndrome since this condition is not a separately identifiable category in the International Classification of Diseases.

Despite that inauspicious beginning, the NIH report went on to note several gaps in their information. They admitted that seasonal patterns of Reye's occurrence are not well understood. They said further they do not understand the real connection between Reye's and influenza. They also conceded they could not identify the high-risk population.

On May 15, 1980, NIH sent out national grants solicitations for research proposals specifically related to Reye's.

On June 19, 1980, I offered an amendment to the Health Science Promotion Act, S. 988. As modified, the amendment authorized the National Institute of Allergy and Infectious Diseases to conduct research and studies on Reye's syndrome. The amendment was approved as an amendment to S. 988.

On August 28, 1980, the House of Representatives passed their version of S. 988. During action on that bill the entire text of my Reye's bill was approved as an amendment.

Also, in August of 1980, the House Appropriations Committee included language in their report to accompany the 1981 Labor-HEW bill. It said in part:

There appears to be a need for creation of a single entity in one of the Institutes or in the Office of the Director, NIH, to focus and coordinate NIH research activities relating to Reyo's syndrome.

That, of course, was precisely the thrust of S. 1794 and the balance of my efforts on Reye's since the beginning of 1979.

In December of 1980, the Congress enacted a much reduced version of the Health Science Promotion Act (S. 988) which, regrettably, omitted any of the actions taken by either the House or Senate on Reye's syndrome.

As 1981 begins, we look forward to the consensus development meeting on Reye's syndrome which NIH will convene in early March. That meeting will bring together health professionals, scientists and the concerned public to hammer out the best current information on the diagnosis and treatment of Reye's syndrome.

That is where the situation stands now as an epidemic of "A-Bangkok" influenza sweeps across the country. There is little doubt it will leave a trail of Reye's cases in its wake. The Center for Disease Control last year published a graph of Reye's cases which makes clear that the most dangerous period during the year for Reye's is the time between the beginning of January and the middle of March.

The Reye's Syndrome Act of 1981, which I introduce today, is a leaner, more results-oriented approach. Like S. 1794, it establishes a central focus for Reye's activities at NIH by creating the Reye's Syndrome Coordinating Committee. The purpose of that committee will be to oversee the award of $1.5 million in annual grant awards to researchers studying Reye's syndrome.

There is clear need for further grant funding of research specifically focused on Reye's as the primary subject of investigation. On April 23, 1980, I receievd a letter from the National Institutes of Health regarding the funding of Reye's research. They told me that between January 1979 and January 1980 they received 13 applications for Reye's research. Of those, four were disapproved, two were funded and, at the time of the letter, one application was awaiting funding.

Another six applications were approved but not funded.

What that means is there were six proposals with sufficient merit and scientific promise that fell by the wayside for lack of funds. That is nearly half of the aggregate applications received.

To further illustrate the need, the February 1980 NIH report on Reye's activities listed a total of 28 research projects directly related to Reye's syndrome for a total of $894,000. The problem is that it took a special NIH study to track down the number of projects spread out among six different institutes at NIH. Of course, there were six unfunded projects. With Reye's a continuing and growing threat, we simply must do more. It is not a matter of throwing money at a problem; it is more a question of funding the additional research requests already received, while making room for a more accelerated—and coordinated—effort.

It should be made clear beyond doubt

that the research money authorized by this bill is for projects with Reye's as the primary focus of study. The bill in no way diminishes the need for, and current study of, other illnesses which, as a byproduct, yield additional information on Reye's syndrome.

Unlike the earlier bill, the Reye's Syndrome Act of 1981 includes no provisions for Reye's research centers. Instead, it permits the Reye's Syndrome Coordinating Committee to establish, as needed, Reye's research mobile teams. As I visualize the teams, they could be dispatched on short notice to areas with a high incidence of Reye's cases. Their mission would be to assemble as much information as possible on individual Reye's cases and forward it for analysis to the coordinating committee.

But that would not be the sole mission of these action teams. I do not see them as only a group of skilled professionals responding to a crisis. Instead, they would have the capacity to be dispatched on research and information assignments, even in the absence of an existing Reye's outbreak. The reason for this flexibility should be clear.

Right now, we are properly concerned about treatment and early diagnosis of Reye's. Even while we are in the midst of this effort, however, we need to be looking ahead toward preventive measures. The continued operation of the teams could lead to the discovery of presently undetected factors within a community that make Reye's cases more common in one town than in another. We must look hard and deep at Reye's as a life-threatening illness and, at the same time, become more conscious of the circumstances which trigger the illness.

In the absence of required Reve's reporting, this seems to me to be the most effective means of gathering as much information as possible on Reye's and, at the same time, contribute to public awareness. We are not talking about great amounts of money. We are talking about moving quickly in the short run and building toward future breakthroughs on Reye's with a research program complemented by mobile Reye's action teams, all under the supervision of a central coordinating committee at NIH.

After the tragic deaths of so many of our children, it would be a terrible shame to come as far as we have and then fail to push to the finish line. Reye's syndrome is a vicious mystery, the kind that will never bow to indifference but may one day yield its secrets to hard medical research.

My first Reye's bill won 15 Senate cosponsors, House passage and national attention. I believe this new bill will strike at the very heart of the Reye's problem, and I encourage my colleagues to join me as bill cosponsors.

I ask unanimous consent that the text of S. 290 be printed in the RECORD.

There being no objection, the text of S. 290 was ordered to be printed in the RECORD, as follows:

S. 290

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 Reye's Syndrome Act of 1981.

SEC. 2. Title XI of the Public Health Service Act is amended by adding the following new part after part C:

"PART D—REYE'S SYNDROME PROGRAMS

"REYE'S SYNDROME

"SEC. 1141. (a) The Secretary shall establish, through the National Institute of Neurological and Communicative Disorders and Stroke, the Reye's Syndrome Coordinating Committee (hereinafter referred to in this section as the 'Committee').

"(b)(1) The Committee shall be composed of—

"(A) the Director of the National Institute of Neurological and Communicative Disorders and Stroke;

"(B) the Director or designee of the National Institute of Allergy and Infectious Diseases;

"(C) The Director or designee of the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases;

"(D) the Director or designee of the National Institutes of Child Health and Human Development;

"(E) the Director or designee of the National Institute of General Medical Sciences;

"(F) the Director or designee of the National Heart, Lung and Blood Institute; and

"(G) the Director or designee of the Center for Disease Control.

"(2) The Director or designee of the National Institute of Neurological and Communicative Disorders and Stroke shall serve as Chairman of the Coordinating Committee.

"(3)(A) The Committee shall make grants and enter into contracts for a period not to exceed three years with public and nonprofit entities and individuals for the purposes of:

"(1) conducting basic and clinical research relating to the causes, diagnosis, early detection, and treatment of Reye's Syndrome; and

"(ii) developing new and improved treatments for the detection, diagnosis, and treatment of Reye's Syndrome.

"(B) No grant or contract may be made under this paragraph unless an application therefore has been submitted to and approved by the Secretary, through the Committee. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(C) The Secretary shall prescribe regulations for the operation of the Committee.

"(4) The Committee shall establish and dispatch as needed, Reye's Mobile Research Teams to assemble such information as available on the onset, diagnosis, treatment and outcome of individual Reye's cases, and to the extent possible, identify anomalous community factors that may contribute to the occurrence of Reye's Syndrome, all such information to be forwarded to the Committee for analysis.

"(5) The Secretary, within six months following the end of the Committee's three year authorization, shall submit a report to Congress. The report shall account for the activities, accomplishments and findings of the research awards and the Reye's Research Mobile Teams and shall recommend such further action relating to Reye's Syndrome as the Committee determines. Such recommendations shall include but not be limited to the means of diagnosing and treating Reye's Syndrome and the training of physicians on the diagnosis and treatment of Reye's Syndrome.

"(6) Contracts may be entered into under this section without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(7)(A) There are authorized to be appropriated for grants under paragraph (3), $1,500,000 for the fiscal year ending September 30, 1982, $1,500,000 for the fiscal year ending September 30, 1983, and $1,500,000 for the fiscal year ending September 30, 1984.

"(B) There are authorized to be appropriated for the Reye's Research Mobile Teams under paragraph (4) $150,000 for the fiscal year ending September 30, 1982, $150,000 for the fiscal year ending September 1983, and $150,000 for the fiscal year ending September 30, 1984.●

By Mr. WILLIAMS (for himself and Mr. GLENN):

S. 291. A bill to amend title XII of the National Housing Act to establish national standards in order to reduce incendiarism and maintain community vitality, and to encourage States to adopt minimum for arson investigation and insurance underwriting; to the Committee on Banking, Housing, and Urban Affairs.

ARSON PREVENTION AND RECONSTRUCTION INCENTIVE ACT OF 1981

● Mr. WILLIAMS. Mr. President, I am today introducing legislation designed to eliminate the inflated financial rewards which underlie much of the arson devastating our communities, and which would develop and require the utilization of stiffened investigatory and prosecutorial practices for cases of arson. I am delighted that my colleague Senator GLENN is cosponsoring this bill, as his dedicated efforts to address this national crisis have emcompassed a landmark series of hearings and the introduction of complimentary legislation, the Anti-Arson Act, which I am pleased to support.

Mr. President, the heinous crime of arson is a tide of deliberate destruction that, in its gathering momentum, threatens to sweep away a vast number of America's homes, workplaces, and neighborhoods. Incredibly, incidents of arson have quadrupled in the past decade, and now account for roughly one of every four fires.

The annual national bill for arson totals nearly $20 billion in property damage and related losses, a staggering sum that is drained from the pockets of each and every taxpayer and insurance policyholder. Beyond these dollar losses are the tragic human costs—at least 1,000 deaths per year, and more than 10,000 injuries.

Statistics like these should result in an outcry, and a determination to clamp down on the causes and perpetrators of arson. But the sad fact is that the arsonist stands less than 1 chance in 100 of ever being convicted of his crime.

My own State of New Jersey has the sad distinction of perhaps leading the Nation in the percentage of fires within its borders which can either be definitely classified as arson, or are suspicious in origin. According to a recent report by the New Jersey Arson Task Force, at least 23,000 fires per year, and perhaps as many as 53,000 are deliberately set.

The State does not yet have the data to determine how many of its annual average of 150 lost lives and 3,000 injuries, or how much of its quarter-bil-

lion dollars in annual property losses, are attributable to arson.

However, the task force did note that deliberate blazes result in a much higher percentage of such losses than fires stemming from other causes.

I believe that this status quo is, quite simply, intolerable. And I am greatly distressed that far too many cases of arson-for-profit have involved properties insured through the FAIR plans established by the Urban Property Protection and Reinsurance Act of 1968. That law was a noble attempt to stem the decline of troubled urban areas through the provision of affordable insurance to residents and businesses. Unfortunately, too often the community preservation air of FAIR plans has been criminally perverted.

This bill will redirect FAIR plan insurance to the goals of neighborhood stability and revitalization by providing higher, replacement cost compensation only where the property owner certifies his intention to rebuild. Where the owner does not make that commitment, recovery will be limited to market value, in order to combat the practice of overinsurance which underlies the profit available to the arsonist. Combating overinsurance and tightening FAIR plan standards were key recommendations of the arson reports developed during the last Congress by the Federal Emergency Management Agency, and the Senate Permanent Subcommittee on Investigations.

Strengthening FAIR plan operations and rebuilding incentives, however, are only one small part of what must be a comprehensive strategy for curbing the arson epidemic.

In New Jersey, for example, only an estimated 5 percent of all properties destroyed by arson are insured under FAIR plans—the remaining 95 percent get their coverage through the regular, private market. And every detailed examination of the arson phenomenon has found inexcusable laxity on the part of insurers in inspecting properties for safety or value when they are insured, or in investigating suspicious fires after they occur. That is why my legislation requires that the Federal Emergency Management Agency and the Federal Insurance Administrator develop minimum standards for arson investigation and prosecution, as well as for adequate disclosure of vital information by insurance applicants.

These steps will assure that those individuals with records of suspicious property destruction are barred from further access to insurance funds, and that today's lax investigatory practices will be replaced by tough inquiries capable of deterring would-be arsonists.

Following the publication of these minimum standards, the States will have 2 years to adopt substantially equivalent provisions. If they did not, they would be required to either end their participation in FAIR plans, or accept the Federal standard.

Mr. President, an upgraded Federal antiarson effort is vitally needed, yet it can only be one component of the total solution to this problem. The individual States must continue to pursue their own related efforts, as New Jersey has through the establishment of its arson task force and the tightening of insurance regulations.

The legislation which I am introducing recognizes this need, as well as the continuation of primary responsibility for underwriting oversight and regulation in the individual States, by bringing the National Association of Insurance Commissioners into the standards drafting process. That coordination will best assure that FAIR plan coverage no longer contributes to urban decline, and that States and underwriters will have sound models for upgrading antiarson efforts.

I intend to seek expeditious consideration of this measure. America can no longer afford to subsidize the deliberate devastation of lives, property, and communities which results from this detestable crime of arson. I hope to have the support of my colleagues in this vital effort.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 291

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 "Arson Prevention and Reconstruction Incentive Act of 1981".

DECLARATION OF FINDINGS

SEC. 2. The Congress finds that—

(a) the steadily increasing incidence of arson creates an unacceptable threat to the communities of the Nation and the safety of their residents;

(b) the Federal Government has an obligation to attempt to reverse this trend, particularly for properties insured under FAIR Plans;

(c) the establishment of new national standards for applicant information disclosure, and post-fire investigation, can provide effective means for the reduction of arson-for-profit; and

(d) the limitation of policy proceeds for property losses due to fire, except where the insured will utilize such proceeds for reconstruction or replacement, will create an incentive against further blight of our communities.

RECONSTRUCTION INCENTIVES

SEC. 3. Section 1211(b) of the National Housing Act is amended—

(a) by striking out "and" at the end of paragraph (10); and

(b) by striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and by adding at the end thereof the following:

"(12) limit the amount of policy proceeds payable in connection with a loss caused by fire to the market value of any structure destroyed, except where reconstruction or replacement of the structure is certified in a rebuilding endorsement to be carried out with the proceeds.".

DEVELOPMENT OF PROVISIONS AND STANDARDS

SEC. 4. Section 1211 of such Act is amended by adding at the end thereof the following:

"(d) The Federal Insurance Administration, in consultation with the National Association of Insurance Commissioners, shall develop a model clause to be included in insurance contracts under this title as provided in subsection (b)(12) for all owner-occupied residential and small business property. Such clause shall be published not later than one hundred twenty days after the date of enactment of this subsection and shall be included in contracts for insurance under this title which are issued on or after sixty days after such date of enactment.

"(e) In addition, the Director of the Federal Emergency Management Agency, and the Federal Insurance Administrator, shall develop Federal minimum standards for arson investigation and prosecution by reinsured insurers following any loss caused by fire, and for information disclosure by applicants for insurance. Such minimum standards shall be prescribed not later than one hundred twenty days after the date of enactment of this subsection, and shall be applied by the Director and Administrator upon the expiration of two years after such publication in any State which does not prior to the expiration of such period adopt such standards, or standards which are determined by the Director and Administrator to be substantially equivalent.".●

By Mr. BAUCUS:

S. 292. A bill to amend title XVIII of the Social Security Act with respect to judicial review of a decision by the Provider Reimbursement Review Board; to the Committee on the Judiciary.

REVIEW OF A DECISION BY THE PROVIDER REIMBURSEMENT BOARD

● Mr. BAUCUS. Mr. President, today I am pleased to introduce legislation amending title 18 of the Social Security Act. All too often, the Federal Government enacts laws and regulations that impose inappropriate and excessive requirements on the people of this Nation. These regulations seem to fall especially hard on rural States like Montana, which are located far from Washington, D.C.

The bill I am introducing today represents one small step toward eliminating such ludicrous Federal requirements. My bill amends the title 18 medicare statute to permit Federal judicial review of adverse decisions of the Provider Reimbursement Review Board involving groups of providers to be taken not only in the U.S. District Court for the District of Columbia, as is presently the case, but also in the district where the principal party for the group is located. The Provider Reimbursement Review Board is a mechanism established in 1972 to hear appeals and disputes between providers of care participating in the medicare program and medicare intermediaries. The PRRB is intended to hear and settle fairly, disputes involving reimbursement policy.

This legislation corrects a curious inequity in existing law whereby two different standards are established: One for group providers under medicare and one for individual providers of medicare part A services.

Under existing law, individual providers of medicare part A services may obtain Federal judicial review of adverse decisions of the Provider Reimbursement Review Board in one of two districts. A U.S. district court for the district in which the provider is located, or alternatively, in the U.S. District Court for the District of Columbia.

But a wholly separate standard exists for appeals brought by a group of pro-

viders. Judicial review of decisions brought jointly by several providers may be taken only in the U.S. District Court for the District of Columbia. This restriction is a considerable inconvenience to provider groups such as hospital corporations or religious organizations that operate institutions in several States or whose operations are located far from Washington, D.C.

This requirement restricting the choice of venue to the District of Columbia for groups of providers creates many problems. Since the District of Columbia is one of the busiest Federal circuits, provider cases are pending for years before decisions can be obtained.

For example, 1,978 PRRB decisions are still being litigated in the District Court for the District of Columbia. Since group appeals are frequently the most complicated and expensive, they impose enormous burdens on this one district court and I expect these burdens to grow in the future. Second, for many providers, such litigation is extremely expensive since they must retain additional counsel and incur substantial travel costs.

My bill, therefore, equalizes the choices of venue for single providers and groups of providers by permitting group actions to be taken in the district where the principal party for the group is located, or in the District of Columbia. The principal party to a suit would ordinarily be the provider's headquarters office, if the parties are commonly owned or, in the case of independent providers, the party with the most money at stake. The Senate Finance Committee unanimously adopted this provision last year as part of the Medicare-Medicaid Administrative and Reimbursement Reform Act. Unfortunately, the full Senate did not have an opportunity to act on this important medicare-medicaid package.

Enactment of my bill will place group appeals on the same basis as any other provider appeal taken to court from the PRRB. The results will be to unburden the District Court for the District of Columbia, reduce litigation costs for these appeals and accelerate the litigation process itself. I urge my colleagues to join me in seeking this necessary change.●

By Mr. THURMOND:

S. 293. A bill to amend the Food Stamp Act of 1977 to prohibit any household from participating in the food stamp program if such household has one or more members on strike as a result of a labor dispute; to the Committee on Agriculture, Nutrition, and Forestry.

PROHIBITING THE ISSUANCE OF FOOD STAMPS TO STRIKERS

Mr. THURMOND. Mr. President, in previous Congresses I have introduced bills to prohibit the issuance of food stamps to strikers. Unfortunately, none of these bills have been enacted into law. I am introducing similar legislation again today with the sincere hope that it will receive favorable action in the near future.

Mr. President, I am constantly receiving complaints from taxpayers all across our Nation regarding the waste and abuse existing in Federal programs. A common target of almost every complaint is the food stamp program. When taxpayers realize that striking workers—workers who are voluntarily unemployed—are eligible to receive food stamps, they become outraged. They cannot understand, and neither do I, why their tax dollars are being used to intervene in a labor dispute. By providing food stamps to people who voluntarily walk off their jobs, the Federal Government is injecting itself into the dispute. In effect, the Government is taking sides. I do not believe it is proper, nor advisable, for the Federal Government to do so. It is unfair to those on the other side of the bargaining table, and, most of all, it is unfair to the American taxpayer who bears the cost of the food stamp program.

Mr. President, the need for the legislation I am introducing today was most evident during the coal miners strike in the winter of 1978. Nationwide, $13 million worth of food stamps monthly went to striking coal miners during January, February, and March of 1978. The strike finally became so serious that the President invoked the Taft-Hartley Act. Yet food stamps still went to strikers.

Mr. President, the time has come to reevaluate our priorities in regard to the food stamp program. Striking workers receiving food stamps only results in more and longer strikes, causing greater damage to the economy. In my opinion, the responsibility for feeding those who voluntarily go on strike rests upon their union; not upon the Federal Government.

Mr. President, enactment of this legislation will remove the Federal Government from the business of subsidizing striking workers, and result in substantial savings to the taxpayers who are in desperate need of relief from ever increasing tax burdens. Under the provisions of my bill, no household would be eligible to receive food stamps if any member of that household is on strike, unless the household was eligible to receive food stamps prior to the strike. I believe this would be fair and equitable to strikers, employers, and taxpayers in general.

Mr. President, I request that this bill be appropriately referred and ask unanimous consent that it be included in the RECORD at the conclusion of my remarks.

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

S. 293

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 6(d)(4) of the Food Stamp Act of 1977 is amended to read as follows:

"(4)(A) Notwithstanding any other provision of this Act, no household shall be eligible to participate in the food stamp program if any member of the household is on strike against his employer as the result of a labor dispute unless such household was eligible to participate in such program prior to the time the member of the household went on strike against his employer. The provisions of this subsection shall not apply in any case in which a member of a household is not working because of an employer lockout.

"(B) For purposes of this subsection—

"(i) the term 'strike' has the same meaning as in section 501(2) of the Labor Management Relations Act of 1947; and

"(ii) the term 'labor dispute' has the same meaning as in section 2(9) of the National Labor Relations Act.".

(b) Section 6(i) of such Act is repealed.

By Mr. GLENN (for himself, Mr. BOREN, Mr. BRADLEY, Mr. CHAFEE, Mr. DODD, Mr. FORD, Mr. HEFLIN, Mr. JACKSON, Mr. KENNEDY, Mr. MATSUNAGA, Mr. MELCHER, Mr. MOYNIHAN, Mr. PRYOR, Mr. RIEGLE, Mr. SARBANES, and Mr. WILLIAMS):

S. 294. A bill to establish an Interagency Committee on Arson Control to coordinate Federal antiarson programs, to amend certain provisions of the law relating to programs for arson investigation, prevention, and detection, and for other purposes; to the Committee on Governmental Affairs.

ANTI-ARSON ACT OF 1981

● Mr. GLENN. Mr. President, today I am introducing the Anti-Arson Act of 1981 to combat what has become America's costliest and fastest growing crime. The primary goal of this legislation is to establish a unified, national strategy against the burgeoning arson problem.

This bill represents a continuation of the antiarson efforts I began during the 95th Congress with the introduction of the Arson Control Assistance Act. The portion of that bill which later became law temporarily upgraded arson to major crime status. Two years later, I introduced S. 252, the Anti-Arson Act of 1979. The Committee on Governmental Affairs ordered S. 252 favorably reported. Subsequently, on September 10, 1980, the Judiciary Committee's Subcommittee on Criminal Justice held hearings on S. 252, although no further action was taken prior to the adjournment of the 96th Congress.

Arson has increased 400 percent over the past decade and presently accounts for roughly 25 percent of all fires. In Ohio alone, four fires are deliberately set every hour of every day. This year, arson will kill 1,000 people and injure 10,000 others. In addition, some insurance experts estimate that arson is annually responsible for up to $6 billion in direct property damage and up to $12 billion in indirect losses. These losses are passed along to homeowners, taxpayers and businesses. Approximately, one-quarter of every home insurance policy premium dollar goes to pay for arson. In 1978, the last year for which we have complete figures, insurance companies reported that each incident of arson resulted in an average loss of $6,433. This compares with an average loss of $1,741 per theft, $499 per burglary, $388 per robbery and $184 for each instance of larceny/theft.

Despite these chilling statistics, there is no national strategy in place to combat arson. In the past, coordination among Federal, State, and local antiarson efforts have been either nonexist-

ent or woefully inadequate. The result has been entirely predictable; the conviction rate for arson arrests stands at a dismal 0.7 percent nationwide.

The Anti-Arson Act has four major provisions:

First, the bill would create an Interagency Anti-Arson Committee to coordinate antiarson efforts at the Federal level without preempting local and State authority. At present, there are eight separate Federal agencies conducting antiarson activities. Inevitably, this has led to duplication, inconsistency and jurisdictional conflict. Moreover, none of these agencies is specifically charged with insuring that available Federal funds and research results are channeled to State and local governments. An interagency committee would go far toward ameliorating these problems and would help achieve efficient, effective application of Federal resources and expertise. Unless extended, the committee would automatically terminate in 2 years.

Second, the bill would require the FBI to permanently classify arson as a part I (or major) crime in its unifrom crime report. At present, this is only a temporary requirement and has been extended each year only by being included as part of the Department of Justice authorization bill. Permanently classifying arson as a major crime would encourage standardized and uniform arson reporting among local jurisdictions. Permanently gathered and aggregated by the FBI under a reliable uniform reporting system, arson statistics would be an invaluable tool in identifying weaknesses within our overall antiarson effort, as well as in assisting Federal, State, and local governments shape and direct new and individual programs.

Third, the bill would require the U.S. Fire Administration to make antiarson research and training a permanent and integral part of its mission. The bill would mandate a dramatic expansion in that agency's research and development of techniques and equipment in the areas of arson prediction, prevention and control. For this purpose, $5 million would be authorized for the U.S. Fire Administration.

Finally, the bill would require private insurers, before issuing fair plan insurance policies, to obtain, evaluate and—when appropriate—share with law enforcement agencies specific information supplied by applicants. Fair plans, created in 1968 to provide needed insurance coverage to low-income residents of our Nation's inner cities, have frequently been exploited and subverted by lawless absentee landlords and unscrupulous real estate hustlers. Testimony indicates that far too frequently these people have managed to obtain inflated property insurance and then burned their buildings in order to collect the insurance proceeds. By encouraging insurance companies and law enforcement officials to work more closely together, the bill will help to end that kind of abuse.

Progress is being made in our national fight against arson. Foremost, perhaps, is increased public awareness that arson is a deadly, billion-dollar crime which is rapidly proliferating in our cities and rural areas. State legislators, law enforcement officials, firefighters, and prosecutors are beginning to understand the severity of the arson problem, as well as its impact on their jurisdictions. However, because local officials are ill equipped to deal with the problem alone, they are reaching out to the Federal Government for assistance. I strongly believe that this bill will help them gain control of the arson epidemic that plagues our Nation.

I urge the Committee on Governmental Affairs, to which this bill will be referred, to take prompt and favorable action so that we may obtain early enactment of this important piece of legislation. The Anti-Arson Act of 1981 is the product of extensive legislative hearings in both the 95th and 96th Congresses. Moreover, it has broad support in both the public and private sectors, as well as bipartisan support in the Senate.

Mr. President, I ask unanimous consent that the text of the Anti-Arson Act of 1981 be printed in the RECORD as if read in full.

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

S. 294

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

SHORT TITLE

SECTION 1. That this Act may be cited as the "Anti-Arson Act of 1981".

INTERAGENCY COMMITTEE ON ARSON CONTROL

SEC. 2. (a) There is established within the Federal Government an Interagency Committee on Arson Prevention and Control (hereinafter in this section referred to as the "Committee"). The Committee shall consist of the following persons (or their designees whose positions are compensated at a rate of pay not less than level V of the Executive Schedule under section 5315 of title 5, United States Code):

(1) The Attorney General.

(2) The Director of the Federal Bureau of Investigation.

(3) The Postmaster General.

(4) The Secretary of the Treasury.

(5) The Administrator of the United States Fire Administration, Federal Emergency Management Agency.

(6) The Administrator of the Federal Insurance Administration.

(7) The Director of the Bureau of Alcohol, Tobacco and Firearms.

(8) The Commissioner of the Internal Revenue Service.

(9) The Director of the Law Enforcement Assistance Administration.

(b) The Committee shall—

(1) develop and implement a comprehensive and coordinated Federal Strategy and methodology for improving assistance to State and local governments for the prevention, detection, and control of arson;

(2) coordinate anti-arson training and educational programs established within the Federal Government;

(3) coordinate Federal grants to State and local governments for arson prevention, training, detection, and control;

(4) coordinate Federal research and development relating to arson prevention, training, detection, and control;

(5) gather and compile statistical data relating to arson prevention, training, detection, and control;

(6) review each agency report filed under subsection (g); and

(7) provide such other assistance to Federal agencies, States, and local governments that aid in the cooperation and coordination of Federal anti-arson assistance efforts.

(c) The members of the Committee shall elect a Chairman. The Chairman shall call meetings of the Committee at least four times a year at such times and places as the Chairman determines. The Committee may assemble and disseminate information, issue reports and other publications, and conduct such other activities as it considers appropriate to provide for effective coordination of Federal anti-arson assistance.

(d) The Committee may establish such subcommittees or working groups as may be necessary for the fulfillment of its task. The membership may include persons not members of the Committee. Guidelines or regulations promulgated under the provisions of section 7 (d) of the Federal Advisory Committee Act do not apply to any such subcommittee or working group.

(e) The Committee may request any agency of the executive branch to furnish it with such information, advice, and services as may be useful for the fulfillment of the Committee's functions under this section. The agencies of the executive branch are authorized, to the extent permitted by law, to provide the Committee with administrative services, information, facilities, and funds necessary for its activities.

(f) The Committee may procure, subject to the availability of funds, the temporary professional services of individuals to assist in its work, in accordance with the provisions of section 3109 of title 5, United States Code.

(g) Each agency of the executive branch with arson related activities shall report annually to the Committee with respect to its efforts in providing training, educational programs, grants, and other Federal assistance to State and local governments for arson prevention, detection, and control.

(h) Not later than eighteen months after the date of enactment of this Act, the Committee shall transmit a report to the Congress concerning its activities under this Act. The report shall include an assessment of the success of the Committee in coordinating Federal efforts for the prevention, detection, and control of arson.

(i) The Committee shall terminate two years from the date of enactment of this Act.

(j) The expenses of the Committee shall be paid from the appropriations of each of the agencies represented on the Committee pursuant to subsection (a).

UNIFORM CRIME REPORTS

SEC. 3. (a) Section 704 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by adding at the end thereof the following:

"(c) The Director of the Federal Bureau of Investigation is authorized and directed to classify the offense of arson as a part I crime in its Uniform Crime Reports. In addition, the Director of the Federal Bureau of Investigation is authorized and directed to develop and prepare a special statistical report in cooperation with the National Fire Data Center for the crime of arson, and shall make public the results of that report. The Director of the Federal Bureau of Investigation shall give priority as part of the special report to the investigation of arson in housing supported by programs of or

owned by the Department of Housing and Urban Development.".

(b) Subsection (b) of section 704 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by striking out "this section" and inserting in lieu thereof "subsection (a)".

UNITED STATES FIRE ADMINISTRATION

SEC. 4. (a) The Administrator of the United States Fire Administration, Federal Emergency Management Agency, is authorized and directed to—

(1) conduct a research program for the development, testing, and evaluation of techniques and equipment for use by law enforcement officials and the fire service community in State and local governments for arson prediction, prevention, and control;

(2) develop and establish educational and training materials and programs for the fire service community and law enforcement officials for dissemination to State, municipal, and other local governments for the prevention, detection, and control of arson to enable such governments to establish, maintain, and fund their own programs;

(3) develop educational materials designed for local community awareness programs on arson; and

(4) gather, analyze, publish, and disseminate any other information relating to the prevention, prediction, occurrence, and control of arson.

(b) There are authorized to be appropriated for the United States Fire Administration the sum of $5,000,000 to carry out the provisions of this section.

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

SEC. 5. The Director of the Bureau of Alcohol, Tobacco, and Firearms is authorized and directed to assist the Committee established under section 2 of this Act by providing to the Committee, as the Committee determines necessary and to the extent permitted by law, access to personnel and resources of the Bureau, including the use of laboratory facilities for research on the detection and prevention of arson.

FEDERAL INSURANCE ADMINISTRATION

SEC. 6. (a) Section 1211(b) of the National Housing Act (12 U.S.C. 1749bbb–3) is amended—

(1) by striking out "and" at the end of paragraph (10);

(2) by striking out the period at the end of paragraph (11) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following:

"(12) require that each policy written pursuant to the plan be written only after the insurer obtains a signed application from applicant and evaluates information with respect to the prospective policyholder that incorporates a listing of real property in which the policyholder has an insurable interest at the time the policy is applied for or at any time within the previous 10-year period including (A) number of fires; (B) cause of fires; (C) amount of each loss; and (D) amount of insurance recovery and whether destruction to any of such properties has occurred, the cause of which is or may be arson-related.".

(b) Section 1211 of such Act is amended by adding at the end thereof the following new subsection:

"(d)(1) Each insurer under this title who, after obtaining the information required under paragraph (12) of subsection (b), has reasonable cause to believe that a prospective policyholder has an insurable interest, at the time the policy is applied for or at any time within the previous 10-year period, in any real property which has been the subject of destruction the cause of which is or may be arson-related, may request from the State insurance authority any relevant information within the custody of the authority that would assist the insurer in further investigating or evaluating the risk of writing the coverage for that prospective policyholder.

"(2) The State insurance authority is authorized to waive the provisions of any applicable State law which would prevent the release of such information without the prospective policyholder's consent, if it determines that—

"(A) the insurer's request for the waiver is based upon reasonable cause; and

"(B) the release of such information is essential to the insurer in determining whether to accept the risk.".

(c) Section 1211(b)(9) of such Act is amended by inserting "(A)" immediately before "notice" and by striking out "written under the plan, and" and inserting in lieu thereof the following: "written under the plan, except that subject to the approval of the State insurance authority, the insurer may establish procedures for the cancellation or nonrenewal of any risk eligible under the plan upon 5 days notice to any policyholder based on a finding by the insurer that the continuation of the coverage under the policy presents a demonstrable risk of arson, and (B)".●

● Mr. HEFLIN. Mr. President, I rise in support of the Anti-Arson Act of 1981, offered by my distinguished colleague, Senator GLENN. I believe this legislation to be an important step toward halting the widespread epidemic of arson that is sweeping this country. It is time that the Federal Government establish a coordinated and comprehensive antiarson program and to develop national strategies in the areas of arson investigation, prevention, and detection.

Over the past decade there has been a steady rise in deaths and property destruction from arson. Statistics gathered and made public by the National Fire Protection Association indicate that in 1979 there were 210,000 arson and suspected arsons reported nationwide. Many fire experts also believe that a significant percentage of fires listed as having other causes are actually fires started by arson. In 1979 there were 675 people killed in fires started by arsonists and $1.5 billion in property was destroyed. It was further estimated that more than $15 billion in total financial loss occurred due to arson, including lost jobs, income, reduced housing opportunities, and medical services. This year, those statistics will increase dramatically as arson is expected to kill over 1,000 people and destroy over $6 billion in direct property damage.

I have for many years been deeply concerned about the need for public awareness of the number and devastating effects of crimes related to arson. In 1979, I introduced legislation to require the Federal Bureau of Investigation to permanently classify arson as a part I offense for purposes of the Uniform Crime Reporting Index and thus more clearly reflect its criminal activity. I believe then, as I do now, that we must have the capability to collect precise and extensive data concerning fires in order to plan the kind of action which is needed to reduce and eliminate these crimes. This bill not only contains a provision requiring the permanent classification of arson as a part I offense, but goes even further toward establishing a comprehensive Federal antiarson program. The Anti-Arson Act of 1981 calls for the development of a Federal strategy in assisting State and local governments in the prevention, detection, and control of arson, as well as coordinated Federal antiarson training and education programs, and Federal research development related to arson prevention.

Mr. President, I strongly believe that this legislation is a necessary first step to correct this neglected offense by giving it a high priority at the Federal level. I urge support of this legislation so that we may achieve that result.●

● Mr. CHAFEE. Mr. President, I am pleased to join as a cosponsor of this legislation.

What would this bill do? First, it would require that the FBI permanently reclassify arson as a part I crime—or major crime—in its uniform crime report. Such a change would standardize the reports of arson by local jurisdictions, and make more complete and up to date information available for Federal, State, and local efforts to fight arson.

Second, the bill would provide up to $5 million for the U.S. Fire Administration to strengthen its antiarson research, equipment, and training techniques.

Third, the bill would create an Interagency Anti-Arson Committee to coordinate Federal agencies conducting antiarson investigations. This interagency committee would make Federal programs more consistent, reduce duplication of effort, and would not preempt State or local authority in this area.

Finally, the bill would encourage law enforcement officials and insurance companies issuing Fair Plan insurance policies to work more closely together to combat arson.

Why is such a program necessary? Because arson has been one of the biggest "growth industries" in the past decade. Between 1974 and 1978 alone, the number of fires classified incendiary or suspicious—fires that officials knew or had reason to suspect were set—increased from 114,000 to 508,512. Losses from these fires increased from $563 million in 1974 to $1.03 billion in 1978.

Rhode Island's experience with arson is unfortunately much the same. In 1974, there were 144 incendiary or suspicious fires. By 1978, this figure had climbed to 722 fires. Losses from these blazes increased from $2.7 million in 1974, to $8.2 million by 1978.

This growth has not gone unnoticed. Television and newspapers have presented special series on this problem, helping to increase public awareness regarding the scope and complexity of arson. In addition, efforts by all levels of government to fight arson have increased.

In Rhode Island the Governor's office has formed a State Task Force on Arson, and the State fire marshal and attorney general have been cooperating closely with police and fire departments. In addition, many city and town fire departments have started arson awareness programs on their own.

The investment in these programs has started to pay dividends. In Providence, between 1974 and 1978 investigators could only verify 30 percent of all fires as deliberately set. In 1979, through better knowledge and more thorough inspection techniques, fire officials were able to identify almost 60 percent of the fires as deliberately set.

South Kingstown, R.I., with a population of approximately 20,000 can also point to success with training programs. Due to a better system for reporting fires, and more resources for investigation, four times more arrests for arson were made in 1979 than in 1978.

We should not be lulled into a false sense of security by the successes. Rather, we should renew our efforts. Enacting this legislation would add the weight and prestige of the FBI in helping to identify arson. The additional resources authorized in this bill would help State and local governments offset the loss of other valuable programs, such as those run under the Law Enforcement Assistance Administration. I urge my colleagues to support this legislation.●

Mr. JACKSON. Mr. President, I am pleased to join today with Senator GLENN and other colleagues in the Senate in introducing legislation to combat one of America's costliest and fastest growing crime: arson. The legislation which we are introducing is the Anti-Arson Act of 1981.

I believe that there is a strong need for a national effort and focus on this heinous crime that takes hundreds of innocent lives and billions of dollars every year. The National Fire Prevention Agency estimates that in 1978, there were 173,934 fires of incendiary or suspicious origin and 1,046 civilian deaths. Clearly, arson will not go away by itself. Comprehensive Federal action must be taken quickly to put a halt to this growing crime.

In Washington State alone, it is estimated that in 1981, one out of every four fires will be caused by arson, and the State will lose approximately $27 million to this crime. What is astonishing about these figures is that Washington State, and Seattle in particular, is acknowledged as having one of the lowest arson rates and one of the best antiarson programs in the country.

In 1975, the city of Seattle began a major program to address the arson problem which was threatening the entire State with greater and greater frequency. Seattle established an interagency arson task force with representatives from the King County prosecutor's office, mayor's office, fire department, police department, chamber of commerce, sheriff's office, and Washington State Insurance Council. This group was responsible for evaluating the problem and proposing a workable solution to combat arson.

Responsibility for detection, investigation, and prosecution in arson cases was delegated to the Seattle Fire Department. The department launched a three-part training program for its arson investigators, focusing on starting with a basic training course, a "detective school" course, and an advanced arson session. Seattle now has a professional arson investigation unit.

As part of its public awareness program, a toll-free number for people to call in and report information concerning a fire was established. Signs, posters, bumper stickers, and messages on TV and radio appeared across the State. In addition, the Washington State Insurance Council contributed to a reward program for information leading to an apprehension or conviction in an arson case. Seattle's efforts should provide the lead for other States and communities to formulate comprehensive policies to combat this crime.

The Anti-Arson Act of 1981 is a four-part program. First an Interagency Anti-Arson Committee would be established to coordinate antiarson efforts at the Federal level without preempting local and State authority. Currently, there are eight separate Federal agencies conducting antiarson activities. An Interagency Committee would allow efficient and effective antiarson planning. The Committee would automatically terminate in 2 years.

This proposal would also reclassify arson as a part I or major crime in the FBI's Uniform Crime Report. Presently, the classification of arson as a major crime is only a temporary requirement and has been extended yearly through inclusion in the Department of Justice authorization bill.

The third part of this proposal would require the U.S. Fire Administration to make antiarson research and training a permanent and integral part of its mission. Authorization for $5 million would be provided to assist in the Administration's research and development of techniques and equipment in the areas of arson prediction, prevention, and control.

Finally, this bill would require private insurers, before issuing Fair Plan insurance policies, to obtain, evaluate, and, when appropriate, share with law enforcement agencies specific information supplied by applicants. Unfortunately, the Fair Plans which were originally created to provide needed insurance coverage to low-income residents of inner cities, have been abused by individuals who obtain inflated property insurance and then burn their buildings in order to collect the insurance proceeds. Cooperation by law enforcement officials and insurance companies will help to end that kind of exploitation.

I am cosponsoring the Anti-Arson Act of 1981 because it is imperative that we begin a massive national effort to stamp out this plague. The Anti-Arson Act of 1981 is an important step toward controlling this crime.

By Mr. PRESSLER:

S. 305. A bill to insure the protection of State water interests; to the Committee on Environment and Public Works.

STATES WATER RIGHTS

Mr. PRESSLER. Mr. President, I am today introducing a bill to insure that State water rights are protected as this Nation moves ahead with its energy projects.

All of us in the Congress recognize the need to increase the energy output in this country. Those of us from the Western part of the Nation are, however, particularly concerned with the careful conservation of water as we mobilize to meet our energy goals.

The bill which I am introducing today sets forth some of the States rights in this area. While this measure may not address all of the problems regarding the use of State water, I hope that it will serve as a vehicle for consideration of legislative action on this point. I believe that the various committees of this body should thoroughly examine this issue and come quickly to terms with legislation which will adequately balance the important competing interests at stake.

Mr. President, there are currently plans to construct a coal slurry pipeline beginning in Wyoming across the country to points south. Much of the water for this pipeline will come from the underground Madison aquifer which lies under Wyoming and South Dakota. The residents of South Dakota are understandably extremely concerned that the operation of such a slurry will seriously diminish their water supply. Our State's agricultural economy is vitally dependent upon this source.

At present there is very little scientific data available to foretell the consequences of the construction of this pipeline. In addition to the sorely needed legislation, action is required immediately on the part of Federal agencies to slow this construction until further studies are made. At present, the Department of the Interior is reviewing a decision to permit the pipeline to cross Federal land in Wyoming. To date, I am disappointed with the actions of that Department to hold further public comment hearings on this subject.

Mr. President, I ask unanimous consent to have letters on this subject printed in the RECORD at the conclusion of my remarks.

Mr. President, I urge the committees of the Senate to quickly explore this question and invite my interested colleagues to join in efforts to protect State water rights.

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

JANUARY 2, 1981.

HON. CECIL D. ANDRUS,
Secretary,
Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: It is my understanding that the Bureau of Land Management is closing the public comment period pertaining to the decision to permit Energy Transporation System, Inc. (ETS') to construct a coal slurry pipeline across federal land in Wyoming.

As you may know, the construction of this proposal could have a severe impact on the water supply of western South Dakota. Because public hearings on this subject were only held in South Dakota in December 1980, it would seem only reasonable and prudent to extend the comment period past January 6, 1981 to facilitate proper evaluation. Further, I must respectfully

point out that the new Administration may have an interest in this matter.

Therefore, I would request that no final action on this project be made until incoming personnel have had the opportunity to review it.

Thank you for your consideration of this matter.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

JANUARY 21, 1981.

Hon. JAMES G. WATT,
Secretary,
Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: I was pleased during your confirmation hearing that you expressed the belief that the states of the West are in the best position to determine the use of their water and that the federal government should support the states in the exercise of this power.

There are currently a number of disturbing interstate plans being formulated involving water use which could have an adverse effect on local areas. Specifically, I am greatly concerned that a pending decision by the Bureau of Land Management to permit the construction of a coal slurry pipeline across federal land in Wyoming could have a severe impact on the water supply of western South Dakota. It is my hope that you will give this matter your consideration at the earliest possible moment and delay any approval of the proposed construction until you and your staff have had an opportunity to fully study this project. It would be my recommendation that, at a minimum, the comment period on the draft environment impact statement, which closed January 6th, should be reopened.

I am presently in the process of drafting legislation to protect my state's interests in protecting its water rights. Your early comments on this matter would, therefore, be especially appreciated.

My best wishes to you as you begin your enormous duties as Secretary of the Interior. Thank you for your attention to this matter.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

By Mr. BOREN:

S.J. Res. 21. Joint resolution proposing an amendment to the Constitution of the United States to establish a 10-year term of office for Federal judges. A joint resolution proposing an amendment to the Constitution of the United States to establish a 10-year term of office for Federal judges; to the Committee on the Judiciary.

TEN YEAR TERM OF OFFICE FOR FEDERAL JUDGES

● Mr. BOREN. Mr. President, today I am reintroducing a proposed amendment to the Constitution of the United States to establish a 10-year term of office for Federal judges.

This is the same joint resolution I introduced last year. I am hopeful that with the current makeup of the Congress, this year's efforts will be successful.

The joint resolution states that judges of both the Supreme and Inferior Courts shall be appointed to their offices for a term of 10 years, and that during the 10th year of office of any such judge may have his nomination for an additional term submitted for Senate confirmation, unless the judge requests that his nomination not be so placed.

Any judge whose nomination for an additional term comes before the Senate may remain in office until the Senate acts on reconfirmation. The provisions of this joint resolution would only apply to any person appointed a judge after the date of ratification of the constitutional amendment.

I have been alarmed for some time about the awesome powers of the Federal judiciary. It is the one area in which our system of checks and balances does not apply once an appointment to the Federal bench has been made and confirmed by the Senate.

I fully appreciate the need to maintain judicial independence and am in complete support of that concept. However, I believe the best interests of both the judiciary and the country rests in a balance between independence from political pressure and the need to hold judges accountable for the proper performance of their duties. There is no practical way, in present law, to remove a judge who usurps his authority or becomes less than capable while on the bench.

My proposal sets a term of 10 years, long enough to protect the judge against daily political pressures and reasonable enough to protect the people from the damage that can be done by a "bad" judge. At the end of the 10-year term, a judge could be reappointed by the President with the advice and consent of the Senate.

I think that while the majority of Federal judges serve with distinction and a proper respect for the law, there must be a practical check on those who do not.

Mr. President, I commend this measure to my colleagues for their consideration, and ask unanimous consent that the text of the joint resolution be printed in the RECORD.

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

S.J. RES. 21

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after the date of its submission by the Congress:

"ARTICLE —

"SECTION 1. Notwithstanding the provisions of the second sentence of section 1 of article III of the Constitution of the United States, the Judges, both of the supreme and inferior Courts, shall be appointed to their offices for a term of ten years and shall hold their offices for such term during good behavior. The term of office of each judge shall begin at noon on the day after the day on which the President commissions such judge. During the tenth year of each term of office of any such judge, his nomination for an additional term of office for that judgeship shall be placed before the Senate for its advice and consent to such additional term, unless that judge requests that his nomination not be so placed. Any judge whose nomination for an additional term of office is so placed may remain in office until the Senate gives its advice and consent to, or rejects, such nomination. If the Senate gives its advice and consent to an additional term of office, that term shall commence from the date of such advice and consent, or the day immediately following the last day of his previous term of office, whichever is later.

"SEC. 2. Section 1 of this article shall take effect on the date of ratification of this article, but shall apply only with respect to any person appointed a judge of the Supreme Court or as a judge of an inferior Court after such date of ratification.". ●

ADDITIONAL COSPONSORS

S. 1

At the request of Mr. DOLE, the Senator from Indiana (Mr. QUAYLE) was added as a cosponsor of S. 1, a bill to amend the Internal Revenue Code of 1954 to provide for cost-of-living adjustments in the individual tax rates and in the amount of personal exemptions.

S. 2

At the request of Mr. MATHIAS, the Senator from Kentucky (Mr. FORD), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S. 2, a bill to amend the Internal Revenue Code of 1954.

S. 8

At the request of Mr. DOLE, the Sentor from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of S. 8, a bill to amend the Internal Revenue Code of 1954 to clarify the standards used for determining whether individuals are not employees for purposes of the employment taxes.

S. 19

At the request of Mr. DOLE, the Senator from Kentucky (Mr. FORD) was added as a cosponsor of S. 19, 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. 20

At the request of Mr. SASSER, the Senator from Arizona (Mr. DECONCINI), and the Senator from West Virginia (Mr. RANDOLPH) were added as cosponsors of S. 20, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 30

At the request of Mr. SASSER, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 30, a bill to provide for the payment of interest by the Federal Government on any amount due for more than 30 days to any person under the terms of a contract entered into by the Federal Government and such person.

S. 43

At the request of Mr. SASSER, the Senator from Mississippi (Mr. COCHRAN), the Senator from New York (Mr. MOYNIHAN), and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of S. 43, a bill to amend the Congressional Budget Act of 1974 to require the Director of the Congressional Budget Office to prepare and submit, for every bill or resolution reported in the House or the Senate which has certain specific economic consequences, an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution.

S. 54

At the request of Mr. HAYAKAWA, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 54, a bill to repeal the provisions of title 23, United States Code, requiring a national maximum speed limit of 55 miles per hour.

S. 75

At the request of Mr. WALLOP, the Senator from Texas (Mr. BENTSEN), the Senator from Oklahoma (Mr. BOREN), the Senator from North Dakota (Mr. ANDREWS), and the Senator from Indiana (Mr. LUGAR) were added as cosponsors of S. 75, a bill to amend the Internal Revenue Code of 1954 to encourage capital investment by individuals and corporations.

S. 93

At the request of Mr. MATHIAS, the Senator from California (Mr. CRANSTON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Texas (Mr. BENTSEN), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of S. 93, a bill to designate the birthday of Martin Luther King, Jr., a legal public holiday.

S. 141

At the request of Mr. BENTSEN, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 141, a bill relating to tax treatment of qualified dividend reinvestment plans.

S. 144

At the request of Mr. HEINZ, the Senator from North Dakota (Mr. ANDREWS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Nevada (Mr. CANNON), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Michigan (Mr. RIEGLE), the Senator from Illinois (Mr. PERCY), the Senator from North Carolina (Mr. HELMS), the Senator from Mississippi (Mr. COCHRAN), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Maine (Mr. MITCHELL) were added as cosponsors of S. 144, a bill to encourage exports by facilitating the formation and operation of export trading companies, export trade associations, and the expansion of export trade services generally.

S. 154

At the request of Mr. PRYOR, the Senator from Arkansas (Mr. BUMPERS) was added as a cosponsor of S. 154, a bill to amend title 37, United States Code, to authorize special pay to a member of a uniformed service who performs duties that are unusually hazardous or performed under unusually severe working conditions.

S. 178

At the request of Mr. BUMPERS, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 178, 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 the production of coal.

At the request of Mr. DURENBERGER, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 178, supra.

S. 186

At the request of Mr. DOLE, the Senator from South Carolina (Mr. THURMOND), and the Senator from Arkansas (Mr. BUMPERS) were added as cosponsors of S. 186, a bill to provide financial assistance to the States to undertake comprehensive criminal justice construction programs to improve the criminal justice system of the States, to provide that the Secretary of the Treasury is authorized to make interest subsidy payments on criminal justice facility construction bonds, and for other purposes.

S. 195

At the request of Mr. GOLDWATER, the Senator from Idaho (Mr. SYMMS), the Senator from Wisconsin (Mr. KASTEN), and the Senator from Georgia (Mr. MATTINGLY) were added as cosponsors of S. 195, a bill to incorporate the United States Submarine Veterans of World War II.

S. 239

At the request of Mr. DURENBERGER, the Senator from Kentucky (Mr. FORD) was added as a cosponsor of S. 239, a bill to amend the Internal Revenue Code of 1954 to provide a credit against income tax for the purchase of a commuter highway vehicle, to exclude from gross income certain amounts received in connection with the provision of alternative commuter transportation, to provide employers a credit against tax for costs incurred in ride sharing programs, and for other purposes.

SENATE JOINT RESOLUTION 17

At the request of Mr. GARN, the Senator from Georgia (Mr. MATTINGLY) was added as a cosponsor of Senate Joint Resolution 17, a jo'nt resolution proposing an amendment to the Constitution of the United States, for the protection of unborn children and for other purposes.

SENATE RESOLUTION 34—ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE SELECT COMMITTEE ON SMALL BUSINESS

Mr. WEICKER, from the Select Committee on Small Business, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 34

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by paragraph 1 of rule XXVI of the Standing Rules of the Senate, and S. Res. 58, Eighty-first Congress, agreed to February 20, 1950, as amended and supplemented, in accordance with its jurisdiction under such Senate resolution, the Select Committee on Small Business is authorized from March 1, 1981, through February 28, 1982, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $905,000.

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1982.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 35—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following resolution; which was placed on the calendar:

S. RES. 35

Resolved, That, in carrying out its powers, duties, and functions under the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, including holding hearings, reporting such hearings, and making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, the Committee on Rules and Administration is authorized from March 1, 1981, through February 28, 1982, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $1,273,800, of which amount not to exceed $20,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1982.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 36—ORIGINAL RESOLUTION REPORTED PROVIDING FOR MEMBERS OF THE JOINT COMMITTEE ON PRINTING AND THE JOINT COMMITTEE OF CONGRESS ON THE LIBRARY

Mr. MATHIAS, from the Committee on Rules and Administration. reported the following original resolution; which was placed on the calendar:

S. RES. 36

Resolved, That the following-named members be, and they are hereby, elected members of the following joint committees of Congress:

Joint Committee on Printing: Mr. Mathias of Maryland, Mr. Warner of Virginia, and Mr. Cannon of Nevada.

Joint Committee of Congress on the Library: Mr. Mathias of Maryland, Mr. Hatfield of Oregon, Mr. Baker of Tennessee, Mr. Pell of Rhode Island, and Mr. Williams of New Jersey.

SENATE RESOLUTION 37—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO NOLA E. CLARK

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 37

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Nola E. Clark, widow of Francis E. Clark, an employee of the Architect of the Capitol assigned to duty on the Senate side of the Capitol grounds at the time of his death, a sum equal to six months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 38—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO JOSEPH A. CROSS

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. RES. 38

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Joseph A. Cross, widower of Florence K. Cross, an employee of the Senate at the time of her death, a sum equal to three months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

SENATE RESOLUTION 39—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. PERCY, from the Committee on Foreign Relations, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 39

Resolved, That, in holding hearings, reporting such hearings, making investigations as authorized by paragraphs 1 and 8 of rule XXVI of the Standing Rules of the Senate, in accordance with its jurisdiction under rule XXV of such rules, the Committee on Foreign Relations is authorized from March 1, 1981, through February 28, 1982, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the Committee under this resolution shall not exceed $2,333,100, of which amount not to exceed $18,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The Committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1982.

SEC. 4. Expenses of the Committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the Chairman of the Committee, except that vouchers shall not be required for the disbursement of salaries of employees paid at an annual rate.

SENATE RESOLUTION 41—RESOLUTION TO AMEND THE STANDING RULES OF THE SENATE

Mr. MELCHER submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 41

Resolved, That Rule VII of the Standing Rules of the Senate is amended by adding the following new paragraph 7:

"Applications received from the states requesting a convention to amend the United States Constitution shall be printed in full in the CONGRESSIONAL RECORD as received and shall be listed under a separate category entitled 'Applications' following the printing of memorials and petitions. The original application shall be retained in the files of the Secretary of the Senate and copies shall be forwarded to the Senate Committee on the Judiciary. The Committee, on a biannual basis, shall cause to be printed in the CONGRESSIONAL RECORD a list of such Applications received, the subject matter of the application, the date received by the Secretary of the Senate and the total number of applications received on a given subject to date during the meeting of the current Congress."

● Mr. MELCHER. Mr. President, at the outset of the 96th Congress, the States submitted a flurry of applications asking Congress to call a convention to amend the Constitution to require a balanced budget. Whatever the merit of the individual applications, they exposed a need for the Senate to fill in a blank in the Standing Rules of this body. Although article V of the Constitution points out that a convention would be called "on the Application" of two-thirds of the several States, the Senate rules do not make specific reference to that constitutional term.

Rule VII of the Standing Rules of the Senate refers to the terms "memorials" and "petitions." In fact, paragraph 5 of that rule provides that communications from State legislatures are to be printed in full in the Senate portion of the CONGRESSIONAL RECORD. The practice over the years has been to group petitions from private citizens and other groups together with memorials from State legislatures under the single heading "petitions."

Until January of 1977, there was no truly useful way of distinguishing between the two in the CONGRESSIONAL RECORD. On that date, the Secretary of the Senate established a new numbering system for these documents. Under that system, petitions and memorials are assigned numbers preceded by the letters "POM" and then numbered and entered consecutively in the CONGRESSIONAL RECORD. It is an improvement over the former unnumbered listing of the documents but it can be better.

The resolution I am offering today simply does what should have been done from the very beginning of the existence of the Senate. It gives requests from the State legislatures for a constitutional convention, a separate identity in the Senate rules. Doing this neither indicates support for a convention on any particular issue nor drastically departs from traditional practice. However, in view of the obvious interest State legislatures have shown in requesting a constitutional convention and because 46 State legislatures will assemble between now and February 3, I believe we have a special obligation in the Senate to do the best we can in keeping track of these applications. We really have not been doing as well as we might.

Let me explain further.

I have searched the relevant literature for some definitions to distinguish between the terms "memorial" and "petition." There is not much to go on. In July 1978, the Secretary of the Senate's office published a booklet called "Legislative Procedural Flow" which documents the many processing steps in the enactment of a law. That booklet, in an attempt to define the word "petition" simply said it was a document "asking the government for a redress of grievances." That is pretty much what the Constitution provides in the first amendment. The term "Memorial," however, as defined by "Legislative Procedural Flow" is listed only as a document "memorializing the government to do or not do a thing." Memorials are not specifically mentioned in the Constitution.

What obligations does the Congress have to respond to petitions and memorials? In terms of petitions, the U.S. District Court for the Southern District of California felt the Congress had virtually no obligation whatever. After a California resident sent a petition to the Senate dealing with a social security problem, no action was taken. The party filed suit and the court responded this way:

> The plaintiff has confused the right to petition with a supposed right to have his petition granted or acted upon in a certain way. But no such right is found in the Constitution. The Constitution gives the people the right to submit petitions to their Senators in unlimited quantities, if the people so desire, but it does not require that the Senators do anything in particular with those petitions once they have been received. Neither party has cited and the court has not found, any authority whatever that requires a Senator to do anything with a petition or that restrains a Senator from doing anything he p'eases with a petition.

What of the obligation of Congress to respond to memorials? One commentator has observed that—

> memorials from the State Legislatures are, at best, political statements which have small impact and no binding effect on the Congress.

That same commentator, however, went on to say that—

> Article V Applications for a convention are constitutionally authorized instruments which, in the aggregate, impose a specific duty on the Congress. There at least ought to be a separate means of counting and tracking the memorials from the States which request a convention.

I agree we need to be more careful in tracking these applications and improvements are long overdue. In fact, a staff report of the House Judiciary Committee issued 29 years ago called the application process "the stepchild of constitutional law." It is small wonder that the House would express concern of that order. The processing of State applications for a convention by the House has not been what it should be. But the Senate has not been letter-perfect, either. To illustrate the problem, let me quote from a September 29, 1978 Library of Congress study of the problem:

The Senate has records showing that sixteen States have memorialized Congress for a constitutional convention relating to deficit spending. The House records fifteen such applications. The National Taxpayers Union lists 22 States . . . Of the six additional States which have passed similar resolutions, five claim that copies were sent to Congress, and one State apparently did not forward its resolutions.

Thus, although at least twenty-two . . . States have passed resolutions applying to Congress for a Constitutional Convention to consider amendment in this area, only a maximum of sixteen applications have been officially noted by the Congress.

To illustrate further, back in 1974 the State of California asked Congress to call a convention to amend the Constitution to deal with the private ownership of gold. Its receipt was noted September 11, 1974 in the House portion of the CONGRESSIONAL RECORD. It went unrecorded in the Senate. Oklahoma, Louisiana, and Tennessee requested a convention on a variety of subjects. Although noted in the House, they were not printed in the CONGRESSIONAL RECORD by the Senate.

The reasons for the omissions are unclear. It may be the fault of the State legislatures. It may be the fault of the Senate. Fault, however, is not really the issue. What is important is that the Senate do the very best possible job in seeing to it that these applications are properly received and recorded.

On November 29, 1979, the Senate Judiciary Committee conducted hearings on Constitutional Convention Procedure. I believe the aggregate record of those hearings supports the need for the change I have proposed in rule VII. I hope my colleagues will support this resolution.●

SENATE RESOLUTION 42—RESOLUTION RELATING TO THE FUNDING AND CONSTRUCTION OF THE GARRISON DIVERSION UNIT

Mr. PRESSLER submitted the following resolution, which was referred to the Committee on Environment and Public Works:

S. RES. 42

Whereas, the State of North Dakota and the State of South Dakota are currently negotiating to reach an agreement on the Garrison Diversion Unit, North Dakota return flows which will travel down the James River, South Dakota; and

Whereas the Governor of South Dakota has developed a reasonable concept in an attempt to utilize return flows from the Garrison Diversion Unit for the benefit of South Dakota; and

Whereas funds have been appropriated for construction on the Garrison Diversion Unit, North Dakota in Fiscal Year 1981 and have been requested in the Federal Budget for Fiscal Year 1982: Now, therefore be it

Resolved, That it is the sense of the Senate that the State of South Dakota's interest in the safe use of Garrison Diversion Unit, North Dakota return flows should be given every consideration and that any funding decision made by the Senate for the Garrison Diversion Unit, North Dakota should recognize the State of South Dakota's interest in reaching an agreement with the State of North Dakota on mutual and beneficial utilization of Garrison Diversion Unit return flows.

Mr. PRESSLER. Mr. President, I am today submitting a resolution regarding the Garrison Diversion Unit, North Dakota and the ongoing negotiations between the State of South Dakota and the State of North Dakota to utilize the return flows of the project for our mutual benefit.

During the last Congress, I offered an amendment to the fiscal year 1980 supplemental appropriations bill that would have added the words "or South Dakota" to the following language that was contained in the bill:

None of the funds appropriated from the Garrison Diversion Unit may be used for the acquisition of mitigation lands by condemnation nor shall funds be used on features affecting waters flowing into Canada (or South Dakota).

At the time, I stated that I did not oppose the Garrison project, but that I believed it was extremely important for the States of North and South Dakota to work out a memorandum of understanding regarding the project's return flows which would go down the James River, S. Dak.

The Canadian Government has consistently opposed any construction on the Garrison unit if it would affect waters flowing from the Missouri River Basin northward into Canada. Should the Canadian Government continue to protest, there is the possibility that all return flows would go southward into the James River which extends the length of South Dakota.

Since the time I offered my amendment last summer, I am pleased that the Governor of South Dakota and the Governor of North Dakota have begun to negotiate on how South Dakota might utilize the return flows for our State's benefit.

The Governor of South Dakota has also developed a reasonable concept which allows South Dakota to effectively and safely utilize Garrison return flows for riverside irrigation and municipal water supply in along the James River. The cities of Aberdeen, Redfield, Huron, and Mitchell are in great need of additional water supplies for municipal and industrial use. The Governor has set forth his proposal as a concept which is subject to change, and as a good-faith effort to seek agreement with North Dakota for the benefit of both States.

The resolution I am submitting today is offered in the same spirit of good faith and desire to negotiate with our sister State, North Dakota. The Senate should recognize the efforts of the two States to reach agreement to suit their mutual needs.

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Industrial Growth and Productivity Subcommittee of the Senate Budget Committee will hold an additional session of its scheduled hearings on January 27, 1981, in room 6202 of the Dirksen Senate Office Building at 2 p.m.

Witnesses will be Dr. Richard Rahn, vice-president of the U.S. Chamber of Commerce in Washington, D.C., and Mr. Alexander Trowbridge, president of the National Association of Manufacturers, also in Washington, D.C.

For further information, contact Mr. Rick Brandon of the Budget Committee staff at 224–0836.

ADDITIONAL STATEMENTS

NEW HOPE FOR AMERICA

● Mr. HELMS. Mr. President, from all over the country I am receiving clear evidence that the morale of the American people is the highest it has been for many years. This is a good sign, and aside from any partisan considerations it indicates to me that there has been a restoration of will among our people.

The other day, for example, I received a note from a Navy veteran of World War II, John F. Nieder of Covington, Ky., who served aboard the U.S.S. *Oakland*. He sent the following message to President Reagan:

Here's wishing President Reagan, our 40th United States President, the best of health, the best years, the best of everything for these United States.

Regardless of party affiliation, Mr. President, I sense that Mr. Nieder's message speaks for the vast majority of the American people. It also speaks well for the future of our country.●

SECOND ANNUAL POLICY STATEMENT OF THE COMMITTEE TO FIGHT INFLATION

● Mr. ARMSTRONG. Mr. President, when such distinguished American leaders as Dr. Arthur F. Burns, Henry Fowler, Michael Blumenthal, John Byrnes, Douglas Dillon, Paul McCracken, Frederick Deming, George Mahon, William McC. Martin, Jr., Wilbur Mills, George Schultz, Wiliam Simon, and John Williams band together to discuss methods to combat inflation, people ought to listen.

I am delighted to share with my colleagues the second annual policy statement of the Committee to Fight Inflation, comprised of the economic scholars listed above. The committee urges Congress and the President to adopt a nine-point program of spending and tax cuts, and regulatory reform. I endorse the committee's policies and will do all I can to implement them.

I hope my colleagues will take a few minutes to read the policy statement of the Committee to Fight Inflation.

The statement follows:

SECOND POLICY STATEMENT

As the new administration prepares to enter office, the nation's economy is undergoing a crisis: the price level continues to move strongly upward; interest rates are already equaling or surpassing the all-time highs established only nine months ago; and business activity, barely recovered from the recent recession, may be on the brink of another downturn. The new recession, if it occurs, will in large part be a product of the extraordinary levels attained by interest rates; and those rate, in turn, are the joint product of a resurgence of inflationary expectations and the recent efforts of the Federal Reserve to cope single-handedly with the raging inflation.

It is a sad fact that despite the recession earlier this year the basic rate of inflation is no lower than it was before the recession started. From the standpoint of the nation's inflation problem, the recession accomplished nothing. And even if a new recession is avoided in 1981, a robust recovery is unlikely in view of the strains from which the economy is now suffering.

Our longer-range economic prospects can, however, improve dramatically if we go to work seriously on the inflation problem. The damage that inflation has done is evident all around us, and the urgency of dealing with it can hardly be exaggerated. Inflation has eroded the real value of everyone's money earnings and monetary assets. It has deprived people of effective means of planning for their future and of providing against the contingencies that arise in life. It has been reducing the efficiency of financial markets and of the workshops of our economy. It has been weakening business innovation and capital investment by multiplying risks, driving up interest charges, and causing taxes to be paid on a phantom portion of profits. It has been weakening the economic security that Congress sought to build through massive social legislation. It has been reducing the value of the dollar abroad as well as at home, thus diminishing our country's power and prestige in the international arena. In short, persistent inflation, besides making the economy more vulnerable to recessions, has been undermining our nation's economic, moral, and political strength.

The basic economic requirement at present is to create confidence that anti-inflation policies will henceforth be pursued resolutely, consistently, and as far as feasible in ways that encourage business innovation and investment. The Federal Reserve has an essential role to play, but it should not be expected to carry the whole burden of fighting inflation. Fiscal, regulatory, and structural policies must also be enlisted in the battle. We must bring the federal budget under strict control and relieve the burdens on the economy imposed by regulatory and other governmental policies.

In view of the great danger that inflation poses for our Nation's future, a number of citizens who have had extensive governmental experience in handling economic and financial issues recently established a Committee to Fight Inflation. The committee is thoroughly bipartisan in its makeup. Its members include five former secretaries of the Treasury, two former chairmen of the Federal Reserve Board, one former chairman of the Council of Economic Advisers, one former Under Secretary of the Treasury, and four former members of Congress who had major responsibilities in the economic and financial area.

Since June 1980, when the committee issued its first policy statement, significant changes have occurred in the economic and political environment. The committee has amplified some of its original recommendations, and it respectfully urges the President and the Congress to adopt the following nine-point program:

1. Prompt passage by the Congress of legislation authorizing and enabling the President to cut projected federal expenditures, including off-budget outlays, for fiscal year 1981 by no less than 2 per cent of the total.

2. Encouragement of productivity-enhancing capital investments by lowering business taxes, effective in calendar year 1981, and accompanying these and any other tax reductions with substantial selective cuts in projected federal spending for fiscal year 1982.

3. Revision of the federal budget process, starting with fiscal year 1983, so as to require a balanced budget unless a deficit is authorized by more than a simple majority—say, two-thirds—of each house of Congress.

4. Early appointment of a high-level commission to explore ways of reducing the effects of entitlement programs, especially those tied to the cost of living, on the growth of federal spending.

5. Support by the President and Congress of monetary policies designed to reduce over the next three or four years the growth of the money supply and of bank credit to rates that are consistent with a stable consumer price level.

6. Reduction of restrictions on competition that are now imposed by our government; for example, by introducing a youth differential in minimum wages to increase job opportunities for teen-agers and by rescinding or amending the Davis-Bacon Act, which serves to escalate construction costs.

7. Reform of regulations concerned with the environment, public health, and safety so as to ensure that basic national objectives are achieved at minimum feasible cost.

8. Active encouragement of labor-management councils in individual shops, offices, and stores throughout the country, so that workers and managers will jointly seek ways of improving productivity.

9. Early decontrol of the price of oil and of natural gas, despite adverse short-run effects on the consumer price level, in the interest of promoting price stability over the longer run as well as regaining national energy independence.

The critical problem of inflation did not emerge suddenly. It has been gathering force for many years. Its roots lie deep in the political and philosophical attitudes that emerged from the Great Depression of the 1930s.

While our inflation is largely a consequence of government actions, those actions in turn reflect excessive public demands for the good things of life—rising living standards, better provisions for income security, more assistance to the disadvantaged among us, a cleaner environment, fuller protection of the public's health and safety, and special benefits for a growing number of interest groups. Each of these demands is thoroughly understandable. Together, however, they release troublesome and persistent inflationary forces, first, by requiring of our government greater outlays than tax revenues can finance and, second, by demanding of the private economy greater output than its languishing productivity can support. These forces must be brought under control.

At best, the task of ending inflation will be difficult. But there is no hope of eventual success unless the American people come to understand the nature of the problem and are prepared to support the stern measures required to solve it. We see some signs that the needed understanding and support are growing. And we look forward to the time when our nation will again experience the economic progress that is possible in an environment of generally stable prices.○

SPEECH BY SENATOR HUDDLESTON BEFORE SOUTHERN CONFERENCE OF DENTAL DEANS AND EXAMINERS

● Mr. HUDDLESTON. Mr. President, I submit for the RECORD excerpts of a recent speech I made to the Southern Conference of Dental Deans and Examiners.

The excerpts follow:

FEDERAL BUDGET

Having covered an area of very direct concern to you, I would now like to turn to some broader topics that will dominate the new 97th Congress, and which I am sure concern you and all other Americans.

First, there is the matter of the federal budget. There is not a soul in the Congress, or in this room, or in the state of Kentucky who does not believe the federal budget should be reduced. Everyone is in agreement, from economists to senators to dentists to blue-collar workers to bankers, that inflation is the number one problem facing the nation. And everyone is also in agreement that at least part of the problem is the federal deficit and the continued increase in federal spending.

But when you start trying to figure out where to cut the budget, all of the agreement falls apart. Everyone wants to cut, but not his or her program. Every interest group and every group of beneficiaries believes its grant or program is too important to be cut, but they are all for cutting someone else's proprogram.

I am a member of the Senate Appropriations Committee, through which all the money bills must pass. Despite the growing recognition of the need to hold spending in line, and despite the increasing calls for cuts in the budget, I have received more requests for more spending during the past year from Kentuckians than at any time since I became a member of the Senate. Many times those who write lamenting the federal deficit are the same who write asking for money for this or that project or program. Those requesting more spending are not usually those who benefit from some welfare program, it is mayors, county judges, businessmen, local chambers of commerce, development officials, spokesmen for the arts, union leaders, etc., who request funds.

This is not to say that these requests are without merit. In fact, most of these programs are quite worthy and provide needed services to the public and individuals. But just as obvious is the fact that we cannot have it both ways: we cannot have all the programs and benefits and still cut federal spending and work toward a balanced budget.

President-elect Reagan is discovering this fact every day. He campaigned on the promise of tax cuts, increased defense spending, and a balanced budget in 1983 without cutting any of the basic, worthwhile programs. He would achieve that goal, he said, by cutting waste and fraud. He knows now that there is simply not enough waste and fraud in the budget, unless you want to consider Medicare or Social Security benefits waste, to deliver on that promise. This is not intended as a partisan criticism of President-elect Reagan, because Jimmy Carter and others have gone through the same exercise.

The fact is that more than 70 percent of the budget is composed of what we call uncontrollable entitlement programs, in which persons who qualify for the benefits automatically receive them. This portion includes such things as Medicare, Social Security, black lung, and so forth. These programs are called uncontrollable because they do not come up for annual appropriations. Once recipients qualify they are automatically entitled to the benefits, and it would require changes in the basic law to reduce or slow the increase in the level of expenditure. Indeed, these very basic programs have been considered sacrosanct politically, and few if any politicians have been willing to talk about reducing these programs.

Of the remaining 30 percent of the budget, about half of it is the defense budget, and that is going up, not down. So if you are

going to try to make major cuts, without touching the entitlement programs, as Governor Reagan promised in the campaign, you end up trying to put a square peg in a round hole. It just will not fit. The Reagan people realize this, and they are beginning to backtrack on a number of politically appealing positions they took in the campaign now that they have come up against the hard realities.

The fact is that some very basic and hard decisions will have to be made. If the new Administration really wants the kind of cuts it promised, then the entitlement programs will have to be included, and that could be political dynamite.

The middle position, and the one that is likely to emerge, would include an across-the-board cut in all of the controllable programs with the exception of defense, and some adjustment to slow down the growth of the entitlement programs. It is probably unfair and politically impossible to actually cut the existing level of benefits that people now receive, but it would be irresponsible not to at least look at some of the built-in increases in future years to see if they are justified and if we can afford them.

It will not be an easy task. During the last year I have voted for cuts in some programs that I supported in the past. I did so in the belief that it is necessary to reduce federal spending to get a handle on inflation. I am now getting letters every week from members of the affected interest groups saying they will never support me again. They give me low scores on their voting indexes, which they send to their members, who then express their anger to me. I am not complaining because, as the old saying goes "that goes with the territory", but I cite my own situation by way of illustrating the difficult nature of the undertaking.

To be perfectly fair about it, these people are not a group of selfish, unpatriotic Americans who would let the country suffer because of their own greed. Most of them are far less fortunate than you and I, and many are struggling just to make ends meet from month to month, and any reduction in the prospective increase in benefits hurts them both materially and psychologically.

So the task before the new Reagan Administration and the new 97th Congress will be a difficult one. It is a matter of trying to achieve fairness, equity and balance, and it must be done with compassion. The sacrifice must be spread as evenly as possible, and with consideration for those affected. But the cuts must be made, and I predict they will be.

THE ECONOMY

Do not be deceived into believing that cutting the budget alone will solve our economic problems. The causes are many, and the cures must be many also. Balancing the budget will do little to offset our problem with imported oil, which costs almost $100 billion annually. Balancing the budget will help, but will not cure the problem we have with productivity and outmoded industrial plants and equipment. Balancing the budget actually runs counter to meeting our national security needs. And balancing the budget, in and of itself, will not solve our declining balance of trade and export problem. Many solutions are required, only one of which is addressing the fiscal problem.

One of the first big questions in the economic area will be a tax cut. As you know, Governor Reagan promised a three-year, 30 percent across-the-board tax cut. That kind of cut would cost at least $200 billion, and for that reason, I remain very skeptical of its wisdom. We will have a hard enough time reducing the deficit and achieving a balanced budget without trying to offset the revenue loss from a $200 billion tax cut.

The tax cut, of course, is based on the premise that it will stimulate production and increase tax revenue to offset the loss from the cut. However, very few economists have been willing to endorse that concept, and most have counseled caution with respect to any tax cut. I share that sense of caution. I believe a tax cut of modest size is probably necessary, but I do not believe we should make a three-year tax cut commitment—and I do not believe an across-the-board cut is the proper approach.

If you cut across-the-board, you fail to discriminate as to what the real needs are. Our biggest economic need, other than controlling inflation, is to stimulate production, enhance productivity, modernize our outmoded industries, and promote exports. You can best do that by targeting the tax cut, rather than making it across-the-board. An across-the-board cut tends to stimulate additional consumption; a properly targeted tax cut would stimulate production and jobs.

REGULATIONS

Another thing you can look for in this Congress is a major attack on excessive government regulations. The Reagan Administration may well make its biggest mark in this area, and with just cause.

I know that your profession is concerned about the rumblings of a couple of years ago that the FTC might seek to impose federal, rather than state, licensure requirements on health professionals. If you have been following the FTC, you know that Congress clipped their wings pretty good during the last session, and I expect that agency to be far more sensible in the future about seeking additional federal regulatory requirements on all sectors of the economy.

NATIONAL DEFENSE

I would like to close with a few words about national defense, which along with the economy will dominate the new Congress. There is little disagreement with the fact that the Russians have engaged over the past 15 years in a massive arms buildup which, if unchecked, could place this country in a very difficult security situation. Congress has already begun the process of rectifying that situation, with steadily increasing defense expenditures over the past three years. The latest budget includes a five percent increase over and above inflation.

The Reagan Administration is committed to continuing that trend, and I have confidence that the American government and the people are willing and prepared to meet the Soviet challenge. Despite what some have said, we are not now a second-rate power. I know of no general, admiral or other serious military analyst who would swap our defense capability for that of the Soviets. But we must do more, and improve our current capability. I and most of my colleagues are prepared to do just that, and I have no question but that the American people support this course.

This is still the greatest country on Earth, and despite our problems, we will meet them and continue our preeminent position in the world.●

UKRAINIAN INDEPENDENCE DAY

● Mr. ANDREWS. Mr. President, the Ukrainian people in the free world, including a large number of my constituents in North Dakota, are once again observing January 22 as the anniversary of the proclamation of independence in their homeland.

The following letter from my constituent, Dr. Anthony Zukowsky, honorary president of the Ukrainian Congress Committee of America, from Steele, N. Dak. This letter vividly describes the plight of the Ukrainians in the years they have been dominated by the Soviet Union. I ask that the letter may be printed in the RECORD.

The letter follows:

UKRAINAIN CONGRESS COMMITTEE
OF AMERICA, INC.,
January 16, 1981.

Re January 22, Ukrainian Independence Day.

Hon. MARK ANDREWS,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR ANDREWS: As the 97th U.S. Congress begins its sessions, we would like to call your attention to the fact that in January, Ukrainians all over the free world, including the United States, will celebrate the Proclamation of the Independence of Ukraine.

January 22nd, 1981, will mark the 63rd Anniversary of the Proclamation of Independence of Ukraine and the 62nd anniversary of the Act of Union, whereby all Ukrainian lands were united into one independent and sovereign nation. Both the Independence of Ukraine and the Act of Union were proclaimed by a duly elected parliament (Central Rada) in Niev, capitol of Ukraine, on January 22nd, 1918 and in January 1919.

This sovereign Ukrainian state—nation—was immediately recognized by a large number of nations, including France and England. Diplomatic relations were established with them. Recognition was also granted by Soviet Russia. But, despite the fact that the Soviet government had officially recognized Ukraine as an independent and sovereign state, communist forces attacked Ukraine both by military aggression and by subversion from within.

For three and one-half years the Ukrainian people waged a gallant struggle in defense of their country, alone and without aid from the western nations, and unfortunately were overpowered by the numerically stronger and better equipped Russian Bolsheviks. They destroyed the Ukrainian National Republic and created a Communist puppet government known as the Ukrainian Soviet Socialist Republic, U.S.S.R.

The entire history of the Soviet dominated Ukraine is a ghastly record of inhumanity, outright persecution and genocide and in the last years—Russification and violation of human and national rights on a scale not known in the history of mankind.

In summing up, the colonial rule of Soviet Communism in Ukraine can be characterized by the following:

A. During the sixty years of Moscow rule in Ukraine, literally millions of Ukrainians have been annihilated by man-made famines, deportations, and executions.

B. Both the Ukrainian Orthodox Church and the Ukrainian Catholic Church have been ruthlessly destroyed and their clergy, along with hundreds of thousands of their members were arrested, persecuted, and mostly killed.

C. All aspects of Ukrainian life are rigidly controlled and directed from Moscow.

D. Permanent violation of human and national rights was instituted in Ukraine.

Thousands of Ukrainians have been charged with "anti-Soviet propaganda and agitation", arrested, tried and sentenced for many years. Many have been tortured, incarcerated and confined to psychiatric asylums where drugs and chemicals are forcefully administered. All members of the Ukrainian Public Group to Promote the Implementation of the Helsinki Accords were arrested, tried, and sentenced from 7 to 10 years, among them such prominent members as Mykola Rudenko, Oleksa Tykhy, Mykola Matusewych, Myroslaw Marynowych, and Lew Lukianenko.

The Russian Communist enslavement of Ukraine has brought much suffering to the people of Ukraine. In spite of this oppressive yoke, Ukrainians have never accepted foreign domination and are continuing to struggle for human rights, freedom, and national independence. The new breed of young and adamant fighters for human and national

rights gives us hope that Ukraine will be free again.

The Ukrainian people in the free world are celebrating the memorable January 22nd as their greatest holiday. Also, for many years the 22nd of January has been proclaimed in our American cities and states from coast to coast as Ukrainian Independence Day.

Therefore, it is in the common spirit of liberty, faith, and justice that the American people, and especially the U.S. Congress, join Ukrainians all over the world in giving moral support to the Ukrainian people in their struggle for Human Rights, Freedom, and National Independence for Ukraine.

Sincerely,

DR. ANTHONY ZUKOWSKY,
Honorary President.●

FEDERAL SPENDING REDUCTIONS

● Mr. SASSER. Mr. President, I was pleased to read in the press that President Reagan has taken the necessary steps to reduce the cost of Federal employees travel and the cost of outside consultants utilized by departments and agencies. I want to commend the new administration for this effort.

For the past several years, I have urged that the cost of Federal travel, in particular, be reduced. In fiscal year 1980, Congress approved my proposal to reduce Government travel expenditures in that year by $500 million. President Carter signed that legislation into law and directed the development of the interagency travel management improvement project which is in the process of finalizing its report which should lead to further reductions in travel.

Last year, my colleague, Senator PRYOR, and a number of other Senators joined with me in cosponsoring legislation designed to further limit travel and consultant costs. The Senate and House approved this legislation as part of the most recent continuing resolution, but unfortunately the Sasser-Pryor provisions were dropped from the final version of the bill, as were most other provisions when Congress became deadlocked on the pay raise issue.

On January 6, I introduced S. 61 which is identical to the Sasser-Pryor provisions adopted by Congreses on the continuing resolution.

Mr. President, I point out that reductions in travel and consultants represent only a portion of the savings which could be achieved by our legislation. S. 61 also contains legislative authority which would provide the Federal Government with a mandate to do a better job of collecting its debts. Testimony by the General Accouunting Office before hearings of the Appropriations and Budget Committees have indicated that the Federal Government is owed $175 billion. Of that amount $47 billion is currently due and $25 billion is delinquent. The sum of $6 billion has been set aside for bad debts and $1 billion was written off in fiscal year 1979 alone.

Testimony also indicates that up to $16 billion could be cut from the Federal deficit if the Federal Government would conduct a more vigorous and effective effort to collect its debts.

Mr. President, I urge the new administration to review the debt collection efforts of the Federal Government. It is my hope that President Reagan will join those of us in the Congress who believe that the deficit should be further reduced by improving debt collection activities.

Mr. President, I ask unanimous consent that the text of S. 61 be printed in the RECORD. I urge my colleagues to join as cosponsors of this legislation.

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

S. 61

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) except as provided in paragraph (2), the total amount proposed in the Budget of the United States Government for the fiscal year 1981 (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921, which may be obligated to travel and transportation of persons, and the transportation of things, for offices and employees of all departments, agencies, and instrumentalities of the executive branch of the Federal Government shall be reduced to the extent practicable, by an amount which is necessary to meet the requirements of subsection (d)(1) of this section. Such reductions shall be directed toward the objective of eliminating nonessential travel.

(2) The provisions of this subsection shall not apply to the Coast Guard nor to the Department of Justice for expenses necessary for the investigation and prosecution of cases, the apprehension and retention of prisoners, and deportation activities, unless legislation containing a restriction or limitation on such expenses is enacted after the date of enactment of this Act which specifically refers to this section.

(b) The total amount proposed in the Budget of the United States Government for the fiscal year 1981 (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921, which may be obligated to the use of experts or consultants by appointment or contract in all departments, agencies, and instrumentalities of the executive branch of the Federal Government shall be reduced by an amount which is necessary to meet the requirements of subsection (d)(1) of this section.

(c)(1) Each department, agency, and instrumentality of the Federal Government shall establish procedures to identify the causes of overpayments and delinquencies and the corrective actions needed to reduce overpayments and delinquencies, establish better control of receivables, actively use the services of credit bureaus and commercial collection agencies, and take more aggressive collection action.

(2) The Secretary of the Treasury shall revise the fiscal requirements manual of the Department of the Treasury to require interest charges on delinquent accounts and to provide more complete reporting of data on delinquent accounts.

(3) The Commissioner of Internal Revenue shall carry out a debt collection pilot project under which a delinquent debt owed by any person to the United States will be collected by retaining, out of any tax refunds otherwise payable to such person, such sums as are necessary to cover such debt. The debt collection pilot project required by this subsection shall be carried out in accordance with procedures designed to assure that no person will be denied due process of law under the project and that confidentiality of data held by the Internal Revenue Service pertaining to such person will be protected.

(d)(1) The Director of the Office of Management and Budget shall, to the extent practicable—

(A) allocate reductions in the amounts obligated for travel and transportation expenses under subsection (a) among all departments, agencies, and instrumentalities to which subsection (a) applies;

(B) allocate reductions in the amounts obligated for expenses for experts and consultants under subsection (b) among all departments, agencies, and instrumentalities; and

(C) review the savings made by the collection procedures and related activities required under subsection (c) to assure to the extent practicable, such reductions and savings will amount to $2,000,000,000 for the fiscal year ending September 30, 1981.

In allocating any reductions under this subsection with respect to expenses described in paragraph (1)(A) among the departments, agencies, and instrumentalities of the executive branch, no reduction shall be made in funds for debt collection or supervision of loans, nor shall any department, agency, or instrumentality be reduced by more than fifteen per centum of the amount of such expenses proposed for each department, agency, or instrumentality in the Budget of the United States Government for the fiscal year 1981 (as amended and supplemented), transmitted by the President under section 201 of the Budget and Accounting Act, 1921.

(2) The Director of the Office of Management and Budget shall prepare and submit to the Committees on Appropriations of the Senate and the House of Representatives a report on—

(A) the actions taken to carry out the provisions of this section;

(B) improvements in the budget process which emphasize accounting system approval and debt collection procedures; and

(C) proposals of actions to be taken by the Congress including the reduction in requested new budget authority to reflect the result of the collection of delinquent debts and as an incentive to promote increased collection of such debts.●

AMERICAN UNITED T-SHIRTS

● Mr. LUGAR. Mr. President, today I had the honor of meeting with Dr. and Mrs. Robert Angerman of Dyer, Ind., and accepted on behalf of the Senate, 100 "American United" T-shirts. My colleagues will recall that these shirts were the "unofficial" uniform of our former hostages while they were in Iran and were worn by many of the returning Americans when they landed in Algiers. The shirts, featuring an eagle's head above the word "America" lettered in a mountain shape, have become a national symbol of unity as we recover from the 14-month nightmare of Iran.

Many returning ex-hostages expressed doubts that the American public was still thinking about them after the long span of 14 months. Those doubts should be completely erased, particularly in view of the enormous public response to Dr. Angerman's T-shirts. Personally designed by Dr. Angerman, and sent as Christmas presents in 1979 by the Angerman family, the American public have been ordering the shirts by the thousands since they were first publicized by the media.

Mr. President, our country owes a debt of gratitude to Dr. and Mrs. Angerman for their tireless and unselfish efforts in promoting American unity. I submit for the RECORD an article which appeared in the January 23 Chicago Tribune as well

as my January 26 press release on the Angermans.

The material follows:

HOSTAGES' "EAGLE" T-SHIRTS NEW CRAZE

(By Michael Hirsley)

A Dyer, Ind. dentist has suddenly become America's hottest clothing designer.

Dr. Robert Angerman designed the T-shirt with an eagle's head above the word "America" lettered in a mountain shape, which has become the unofficial "uniform" of the ex-hostages and their relatives.

Because of the media exposure the T-shirts and their wearers have received, the Angermans have been inundated with requests for them.

"We've got two large mailbags and eight boxes full of letters from around the country—people ordering shirts and enclosing checks for them," Angerman's wife, Sarah said.

Some 2,000 shirts have been sent and another 5,000 have been ordered, she said, adding, "Our two kids, my mother-in-law, two friends of mine, and one of their mothers have an assembly line going in the dining room trying to fill the orders."

Angerman, 42, originally designed the shirts three years ago as sale items in area schools' fund-raisers for the Moscow Olympics.

When the Olympic boycott was announced, Sarah got the idea to send shirts to all the hostages as presents for Christmas, 1979.

Several hostages and their relatives wrote the Angermans thanking them for the shirts and indicating they were virtually the only gifts distributed to the American captives that Christmas.

Last Christmas, it became clear how well-received the gifts had been. In televised greetings permitted by Iran, several hostages wore them. Duane Gillette, 24, of Columbia, Pa., said he hadn't been given a shirt and apologized for being "out of uniform."

"I went right to the post office and mailed three more shirts to the embassy in Tehran, in his name," Sarah Angerman said.

The Angermans sent 65 shirts to Wiesbaden, West Germany, where the ex-hostages are undergoing debriefing, and are trying to fill orders from everyone who sends $8 for the shirt and postage costs to American United. P.O. Box 295, Dyer, Ind. 46311. They are handling hostage relatives' requests first. After expenses, proceeds are sent to FLAG, the hostage families' organization in Washington, D.C., the Angermans said.

INDIANA COUPLE PRESENT HOSTAGE T-SHIRTS TO U.S. SENATORS

WASHINGTON.—Senator Lugar (R-Ind) and Senator Howard Baker (R-Tenn.) will accept on behalf of the United States Senate 100 "American United" T-shirts designed by Dyer, Indiana dentist, Robert Angerman. The T-shirts, featuring an eagle's head above the word America lettered in a mountain shape, have become the unofficial "uniform" of the ex-hostages after they were seen nationwide during television broadcasts from Iran. The shirts will be presented to each U.S. Senator.

In 1976, Dr. Angerman designed the T-shirts from a poster he had made for friends and intended them to be used for sale items in area schools' fund-raising events for the Moscow Olympics. When the Olympic boycott was announced, Mrs. Angerman, Sarah, decided to send shirts to all the American hostages in Iran as presents for Christmas, 1979. In January and February, the Angerman's received two letters from hostages thanking them for the shirts. Soon after, hostage families began requesting more shirts. Because of the publicity surrounding the T-shirts and their wearers, the Angermans have been inundated with requests for them from the general public.

"This show of unity by the people in the United States illustrates well the fact that the American hostages were never out of our minds," Lugar said. The Angerman's helped the ex-hostages rally behind something that represented the United States. In Christmas greetings shown on American television, the hostages proudly displayed their 'uniforms,' and one hostage even expressed regret at not wearing a shirt (he was promptly supplied one by Mrs. Angerman). I am proud to accept these shirts on behalf of the Senate, and thank the Angerman's for their tireless efforts in promoting American unity."

Dr. Angerman is a native of Merrillville, Indiana and graduated from Indiana University School of Dentistry in 1968. He served for four years in the United States Navy, and has had a lifelong interest in art. He and his wife are the parents of two children, Bryon, 10, and Devin, 8.

The Angerman's, who have donated all proceeds to FLAG, the hostage families' organization in Washington, D.C., were invited to Washington by Lugar's office to make the presentation at 11:00 a.m., January 27, in Senator Baker's office in the Capitol, Room S-230. The shirts are currently available to the general public at $8 for the shirt and postage costs by writing to American United, PO Box 295, Dyer, Indiana 46311.●

A DAY OF THANKSGIVING

● Mr. HATFIELD. Mr. President, it is a great joy for me to call the attention of my colleagues to the signing by the President yesterday of Senate Joint Resolution 16, designating January 29, 1981, as a day of thanksgiving to honor our safely returned hostages. Today we, with all Americans thrilled as our heroic returnees arrived here in Washington and were received at the White House. But by Thursday these brave men and women, diplomats, members of the armed services, and a businessman, will have returned to their homes around the country. It is altogether fitting I believe that the day of special thanksgiving, as designated by the joint resolution, will be Thursday when these special people are once again in the safety and warmth of their own communities, families and houses of worship. My heart wells up when I think of the jovous reunions that will occur in these churches which have nurtured them.

The special service Thursday here on the east front steps of the Capitol will begin at 12 noon. All Members of Congress and their staffs are invited to this interfaith service of thanksgiving and reconciliation. It is being sponsored by the Interfaith Conference of Metropolitan Washington, and it will be led by Protestant, Catholic, Jewish, and Muslim religious leaders. It will last no more than 30 minutes and it will be a time of sharing joy and thanksgiving as well as an occasion to begin to struggle with fruitful ways of dealing with our anger and hatred.

I am also pleased to announce that Senators EXON, HAYAKAWA, LONG, QUAYLE, and SPECTER have asked to be added as cosponsors to Senate Joint Resolution 16.●

A BALLOT BOX ALBATROSS

● Mr. HAYAKAWA. Mr. President, on January 6, 1981, I introduced legislation to repeal the portions of the Voting Rights Act of 1965 which require the use of bilingual election materials. The San Francisco Chronicle published an editorial late last year which discusses that particular question, and I commend it to my colleagues.

The city of San Francisco has had a great deal of experience with the language requirements imposed in 1975 because the city has a multilingual population. It is required to have ballots printed in not two languages, but three. I believe this article will provide important insight to those colleagues of mine who do not live in States or counties where bilingual election materials are used, and I ask that the San Francisco Chronicle editorial be reproduced in full.

The material follows:

A BALLOT BOX ALBATROSS

The multilingual balloting requirements passed in 1975 constituted a classic piece of federal overreaching. This notably short-sighted legislation required the state, San Francisco and other cities to provide multilingual ballots for voters of Spanish, Asian or American Indian heritage wherever 5 percent of the voters were members of these groups.

Well, we have had five years now of what the author, former Democratic Senator John Tunney, called "a great victory." Some victory! It has been a cumbersome, complicated and unneeded one. This segregation by language is to our mind basically unrealistic and undemocratic.

So it was with pleasure that we saw that a committee of the Board of Supervisors has voted to urge Congress to remove these costly requirements. Such action is believed to be high on the agenda of the incoming administration, and it would be significant if this city of many languages threw its weight behind repeal.

Supervisor Quentin Kopp, the measure's author, said state voting officials estimated that bilingual programs cost $2 million in 1978, and San Francisco spent $100,000 in 1976 and 1978. As Kopp says, the current rules constitute a "mandate from big brother," and "lead to segregation of people." Another supporter, Supervisor John Bardis, was equally on the mark when he said he favored spending "four or five times the amount we spend on bilingual programs" to teach English to citizens whose primary tongue is another language.

That's the proper approach and we trust the full board will see fit to approve Kopp's proposal. Getting rid of this electoral albatross should mean a return of some reality to the ballot box.●

THE EFFORT TO CONTROL SPENDING

● Mr. SCHMITT. Mr. President, today the Senate Appropriations Committee has begun economic overview hearings in order to focus on the problems the committee faces in the ensuing months. This same subject is addressed by Senator PETE DOMENICI, the senior Senator from my State of New Mexico, in the fall 1980 issue of Policy Review. In his article, "Can Congress Control Spending," Senator DOMENICI details the correlationship between runaway Federal spending and inflation, as well as why such extravagant spending has become so politically difficult to stop. During this legislative session, I am sure that all Members of the Senate will be attempting to control Federal expenditures—especially those of us who serve on the Appropriations Committee.

As chairman of the Labor, Health and Human Services and Education Subcommittee, it is my unfortunate predicament to find a substantial portion of the subcommittee's budget dictated to it by law. These programs mandated by law and customarily called "entitlements" must be reformed. In his article, Senator DOMENICI states that a spending limitation would be the best mechanism. That is one option that I have supported in the past also.

Another alternative is to have a statute which gives the Appropriations Committee the authority to override "entitlements" and appropriate a lesser amount of money. Certainly recipients would not get all that they are entitled to currently; but, on the other hand, they would not get double-digit inflation either which makes their payment worthless.

Mr. President, I urge my colleagues to read this informative and well-written article by Senator DOMENICI for I believe it deals with the principle issue of this Congress.

I ask that the article be printed in the RECORD.

The article follows:

CAN CONGRESS CONTROL SPENDING?

(By PETE DOMENICI)

Late on Friday, not many weeks ago, I received a phone call from a constituent in New Mexico. He pleaded with me to help him retrieve a company car that had been impounded in Wyoming for delinquent tax payments. I asked him if he had consulted a lawyer. "No," he said, "I'd have to pay a lawyear. You can do it for me for free."

That conversation reminded me of a story told by ex-Congressman Otis Pike of New York. While stuck at home during a snowstorm, the Congressman received an angry call from a constituent, demanding to know what Mr. Pike was going to do about the lack of snow shovels at the local hardware store.

What in the world is going on here?

From the public, as well as from observers in the media and in academic, Congress is being assaulted by a howling wind of criticism. Nearly every elected official finds meetings with the public marked by an angry and growing discontent with that official's inability to solve quickly a spectrum of problems that range from snow shovels to inflation. Between the 1960s and the late 1970s the Harris poll showed that public confidence in Congress dropped from 66 percent to 15 percent. Public disaffection has also appeared at the election booth, with the reelection rate of incumbent Senators dropping sharply during the past decade.

Add the frustration over the magnitude of the problems facing American society, and one soon discovers a belief among many elected representatives in Washington that something is fundamentally wrong. Sometimes the critique is simple: "It just isn't any fun anymore." Sometimes the complaint shows battle fatigue. Otis Pike wrote of himself, upon reirement: "He wants a different career . . . . people bug him. He has no privacy. He doesn't like campaigns. He doesn't like fund raising . . . He's tired of wasting his time out of drivel. He'll get a good pension."

Whatever the stated reason, many members of Congress are dropping out. Over 10 percent of the House and one of every four Senators up for re-election in 1978 decided to retire. That total of 59 retirees broke the old record of 57, which was set in the previous Congress. These retirees are not just individuals who have reached the end of a long career. Many are persons who, if they were in the private sector, would be approaching their most productive periods. This Congress is no different. Senators such as Adlai Stevenson, Jr., and Henry Bellmon, the Republican Party's leader in the budget process, are retiring at relatively young ages, as are numerous Members of the House.

In each case they talk of a pervasive, if unspecified, malaise, a feeling of futility or ferenetic purposelessness. They are not alone. This feeling pervades the Congress; the retirees are only those who find the level of discontent intolerable.

I am an elected official who takes pride in his calling. I believe, honestly, that the fate of Western civilization and that fragile thing we call "freedom" is linked to the health of democratic institutions. For me, this unease and discontent is more than troubling. It must be overcome. And to do so, we need to examine and understand it.

In seeking answers, I reject at the outset the theory that this problem remains unchanging through history. With quotations from Cicero ("Be lavish in your promises; men prefer a false promise to a flat refusal") to Mark Twain ("There is no distinctly American criminal class except Congress"), historians seek to paint the problems of today's Congress as timeless.

This theory ignores much of the evidence. First, there is the testimony of the retirees that during the span of their careers they have witnessed in Congress a loss of direction, a loss of control. In addition, there is physical evidence that while the number of Senators and Congressmen has remained constant, the staff and load of the Congress have mushroomed. From a 1950 level of 2,000, the Senate's staff has more than tripled to about 7,000. Today, between the House and Senate, there are over 18,000 persons working for Congress. In the 1950s Congress met from January to July. Today, it runs for 12 months, except when it adjourns shortly before elections. In the 1950s Congress sent out 50 million pieces of mail yearly. Within two decades this annual total had exceeded 200 million. I receive 1,500 letters a week. A senator from a large state, such as California, averages close to 10,000 letters a week. Congress now considers 22,000 bills and resolutions over a two-year period, with some 1,600 passing the House or Senate. In 1973 the House had 100 votes. The total is now several hundred yearly.

More and more work does not necessarily mean a better product. In fact, the more work Congress puts into the legislative process, the less seems to come out. The Library of Congress has noted that while congressional activity has ballooned, it has been accompanied by a halving of the number of bills sent to the President, but a doubling of their average length. It is becoming increasingly difficult to get anything accomplished amidst all the frenzy, and those laws that do pass are longer and more complex.

I mention this growing—now monumental—workload not because I prefer to take it easy. I regularly work 12 hours a day, and I like it. Rather, I mention it because I need time to think and to reflect, and so does the Congress as a whole. A recent study of the modern Congressional day estimates we have 11 minutes daily in which to think. The rest of the day is frenetic activity.

As with Sisyphus, the harder Congress works and the larger its staff becomes, the more trouble it has accomplishing even its minimum duties. The most basic function of the Congress is to exercise its constitutional power of the purse: to appropriate money every year. In fiscal year 1980, the budget process (which I support strongly and plan to discuss at greater length) was a month late in providing the Congress with a final budgetary target. The annual appropriations process has become so erratic that every year many agencies operate for long periods of time under continuing resolutions, without new appropriations. One agency, the Department of Energy, has not had an authorization—the legal prerequisite for an appropriation—for over three years. That is a department that has become a $10-billion-a-year monster.

Another reason often cited for malaise in the Congress is the rise in influence of special interest groups. According to this theory, party structures began to disintegrate in the 1950s and 1960s, leaving the members to become independent entrepreneurs. Shorn of the protective shield that their party provided, these individuals became easy prey to the special interests. Recognizing this, these groups have proliferated, targeting individual politicians rather than the party platform. This is a basic thesis of the Washington Post's columnist, David Broder. Mr. Broder believes that salvation lies in a return to the party fold.

Another theory is that of Norm Ornstein of Catholic University. He view's today's politicians as smarter and more sober than our predecessors. These very virtues have made it more difficult to lead, thus making Congress less manageable. We thus have a muscle-bound Congress, a system of non-stop, disjointed contributions from all sides. This leads inevitably to a melange of conflicting policies.

In a less charitable view, one senior Congressman has termed today's younger breed of Congressmen as "bedwetters" with "blow-dry hairdos" only concerned with re-election.

Certainly, there is truth in each of these explanations. The parties have fallen on hard times. The membership of the House and Senate has proven increasingly difficult for the formal leadership to manage. Incumbents generally have to survive by their own wits. Special interest groups have increased their levels of activity. But these explanations, no matter how accurate, are cosmetic, at best.

Take the explanation that interest groups are the source of all our woes. We must remember that interest groups abounded during the Great Society of the 1960s. But since these groups were mostly allied with the Democratic majority in Congress, few complaints were heard. It was only when a new breed of groups came to Washington, touting a different political agenda, that complaints began to surface. These new groups, while using the tactics of the liberal groups, either had differing priorities (such as abortion control), or, like the business community opposed the existing policies of a liberal Democratic Congress. In short, it has not been interest groups per se that have led to the recent outcry, but the shift in their focus.

A more complete explanation of our malaise demands an appreciation of Senator Robert LaFollette's insight that: "Politics is economics in action." To pursue this insight, we must examine the basic role of Congress, the power of the purse. It is here where Congress spends the greater part of its time and energy; it is here where the frustration is the greatest. To spend $600 billion a year, Congress must dispense $400 million every hour that it is in session. The Congressional work year focuses on the effort to spend these vast sums, first by authorizing those expenditures, then by appropriating them. Here is where Congress is most confused and impotent. Here is where the search for answers—even if they prove incomplete—holds the greatest promise.

SPEND, REGULATE, ELECT

An analogy of federal spending in the 20th century can be made to the use of morphine to treat a hospital patient. First, the patient benefits. Later he becomes addicted, and then he must eventually face withdrawal.

The economic treatment began with the New Deal. With the nation suffering from

deep economic depression, Franklin Roosevelt intervened aggressively in the economy. Once government established a new role in solving economic ills, the potential for new intervention became infinite. Instead of intervention only in periods of economic crisis, liberal theory demanded full-time management. In the 1960s the nation moved to eliminate poverty, making more progress in solving this problem than at any other period in history.

But this successful attack on poverty altered the federal budget in two major respects. First, it grew rapidly. From $68.5 billion in 1955, the budget reached $118.4 billion in 1965. Now it tops $600 billion. At the present rate of growth, it will exceed $1 trillion by the mid-1980s.

Second—and this is more significant politically—the character of the budget has altered. In 1960, half of the budget went for defense, while one quarter went for payments to individuals. By the late 1970s, these figures had almost reversed, with 24 percent going for defense and 45 percent going as payments to individuals.

Politicians soon discovered the side benefits of these federal transfer payments to individuals: Re-election came easier. In 1948, incumbent Congressmen were being re-elected 75 percent of the time. By 1972, this rate had reached 90 percent. Nor was this discovery limited to the Congress. Although President Eisenhower refused to play this game, every President since Eisenhower pumped up the economy just prior to election time, a tradition that President Carter's initial budget proposal for fiscal year 1981 maintained.

What began as a well-intentioned effort to help the poor became addiction for both the patient (electorate) and the doctor (Congress). The extent of this addiction can be seen in the fact that transfer payment beneficiaries now represent 30 percent of the population, compared with 18 percent less than two decades ago. When one adds employees at the Federal, state, and local levels of government (including the military), half of the American population now receives at least part of its income from government checks.

Good politics meant new spending programs, particularly for constituents who would be likely to contribute to, and vote for, one's re-election. As other politicians and interest groups watched this process, they could see that self-restraint was no longer a virtue, but martyrdom. The doors of Congress opened wide to a parade of new groups with new proposals to spend Federal dollars. Priorities became meaningless. The voices of individual politicians became lost amid the drumbeat to spend, spend, spend. An individual could become a skinflint, and probably lose the next time at the polls. Or he could join the parade, seeking to assure that his constituents also received a fair share of the ever-larger pie.

From a level of 18 percent in 1965, the Federal budget grew to consume 22.6 percent of the nation's output of goods and services by 1976. And guess who got re-elected? The economic rationale of the game was that any increase in such spending, when spread among 230 million Americans, was so small that the general taxpayer would hardly notice. In contrast, the beneficiaries received far more than they chipped in, and they showed their gratitude at the next election.

In tandem with this welfare state machine, powered by a re-election engine, there is another essential driving force at work today in Congress. This is the growth in regulatory legislation that has occurred over the past fifteen years. On the heels of successes by the Civil Rights movement, others turned to Washington to activate the power of the Federal government to attain their social objectives. The interlocking interests of labor, the poor, blacks, the liberal intelligentsia, and the Democratic majorities in the Congress brought an explosion in the regulatory burden imposed on the private sector. Ralph Nader's consumerism, the environmental movement, and union demands for workplace safety each won great success in Congress.

The regulatory movement offered the same benefit as the spending spree: Passage of legislation won the support of the groups supporting it. This juggernaut of more regulation and spending brought with it an ancillary benefit. Both regulatory and spending programs enmesh the populace in a bureaucratic net. As the average citizen found himself either waiting in line for "my deserved benefits," or subject to new regulations intended to protect the public health and safety, he inevitably suffered some discomfort at the hands of the bureaucracy. I do not argue that this discomfort grew from malice. Rather, it was simply the inevitable consequence of allowing any group of specialists to affect the lives of others. Conflict is inevtiable since general regulations rarely fit individual cases.

But what happened? Congressmen began to earn new political dividends from constituents when they intervened successfully to cut bureaucratic red tape. And because this monopoly ombudsman service is provided free, the demand for it became infinite, prompting the phone calls that I recounted at the outset. No matter how much staff and time we have, we will never catch up. And the more staff we have, the more frenetic the work, and the less likely it will be that we can act wisely in the area of basic national issues and policies.

Congress has put itself on a treadmill. The explosion in Congressional staff and activity is barely able to keep pace with the demands of a constituency which is growing increasingly accustomed to having its whims satisfified by the political process. Ironically, the ceaseless effort of the Congress (with its larger staff) to please, has only lowered the esteem in which Congress is held. A Western colleague of mine tells a story of receiving a phone call from a constituent asking when a road in front of his house was to be repaved. When the Senator asked the caller if he had talked to the County Road Supervisor, the caller replied, "'No, I don't want to go that high up unless I have to."

BREAKING THE MOMENTUM

Many academic observers have thrown up their hands in anguish at the prospects for change. "Congress: Keystone of the Washington Establishment," by Morris Fiorina, is one of the best examinations of the interrelationships between the Congress, the bureaucracy, the organized interest groups. The author despairs that the nation is electing only "errand boys" to administer a system that serves elected officials, the bureaucracy, and the organized subgroups—but not the population at large. But when assessing the possibility of change he concludes: "I do not see any potential sources of comparably strong incentives for change.'"

Mr. Fiorina's pessimism is echoed by Edward Tufte, whose "Political Control of the Economy" is a study of the manipulation of the national economy as part of presidential re-election politics. Mr. Tufte sees the present process as leading to "a great temptation to embrace programs that in the short run might be popular even if they are inimical to the longer-run vitality of the country." Mr. Tufte concludes that the political manipulation of the economy may be the inherent price of the electoral process.

But this process has recently been accompanied by a growing awareness that something is fundamentally wrong with the American economy. One needs only to look at the American economy in 1955 to gain a sense of the deterioration that has occurred. The GNP rose 6.7 percent that year. Industrial production was up 12 percent. Unemployment was just 4.4 percent, with the rate for male black teenagers at 13.4 percent (less than one third of today's rate). The budget was $4.4 billion in surplus. The balance of trade had a $3 billion surplus. Productivity rose 4 percent. Personal income increased 7.1 percent. The prime lending rate was 3.5 percent. And what happened to consumer prices in that year of 1955? They declined—yes, declined—by 0.4 percent.

In retrospect, that was a Golden Age, from which the path headed downward. Inflation, which had averaged 1.7 percent through most of the 1950s and early 1960s, reached 6 percent in the later 1960s, when President Johnson failed to enact a tax increase to finance the Vietnam war. From 6 percent in the Johnson era, the inflation rate tripled by 1980.

As witnesses to this decline, American newspapers—the end of the intellectual pipeline—began to carry arcane discussion of declining productivity and saving rates in the American economy, foreshadowing greater future economic woes. The golden goose that had produced an ever-expanding array of Federal spending programs appeared ill. Economists argued that the goose needed vitamins (tax cuts and lower deficits) and rest (less regulation).

The need for restraint has become apparent. I am now convinced that the taproot of the weed of Congressional malaise is the inability, politically, for the members of Congress to vote "No." It's so much easier, and so much safer, to vote to please the special interests of constituents, rather than to address true priorities. The fungicide needed to shrink that weed of malaise is a system that forces upon Congress a selection of real priorities, one that will restrain spending, and thus inflation.

WINDS OF CHANGE

The first glimmer of a change came with Proposition 13 in California, where local property taxes verged on being confiscatory. The American public, at the same time, was giving greater attention to the size of income taxes. To equal a gross income of $16,000 a year in 1963, a family in 1979 would have needed inflated dollars 37,000. But while the 1963 salary was taxed at a marginal rate of 30 percent, that 1979 salary was subjected to a 43 percent marginal rate. The combination of inflation and a higher marginal tax rate produced a sensation among the productive middle class that they were paddling as hard as they could, yet were still being swept out to sea.

The incentive persists for limited groups of beneficiaries to seek increases in special benefits. But the general taxpayer has begun to realize that all these little nicks are producing a financial hemorrhage. Representative Henry Reuss tells of the constituent who told him: "Don't do anything for me, because I can't afford it."

This is why Congress lies in disarray. The old incentives to spend and spend have begun to break down, but new incentives, and political rewards to restrain that impulse, have not become clear.

An example of the old incentives butting against the new impulse of restraint occurred with the Social Security Amendments of 1977. After years of enthusiastically heaping benefit increase upon benefit increase, Congress was forced in 1977 to increase dramatically the level of Social Security taxes in order to avoid the eventual bankruptcy of the Social Security Trust Fund. Under these amendments, the maximum Social Security tax on wage earners rises next year by exactly $1,000 a year from the 1977 tax levels of $965. In 1985, the tax will rise again, this time to $2,686. Congress is now searching desperately for ways to rescind or moderate

that increase, without bankrupting the Trust Fund.

The tension between the old incentives to spend more and the new recognition that we are entering an era of limited government and limited resources has exacerbated the Congressional malaise.

A broader and more significant example of Congressional recognition of this new era is the budget process, where Congress is supposed to establish an overall spending limit before money can be appropriated each year. The Congressional budget process arose in 1974 as an assertion of Congressional power over the executive branch, a response to President Nixon's impoundments of highway and sewage treatment funds. In fact, the Congressional Budget Act was the highwater mark of Congressional power; commentators turned from talk of the Imperial Presidency to discussions of the Imperial Congress.

Assertion of this authority meant that Congress would, for the first time, have to look at both sides of the doctrine of John Maynard Keynes. Keynes had been a godsend for big spenders, with his advocacy of deficit spending during periods of economic hardtimes. Forgotten in the heady formulation was that Keynes also said a nation must run a budgetary surplus in good times. This second requirement has been ignored. With Fiscal Year 1981, the Government will have run deficits in 20 of its last 21 budgets. In 1976, with the economy recovering from the 1973–75 downturn and with inflation rampant, the budget process challenged the Congress to place a rein on federal spending. That challenge was ignored. The 1976 deficit of $66 billion equaled the entire annual federal budget during the Korean War. The federal deficits since 1976 have exceeded the total deficit in the 1946–76 period, and greatly fueled inflation. The failure of the budget process to protect the economy by restraining spending during a period of high inflation has magnified the malaise on the Hill.

This Congressional frustration peaked during consideration of the President's Fiscal Year 1981 budget. In January, President Carter sent to the Congress the traditional expansionary election year budget. During February, inflation reached an annual rate of 20 percent and the nation's bond markets collapsed. The President, sensing that public discontent was politically stronger than the narrow focus of the special interest groups, sent up a second budget in March: one that achieved balance at $612 billion. Subsequently both House and Senate Budget Committees enacted resolutions also achieving balance, at approximately the same figure. Within months, this balance has dissolved—because of incorrect assumptions—and we have returned to normal: a $30 billion deficit.

Regardless of the fate of the FY 1981 budget resolution during the rest of this year, it is clear that the outcome of the battle between the established system of special interest group politics and the new recognition of the plight of the general taxpayer remains uncertain.

While Congress searches for a new set of guidelines, the established interest groups continue to fight an intense, rear-guard action. Liberal lobbying groups in Washington have begun a "War on Austerity". The Chairman of the House Budget Committee said, after a bitter markup, that groups opposing a balanced budget have been "coming in on airplanes faster than they can land." Congressional opponents of a balanced budget have called the proposals "obscene", "draconian", and "a very, very, evil job."

Obviously, I disagree with the above assessment of the need for a balanced budget. But I do not find the battle a source of despair; I find it a source of hope. One of the symptoms of a stagnant society is to clutch to the old ways of doing things, and put off the solving of new problems. Healthy societies, in contrast, forge new responses to emerging problems. The attempt to bring federal spending and regulations in line with the ability of the economy to sustain such funding and regulation strikes me as the response of a healthy, rather than a stagnant society.

Of course, any judgment that the FY 1981 budget represents the dawn of a new fiscal era is premature. Even if we had been able to balance it $312 billion, the budget would have relied on at least $90 billion in new taxes (revenues are estimated at $521 billion for FY 1980). Certainly a series of budgets that is balanced only by huge tax increases fall short of what the public and the health of the economy demand.

BUDGET BALANCE OR SPENDING LIMIT?

Unfortunately, there is a strong incentive for Congress to meet the public clamor for the appearance of fiscal restraint by balancing the budget on the flood-tide of revenues generated by high rates of inflation. Balancing at high revenue levels minimizes the cuts Congress must inflict on special interest groups. It allows Congress to avoid confronting one of its institutional weaknesses that has led to the present predicament; its inability to establish priorities, to make hard choices between worthy alternatives.

Budgetary restraint has some of the elements of what economists call a public good, similar to national defense or environmental quality. These public goods can only be achieved by the mutual restraint and regulation of all involved. Without mutual restraint, the unilateral action of any individual is futile. On budget matters, such mutual restraint within the Congress must entail some form of statutory or constitutional limit on federal spending.

And without some sort of firm lid on spending, the quest for priorities becomes meaningless. This is true because Congress will simply increase spending rather than select carefully among a variety of "good" ideas and programs. A firm spending limitation is the only rational technique that will impose a true search for priorities, by both Congress and the Executive.

Make no mistake: we are in a period when society must begin to recognize priorities, to select the best investments from a range of programs involving defense, public works, housing, food stamps, and social security. This will not be easy.

It is my fear that if Congress does not enact a spending limitation, an historic chance will be lost. And the malaise in Congress will continue unabated. The incentives to slip back into permissive spending patterns are strong. Fiscal discipline cannot be a one-shot exercise. Inflation and a stagnating economy were not born overnight. A spending limit offers hope that Congress will adhere to the strict fiscal regimen for the time required.

But even if a spending limit is desirable, is it politically possible? Yes, if presented correctly. A spending limit whose proponents gloat over the pain suffered by certain groups will be doomed. Moreover, it shou'd be. There is no virtue in cruelty. Rather, a spending limit is necessary so that the productive sector of the economy will have enough resources at its disposal so that it can meet the needs of rich and poor, young and old, healthy and sick alike. Without such a limit, the productive private sector, the source of all tax dollars, runs a risk of malnutrition.

To add to its political sex appeal, a spending limit offers the prospect of massive tax cuts. The following table highlights the political allure of a spending limit that moves expenditures from the present level of 22.3 percent of Gross National Product in FY 1980 to 19 percent in 1985 (19 percent was the percentage that prevailed from 1958 to 1966, a period of remarkable economic health compared to the 1970s).

ESTIMATES OF GNP AND FEDERAL REVENUES

[Projections of the Senate Budget Committee, 1980; dollar amounts in billions]

Fiscal year	Gross national product	Budget receipts	Budget limit (percent)	Budget outlays at that percent of GNP	Surplus under budget limit
1980	$2,541	$529	22.3	$567	[1] ($38)
1981	2,810	617	21.8	613	14
1982	3,151	707	21.0	662	45
1983	3,544	814	20.5	727	87
1984	3,984	940	20.0	797	143
1985	4,460	1,088	19.0	847	243

[1] Projections for fiscal year 1980 and 1981 are now being revised to indicate large deficits.

Under the above spending limit, over $520 billion would be cumulatively available for tax cuts between 1981 and 1985, compared with receipts as projected under present laws. Just as special interest groups have drawn strength from the increased federal spending, so should the general taxpayer be mobilized in pursuit of such a holy grail. Tax cuts of such a magnitude, if given equally to all Americans, would provide a rebate of $10,000 for a family of four over the next five years. Divided between individuals and American industry, such a package of tax cuts would revitalize the American economy.

A CAUTIONARY NOTE

Having just offered Congress a way to regain the respect of the American people with a package of spending limits and tax cuts, I would like to sound a note of caution. This sour note has nothing to do with the need for a spending limitation. Still, I fear that the constant search of politicians for ways to buy political favor may take new and more pernicious forms. A spending lid would curtail the option of using the federal treasury as a political war chest for re-election. Politicians would then seek other techniques for providing favors to large constituent groups that they are unable to reach through case work and their ombudsman role.

One such technique that could be used would be to "broker" the national economy so that one economic group is favored at the expense of others, without the use of tax dollars. Obviously, such brokering is found in all societies. But Western democracies, and particularly the American marketplace, have evinced far less of the state-sponsored economic favors that characterize most of the rest of the world's economies. While it is difficult to say with authority that such economic brokering is on the upswing, there are several ominous trends: (1) interest groups are increasingly alert to the opportunities for economic brokering; and (2) the greater complexity and length of Congressional bills offer fertile ground for quietly planting brokered deals, out of sight of the general public and even informed observers of Congress.

Two examples of brokering from the 1970s will suffice. The first is the oil entitlements program. Under this program, one group of domestic refiners was forced by law to pay a second group of domestic refiners, to help the latter group buy high priced imported oil—thereby exacerbating an already crippling dependence on Middle East oil. The fact that this absurd idea survives to this day is testimony to the political attractiveness of economic brokering, which avoids the federal treasury as a middleman.

A second case is just evolving. This is an attempt to rig the nation's coal markets to the benefit of Eastern coal interests. Western coal is low in sulfur content, and is gen-

erally produced by non-union labor, but is remote from most major markets. Eastern coal, while closer to population centers, has a high sulfur content and is produced by one of the nation's more volatile unions. Sorting out the advantages and disadvantages of these competing coals is a perfect job for the free market. Utilities can make judgments by comparing transportation costs of Western coal to the pollution control costs inherent in eastern coal. In fact, the market initiated such a process during the mid-1970s, with Eastern coals losing out, particularly in the lucrative Midwest markets.

With their product losing in the free market, Eastern coal interests launched a political counterattack with the following components:

(1) An amendment to the 1977 Clean Air Act Amendments, using a formula for emissions control from new power plants that cancelled out the advantages of Western low-sulfur coal;

(2) A second amendment to the 1977 Clean Air Act Amendments that allows a Governor to require existing utility plants in the state to use "locally available (Eastern) coals"; and

(3) An enforcement order from the federal government ordering the nation's largest utility, the Tennessee Valley Authority, to use Eastern coal.

The above rigging of the coal markets earned Eastern electoral representatives the kind of political benefits that only major new spending programs, like Black Lung benefits, used to bring. It would be tragic for the American public finally to gain fiscal restraint, with a modicum of tax relief through a spending limit, only to have to pay an even higher price in inflated prices for goods and services in a politically brokered and increasingly inefficient economy.

DESIGNING NEW INCENTIVES

I offer these personal reflections on the political process not as a prelude to a laundry list of nostrums or "needed" reforms. The intellectual process of identifying the reasons for the problems and their roots seems valuable in itself. But it is difficult to engage in such an effort without reaching a few conclusions.

The first is a negative one: what will not work. Much of political analysis emphasizes the moral aspects of the process. Such moralizing usually results in solutions such as more financial disclosure, more regulation of interest groups, more red tape in running a political campaign. Such moralizing, while essential, misses the point, to wit, exactly what incentives now encourage politicians and the special interest groups to act as they do when cranking up the Federal printing press? And if one disagrees with their actions, what incentives can be added to generate a new, more beneficial behavior? Most politicians have the same mix of courage, fear, hope, despair, self-interest, and altruism that are found in other segments of American life. As in these other segments, politicians respond in rational fashion to what they see as the incentives and disincentives of the political process. Moralizing does not change this process; incentives will.

Therefore, I offer three proposals (two admittedly modest) that I believe would implant a system of incentives to better serve the commonwealth.

First, the media should seek to explain to a far greater extent the relationship between the Congress and the Washington Establishment of officials, bureaucrats, and special interests. While the media neither can nor should give up their addiction to the personal peccadillos of political figures, a fuller understanding and exposure of the political process could transform that process. Clearly there are elements of the Washington Establishment that cannot stand public scrutiny. The media's quest for answers to stagflation, declining productivity, and other recent phenomena has already had an important role in providing some momentum to the counter-attack on excessive federal spending.

Second, I suggest that those organizations that have worked so hard for good government, such as Common Cause and the League of Women Voters, should focus on this need to find incentives for responsible fiscal action. One idea might be an "inflation index" on the voting behavior of members of Congress, much like those used by various liberal and conervative organizations to rate the Congress. Such an index, if carefully done, would highlight for the general taxpayers the performance of Congressmen and Senators in representing their interests on spending matters.

Last, and most important, as I have suggested, we must impose some sort of absolute and inflexible limitation on federal spending, as it relates to the gross national product. We must enact a statutory spending limit that would ultimately hold federal expenditures to 19 percent of the GNP. Despite some drawbacks, such a limitation would benefit the political process. It would force the Congress to confront its priorities. Until that happens, we will continue to watch as only the foolish restrain themselves, while their peers spend and spend for the folks back home. Those who argue that Congress should not tie its hands are, even with the best of motives, arguing for unrestrained federal spending, for discouraging those necessary "no" votes.

While I believe that the glimmering of change can be seen, we have yet to see real restraint on federal spending. Congress would clearly like to respond to the general dissatisfaction of the American taxpayer, but it has yet to impose a mechanism that recognizes the ineffectiveness of individual members of Congress acting unilaterally. A spending lid would enable the Congress to say "no" in a manner that its members can support. But there is another benefit to be gained from this confrontation. If Congress were to set its own fiscal house in order, such action would produce a healthy psychological impact on Congress. Congress would have met the challenge, and could face the American people with a record of success, not failure. Such a success might give Congress the confidence it needs to meet other major challenges, such as those involving energy and "uncontrollable expenditures" in the budget, challenges that have defied solution by the American political process.

In addressing these new challenges, we will never surmount them successfully until we evaluate realistically the forces at play, so that new incentives can be designed and implanted.

Success begets success. Continued malaise begets malaise and failure. It is not too extreme to say that the future of the public respect for government, and thus for the nation itself, rides on the outcome.●

MILITARY PERSONNEL MISSING IN ACTION

● Mr. DURENBERGER. Mr. President, on this eighth anniversary of the signing of the accords that ended the war in Vietnam, I join with all Americans in urging once again that the governments of Indochina give us a full accounting of our military personnel who are missing in action and whose whereabouts are still unknown. The commitment of Congress, the executive branch, and the American public to the satisfactory resolution of this situation is firm and our support of those who seek a final accounting is unfailing.

During the past 8 years, the American Government has actively and unceasingly pursued with the governments of Indochina a final accounting of all personnel missing in action. The Departments of State and Defense, the House of Representatives, the Senate, the National Security Council, and the National League of Families of American Prisoners and Missing in Southeast Asia have all been active in reviewing and formulating policy concerning our POW's and MIA's. The Congress has held numerous hearings to investigate the efforts of our Government to resolve this serious problem, the latest before the House Subcommittee on Asian and Pacific Affairs on December 2, 1980. The American public has contributed greatly to conveying to the governments of Indochina the concern of all Americans that our missing personnel must be accounted for and, if still alive, returned immediately to the United States.

The efforts of the U.S. Government have been conducted not only through bilateral diplomatic channels but also through the United Nations. However, because of the intransigence of government of Vietnam and due to the current politico-military situation in Kampuchea (Cambodia), it has been extremely difficult to obtain any new or definitive information. Nonetheless, the U.S. Government continues to seek the assistance of these governments in obtaining the fullest possible accounting.

The U.S. Government has received over 1,000 reports from Vietnamese refugees who claim to have seen Americans being held against their will in Vietnam. Our Government has investigated extensively every one of these reports; regrettably, none of the sightings have been substantiated. We will continue to investigate any reports we receive, however unlikely they may seem, in the hopes that one MIA may be located.

The American people have not forgotten those who served in Vietnam and who gave their lives so valiantly. Our joy at the return of the American hostages from Iran reinforces our commitment to the MIA's, and increases our determination that no Americans shall be held against their will by any country at any time. The continued support of all Americans will strengthen our resolve to accept nothing less than a full accounting.●

CYPRUS—PAST AND FUTURE, AN ADDRESS BY THE RIGHT HONORABLE LORD CARADON

● Mr. PELL. Mr. President, in 1976 there was established at Ball State University in Muncie, Ind., the Stephen J. Brademas, Sr., Scholarship Fund and Annual Lecture in honor of the late father of our distinguished former colleague and majority whip of the House of Representatives, the Honorable John Brademas of Indiana.

The scholarship and lectures were created by Dr. John Koumoulides, professor of history at Ball State, who was sponsored by Mr. and Mrs. Stephen Brademas, Sr., when Dr. Koumoulides

came to the United States as a young scholar from Greece in 1956 to study.

Last year, on April 18, 1980, the sixth Stephen J. Brademas, Sr., lecture was delivered by the distinguished British diplomat, the Right Honorable Lord Caradon, Minister of State for Foreign and Commonwealth Affairs and United Kingdom Representative at the United Nations from 1964 to 1970. Lord Caradon also served as Governor of Cyprus and helped achieve a settlement leading to the independence of that country in 1960.

Mr. President, I submit for the RECORD Congressman John Brademas' introduction of Lord Caradon on this occasion and the text of Lord Caradon's remarks.

The material follows:

INTRODUCTION BY CONGRESSMAN JOHN BRADEMAS

I covet the opportunity that a lecture series named in memory of my father affords me to present to you one of the most imaginative and constructive diplomats of this century. Our guest has held a remarkable variety of positions in the service of his country. From 1964 to 1970, he was Minister of State for Foreign and Commonwealth Affairs and since that time he has handled a number of important missions for the United Nations. Earlier on in his distinguished diplomatic career, our visitor served in Palestine during the 1930's, in Trans-Jordan and North America. Twenty-seven years ago he went as Colonial Secretary to Cyprus and acted as Governor there in 1944. Following subsequent service in Jamaica and Nigeria in various positions of responsibility, including Governor of both, he became Governor of Cyprus in the late 50's and played a major part in shaping the settlement that led to Cypriot independence just twenty years ago.

It is only since the tragic developments of six summers past that I have personally come to be acquainted with our guest. I have been delighted by his wit, awed by his indefatigability, and impressed by his wisdom. But above all, I have been inspired by the sense of cautious hope he seems to bring to whatever challenge he sees. A member of the House of Lords but even without that distinction, a noble man. . . .

Ladies and gentlemen, I am pleased to present to deliver the Sixth Stephen J. Brademas, Sr., Lecture, the Right Honourable Lord Caradon.

CYPRUS—PAST AND FUTURE—A PERSONAL PERSPECTIVE

(By the Right Honourable, Lord Caradon, P.C., G.C.M.G., K.C.V.O., O.B.E.)

First of all I am eager to try to express, if I can, my happiness and gratitude for your invitation and for your welcome.

It is indeed an honour to speak under the distinguished name of Brademas—a name equally respected, I have no doubt, in its ancient origin and in its modern reputation. The voice of Brademas is, as you well know, heard throughout America, and I can vouch for the fact that it is also heard with admiration far beyond. I come from England and recently from Cyprus to pay tribute to a famous name in the world.

I come to speak on a subject which I can honestly say is close to my heart. And I shall speak from my personal involvement, my personal experience, and my personal love for an Island of such beauty and a people of such ability and such generosity.

I speak about all the people of Cyprus. I do not need to tell you that Greeks and Turks are very different in character and temperament, but I do not doubt that the Greeks and the Turks of Cyprus share a devotion to the Island.

Nor do I doubt that if the Island is to return to unity and peace, that can be achieved only if both the Greeks and Turks of Cyprus are secure and content and confident and determined to work together in understanding and cooperation.

One other word of personal explanation. I have spent most of my working life concerned in areas of dispute and conflict—particularly in the Middle East and Africa, and at the United Nations. It is a training which has made me resolved always to seek not merely to support one side or the other, however strongly my personal feelings may be involved, but always to look for a road to escape from animosity and confrontation, to find a basis for renewed trust and mutual respect, to work for an agreed settlement. What is more, I believe that however strong and deep divisions may be there must be a way to restore reasonable human relations in peace. I believe in the obligation of optimism.

More than twenty years ago we in Cyprus were at a desperate stage near to despair. We could scarcely see any way to escape from the violence and bloodshed and enmities of an Island both in revolt and in conflict.

My father sent me a telegram as he sometimes did when he wanted to console me or encourage me, usually by referring to a text from the Bible.

His telegram told me to look up the text which read:

"We are troubled on every side but not distressed, perplexed but not in despair, persecuted but not forsaken, cast down but not destroyed".

That was the best he could say to me at a time of desperate frustration.

I didn't know the Bible as well as he did, but I sent him back a telegram referring to another text:

"And not only so, but we glory in tribulations also, knowing that tribulation worketh patience and patience experience and experience hope".

That is my favourite text in international affairs, and I should like to make it my text today as we look at the past and the future of Cyprus.

As I say, I preach the gospel of the obligation of optimism. That does not mean that we should tolerate any easy optimism. The present situation in Cyprus is surely intolerable. And the difficulties in the way of agreement are certainly formidable. And I surely do not need to convince you that to allow the present state of affairs to continue would be a shame and a crime as well as a disaster.

I shall come back to look more closely at the barriers to advance to a settlement, not least being years of cynical and deliberate neglect by the so-called great powers.

Now let me look back at my own experience of the recent history of Cyprus—at three Acts in the Drama of the past half century.

THREE ACTS, THREE LESSONS

It was nearly forty years ago in the second World War that I first arrived in Cyprus, and soon acted as Governor. The enemy was then in Greece and in the Greek Islands, in Rhodes and Crete. We in Cyprus could not be sure that the enemy advance had stopped. There was still an outside chance that one day we should see enemy paratroops descending on the plain around Nicosia. But while the world was at war, Cyprus was in peace. We turned our attention from the world beyond to problems of local housing, of agriculture, of education, of trade in the difficult war conditions. Greeks and Turks worked well together. In a hundred villages and in every town they co-operated in full understanding. In the Executive Council there was a distinguished Cypriot Greek and a distinguished Cypriot Turk. In the English School there were Greeks and Turks—all Cypriots of course. In all the departments of Government they both took part. In the Cyprus military forces Cypriot Greeks and Turks served side by side.

When I came back to Cyprus as Governor nearly two decades later, at a time of revolt and conflict, it gave me comfort and consolation and confidence to recall that I had known a Cyprus not divided by animosity but united in peace.

The first lesson we can draw from Act I in the Drama I describe is the most important of all. It is that Greek Cypriots and Turkish Cypriots are capable of working together in friendly cooperation.

That was the first Act in the Drama. The second Act in my own experience came after I returned to the Island as Governor in 1957. I shall refer presently to the end of the Emergency in 1960 and I need not now dwell on the years of conflict before the 1960 settlement was worked out at Zurich and confirmed at the 1960 London Conference.

It was to Foreign Minister Evangelos Averoff—Tossitza of Greece and Foreign Minister Fatin Rustu Zorlu of Turkey that the main credit for the 1960 settlement must go. At Zurich they drew up the outline of an agreement and at the London Conference they were joined by the Prime Ministers of Greece (Constantine Karamanlis) and Turkey (Adnan Menderes) and by the leaders of the two communities in Cyprus.

I do not forget the dramatic moments of this negotiation—the relief when we heard that Prime Minister Menderes was safe when his plane had crashed at London Airport, and then the delight when Archbishop Makarios spoke to me the morning after the London Conference to say that he would accept the plan which the Conference had endorsed.

The lesson which we can surely derive from the recollections from the second Act in the Drama is that Greece and Turkey can make an invaluable contribution to a peaceful settlement in Cyprus.

I come now to the third Act in my experience, with the Drama having become a Tragedy. I was in Cyprus last month and I saw at first hand the tragedy of partition with the beautiful Island cut in two, with a third of the population refugees, with barriers not only of barbed wire and check points and armed confrontation but, still more sadly, barriers of suspicion and alienation with a younger generation growing up on both sides of the line which has no knowledge or contact with their fellow citizens of Cyprus only a few miles away on the other side of the barricades.

So the third lesson, I suggest to you, is that the present situation is, as I have said, utterly intolerable, and we can draw some comfort from the evidence that so many people, on both sides, so I believe, are convinced that the present dreadful drift must somehow be stopped and that a new initiative for a lasting settlement must be taken without further delay.

Having stated those three encouraging propositions—firstly that Greek and Turkish Cypriots can live and work together amicably, secondly that Greece and Turkey can and must play an essential part in a settlement, and thirdly that there is a growing desire to escape from the present deadlock—it is necessary to face the formidable factors which stand in the way of a peaceful conclusion.

BARRIERS TO PEACE

I listened to Mr. Speros Kyprianou and then to Mr. Rauf Denktash in the week before I set out for Cyprus last month. They were speaking separately to groups of Members of Parliament in London, and as I listened I was filled with deep alarm at the extent of the gulf of distrust which separates the two sides—and also with a realisation that merely to bring both sides together even under the chairmanship of the United Nations Secre-

tary General cannot in itself provide an agreed solution. And what I subsequently heard on both sides of the line in Cyprus reinforced my conviction that there must be a new method, some new initiative, if deadlock by inaction, disaster by drift, is to be prevented.

There are three principal barriers in the road to a settlement:

First, the problem of territory and property. There is general agreement that a federal system of government is required but the northern region boundary and, even more formidable, the settlement in regard to refugee claims to land and housing, particularly in Varosha, are subjects of intense feeling and the utmost difficulty. This is certainly the greatest barrier of all.

Secondly, there is the problem of the form of federal constitution.

I do not underrate the difficulties of working out a federal constitution—all federal constitutions present complicated and contentious problems. But on this issue I am encouraged by recalling the work done by Greeks and Turks and Greek Cypriots and Turkish Cypriots in working out in agreement the federal constitution of 1960. That constitution no doubt had faults and when the faults emerged there was failure to remedy them in time, but it is well to remember that Professor Constantine Tsatsos led the Greek delegation; Professor Nihat Erim, the Turkish delegation; Mr. Glavkos Clerides, the Cyprus Greek delegation; and Mr. Rauf Denktash, the Cyprus Turkish delegation. Much of what they did so carefully in 1960 can be a valuable basis and guide in 1980.

It is obvious from the constitutional proposals which have later been put forward by both sides, however, what a wide gulf now exists between Greek and Turkish conceptions on what form the new constitution should take. The main purpose, however, must be clear—for a united Cyprus with a central government free and capable of serving the international, political and economic interests of the whole Island with a Turkish region in which wide autonomy must give to the Turkish community a sense of safety and security and effecitve control of their communal interests, and finally for all freedom of movement and equality of human rights.

I come now to the third main problem. What method, what means, can most effectively enable the great barriers to be overcome?

Both sides have previously accepted the intervention of the Secretary-General of the United Nations, and there was recently a prospect that a further round of discussions under his chairmanship would soon be attempted.

It is certainly well that the Secretary-General and the authority of the United Nations should be involved and the Secretary-General deserves every support and assistance, but now it seems that suspicion and disagreement are so great that even if there is a further meeting the same obstructions which have frustrated the earlier negotiations will remain to prevent any new advance.

Having regularly read the statements of both sides I cannot imagine that in spite of the important ten points of agreement usefully recorded in May last year under the Secretary-General's wise chairmanship, the gulf of disagreement can be bridged by direct negotiation. In a series of previous discussions, the Secretary-General has had to report that very substantial dispute still exists on essential factors, and unless there is a new initiative we cannot expect that he will be able to report otherwise.

So what new attempt is now necessary?

BRITISH INITIATIVES

I am a believer in the effectiveness of independent international initiative. So often when there has been a deep, bitter or long-standing dispute it has proved impossible to make any progress merely by bringing the two sides together. In Rhodesia the Commonwealth initiative at the Lusaka Conference was necessary. In the Middle East it is impossible to expect that peace will be achieved merely by direct negotiation between Israelis and Palestinians. So often an independent international initiative is necessary with full consultation with both sides certainly but followed by an independent initiative for a plan which neither side could propose but which both can eventually accept.

It was with such an initiative in mind that I some time ago advocated the appointment of a Conciliation Mission by the Security Council composed of one country from the West, one from the East, and one from the Third World—and all from countries in no way involved or connected with Cyprus affairs—to talk with both sides in Cyprus, hear what the Governments of Greece and Turkey have to say, and then to put forward an impartial plan for peace.

But on the Turkish side there has been opposition to what is called the "internationalisation" of the Cyprus problem. I understand, though I do not agree with, this view but to do nothing will be to perpetuate the deadlock, and a time has now come when further drift may inevitably lead to disaster. I am optimistic that the Cyprus Turks and the Turkish Government, realising that the present deadlock is in no one's long term interest, will welcome a genuinely impartial and helpful intervention. I believe that they will see the great advantages of reduction in the heavy costs of Turkish troops in Cyprus and would welcome the surge of prosperity which will come to the North when the present isolation ends.

My hope is that my country will now take a lead. Great Britain has had a century of association with Cyprus, we have bases in the Island, we have taken a main share in the United Nations peace force in the Island. In my view we have an inescapable obligation to assist a settlement. And I do not forget that I signed the Treaty of Guarantee in 1960 on behalf of my Government in which, with Greece and Turkey, we recognised and guaranteed the independence, territorial integrity, and security of the Republic of Cyprus. We also bound ourselves to prohibit any activity aimed at promoting, directly or indirectly, either union of Cyprus with any other State or partition of the Island.

We failed to intervene as we should have done in earlier years. Particularly with the Americans we, disgracefully in my view, refused to intervene immediately after the crazy coup of 1974. Now it is my strong conviction that we can no longer fail to carry out our clear obligations, and I am hopeful that both sides will accept and support a British lead.

The division of the Island cries out for rectification. The confrontation of Greeks and Turks calls for reconciliation. The interests of both Greeks and Turks demand courage to win a peaceful settlement. I pray that we shall not fail.

Having spoken earlier to the twin themes of the obligation of optimism and the independent international initiative let me tell an old story which may, I hope, have some bearing on the future.

More than twenty years ago in the United Nations two resolutions were placed before the General Assembly. One was backed by the Greek Government and one was backed by the British Government at that time. Our representative was Sir Pierson Dixon, the British Ambassador to the United Nations. He left his office at 99 Park Avenue to go to the General Assembly to certain victory. He had worked for weeks and he knew that an overwhelming victory in the General Assembly awaited him. I was in Nicosia at the time and late that night he sent me a telegram telling me what had happened on that momentous day.

As he went down to the United Nations he said to himself "What we really want today is not a victory, but a success." The phrase "not a victory, but a success" stuck in his mind. When he arrived at the United Nations he did not go straight into the great Assembly. He went to an upper room and asked the Foreign Ministers of Greece and Turkey to come and see him. Zorlu of Turkey came to see him first and Pierson Dixon said, "Even at this last moment, why should we not try to take a step towards a settlement instead of scoring victories over each other in the vote?" Mr. Zorlu replied, "It is no good talking to me now; we have to go down to the Assembly; they are waiting to vote now. Anyhow, it is no good talking to the Greeks, they know that they are going to lose and they are in a frame of mind of Greek tragedy. You will get no sense from them."

Where was Mr. Averoff, the Foreign Minister of Greece, and why had he not come? He had gone to meet Queen Frederika of Greece that day who had just arrived in New York. They managed to get him on the telephone and begged him to come. He said he would come as quickly as he could. The three men in the upper room, with the Assembly waiting below, searched not for a victory but for a success. At the end of half an hour, Mr. Zorlu shook hands with Mr. Averoff and each pledged his personal honour to work as rapidly as possible for a final settlement in Cyprus. It was too late to get anything typed; they scribbled out a new resolution. It did not mean very much, except that neither side was scoring a victory over the other.

Who could propose the resolution, because the rule of the Assembly is that the sponsor of one resolution cannot sponsor another. They went through the long list of sponsors of the previous Resolutions. Was there anyone missing? Mexico was missing. They put out a call on the loudspeakers. The Mexican Ambassador hurried from his place in the General Assembly. Would he move a resolution on Cyprus? He said he would like to know what it was. They quickly explained, and he quickly understood and agreed. Then to the surprise of the Assembly, they saw the Foreign Ministers of Greece and Turkey and the Ambassadors of Mexico and the United Kingdom entering the Assembly together. Then, having obtained the permission of the President, the Ambassador of Mexico rises to propose a resolution they have never heard of, when every delegate in that great hall has promised his vote to his own country and to many others. Then, to their amazement the Mexican resolution is at once supported by the Foreign Ministers of both Greece and Turkey and the Ambassador of the United Kingdom. In an atmosphere of astonishment it passed unanimously that day.

THE ELEVENTH HOUR

But my troubles were not over when I heard what had happened in New York. I hoped that with Greek and Turkish co-operation we could make progress, but I could not be sure.

Meanwhile the violence and bloodshed continued on the Island, and I faced my worst crisis.

Since I had returned to the Island as Governor there had been much violence and bloodshed but so far no hangings. As I turned from reading the telegrams from New York I was told that the Court of Appeal had just confirmed the death sentences on two Greek young men. As Governor it was my duty to exercise the royal prerogative of deciding whether the law should take its course. No one, not even the Ministers in London, could decide for me or give me instructions. And unless there was very good reason no reprieve could be granted.

I might add a personal word here. Once when I was a very young magistrate in Palestine I had been required to witness a hanging in Acre Prison. I never forgot it, and ever since I have hated capital punishment.

But now I had to make a decision in which my personal feelings must be set aside. I studied all the records and documents in the case before me. It had been a cold-blooded murder for political reasons. There were no extenuating circumstances whatsoever that I could see.

With a heavy heart I signed the death warrants and fixed the date for the executions and put a brigade of troops round the central prison. On the night before I went to lay down, not to undress, for I knew that when the executions took place the next day there would be a new outbreak of violence in retaliation. I realised then that any hope I had of succeeding in my endeavours for a peaceful settlement in Cyprus would be gone.

Midnight came and my wife was in one of the offices below. The telephone rang. It was from London—the Secretary of State wished to speak to the Governor. She ran to fetch me. The Minister said that he knew my decision about the executions and fully agreed, but he was now going to tell me something I had not known before. That day at a European conference on other matters, Zorlu of Turkey and Averoff of Greece had approached the British Foreign Secretary Selwyn Lloyd. They said that following their meeting in New York they were making useful progress in drawing up practical proposals for a Cyprus settlement. But they had heard of the impending executions, and they feared that all attempts at agreement would be swept away in the mounting violence which must follow: "It is for you to decide," the Minister said. "We will realise the extreme difficulty of your decision. We will back you either way."

I had no difficulty in making my decision. I sent for an armoured car. I called the Commissioner of Prisons, noticing that it was now after midnight. I told him I was coming down to see him. He answered in a strained voice. "Could you give me half an hour?" he said, "I am having a lot of trouble in the prison. This is the date fixed for the executions. I have decided to go ahead and carry them out at once." "No," I said, "I am coming down to stop it."

So I went down to the central prison that night. I tore up the death warrants. I came back to my Government House rejoicing, and in a few months we had an agreed settlement.

I tell the story because it is a good augury. It was a British initiative in New York when Pierson Dixon decided to work not for a victory but for a success. It was the co-operation of Turkey and Greece, of Zorlu and Averoff, which saved the day and opened the door to a peaceful settlement nearly two decades ago.

By a similar initiative and a similar co-operation I trust that we shall see the beautiful Island of Cyprus once more reconciled and united and at peace.●

RULES OF PROCEDURE OF THE SENATE COMMITTEE ON RULES AND ADMINISTRATION

● Mr. MATHIAS. Mr. President, in compliance with paragraph 2 of rule XXVI of the Standing Rules of the Senate, I submit for printing in the CONGRESSIONAL RECORD the Rules of Procedure of the Committee on Rules and Administration, adopted on January 21, 1981.

(Readopted with an amendment January 21, 1981)

TITLE I—MEETINGS OF THE COMMITTEE

1. The regular meeting dates of the committee shall be the second and fourth Wednesdays of each month, at 10 a.m., in room 301, Russell Senate Office Building. Additional meetings may be called by the chairman as he may deem necessary or pursuant to the provisions of paragraph 3 of rule XXVI of the Standing Rules of the Senate.

2. Meetings of the committee, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by the committee on the same subject for a period of no more than 14 calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated in subparagraphs (A) through (F) would require the meeting to be closed followed immediately by a record vote in open session by a majority of the members of the committee when it is determined that the matters to be discussed or the testimony to be taken at such meeting or meetings—

(A) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(B) will relate solely to matters of committee staff personnel or internal staff management or procedure;

(C) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(D) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

(E) will disclose information relating to the trade secrets of financial or commercial information pertaining specifically to a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(F) may divulge matters required to be kept confidential under other provisions of law or Government regulations. (Paragraph 5(b) of rule XXVI of the Standing Rules.)

3. Written notices of committee meetings will normally be sent by the committee's staff director to all members of the committee at least 3 days in advance. In addition, the committee staff will telephone reminders of committee meetings to all members of the committee or to the appropriate staff assistants in their offices.

4. A copy of the committee's intended agenda enumerating separate items of legislative business and committee business will normally be sent to all members of the committee by the staff director at least 1 day in advance of all meetings. This does not preclude any member of the committee from raising appropriate non-agenda topics.

TITLE II—QUORUMS

1. Pursuant to paragraph 7(a)(1) of rule XXVI of the Standing Rules, 7 members of the committee shall constitute a quorum for the reporting of legislative measures.

2. Pursuant to paragraph 7(a)(1) of rule XXVI of the Standing Rules, 4 members shall constitute a quorum for the transaction of business, including action on amendments to measures prior to voting to report the measure to the Senate.

3. Pursuant to paragraph 7(a)(2) of rule XXVI of the Senate Rules, 4 members of the committee shall constitute a quorum for the purpose of taking testimony under oath; provided, however, that once a quorum is established, any one member can continue to take such testimony.

4. Under no circumstances may proxies be considered for the establishment of a quorum.

TITLE III—VOTING

1. Voting in the committee on any issue will normally be by voice vote.

2. If a third of the members present so demand, a record vote will be taken on any question by rollcall.

3. The results of rollcall votes taken in any meeting upon any measure, or any amendment thereto, shall be stated in the committee report on that measure unless previously announced by the committee, and such report or announcement shall include a tabulation of the votes cast in favor of and the votes cast in opposition to each such measure and amendment by each member of the committee. (Paragraph 7 (b) and (c) of rule XXVI of the Standing Rules.)

4. Proxy voting shall be allowed on all measures and matters before the committee. However, the vote of the committee to report a measure or matter shall require the concurrence of a majority of the members of the committee who are physically present at the time of the vote. Proxies will be allowed in such cases solely for the purpose of recording a member's position on the question and then only in those instances when the absentee committee member has been informed of the question and has affirmatively requested that he be recorded. (Paragraph 7(a)(3) of rule XXVI of the Standing Rules.)

TITLE IV—DELEGATION OF AUTHORITY TO COMMITTEE CHAIRMAN

1. The chairman is authorized to sign himself or by delegation all necessary vouchers and routine papers for which the committee's approval is required and to decide in the committee's behalf all routine business.

2. The chairman is authorized to engage commercial reporters for the preparation of transcripts of committee meetings and hearings.

3. The chairman is authorized to issue, in behalf of the committee, regulations normally promulgated by the committee at the beginning of each session, including the senatorial long-distance telephone regulations and the senatorial telegram regulations.

MISTREATMENT OF DIPLOMATS—AND THEIR GOVERNMENT'S REACTION—SERMON BY THE REV. LESTER KINSOLVING

● Mr. WARNER. Mr. President, one of the most patriotic sermons I have ever encountered was delivered by the Reverend Lester Kinsolving on this past Sunday, January 25, 1981, at both St. Andrew of Scotland Anglican Catholic Church in Alexandria, Va., and St. Charles the Martyr Anglican Catholic Church in Annapolis, Md.

The topic of the sermon was "Mistreatment of Diplomats—and Their Government's Reaction," with references both to King David of Israel, circa 1000 B.C., and to President Carter of the United States in 1979, 1980, and 1981. The text taken by the Reverend Kinsolving was from the First Epistle to the Corinthians—"Ye are bought—with a price." While some might term this sermon "political," it was received by the parishioners of both churches as "patriotic"—and I commend it to my colleagues as very fine reading in this time which many have termed "our national humiliation."

The Reverend Lester Kinsolving, whose father and grandfather were bishops in the Episcopal Church and who himself was ordained as an Episcopal priest 25 years ago, is now an Anglican worker-priest who makes his living as a member of the Fourth Estate. He, in addition to serving three Anglican Catholic parishes in the Washington, D.C., area, is political editor of radio station WEAM, a national commentator on the Virginia network, and a syndicated newspaper columnist.

Both St. Andrew of Scotland in Alexandria and St. Charles the Martyr in Annapolis, where this sermon was delivered last Sunday, are growing parishes in the Anglican Catholic Church, Diocese of the Mid-Atlantic States. The Anglican Catholic Church was founded in 1977 as the "continuing Episcopal Church" in the United States. Its members withdrew from the Protestant Episcopal Church of the United States of America (PECUSA) because of that church's recent changes in attitudes regarding the ordination of women to the priesthood and the question of homosexuality and because of PECUSA's abandonment, for the most part, of the use of the 1928 "Book of Common Prayer" in favor of a new set of optional rituals.

Mr. President, I commend the sentiments of this sermon to all my colleagues because, while I may not agree completely with every point raised therein, its message is one of which all of us must be mindful—"that our land will remain 'of the free' only as long as it continues to be the 'home of the brave.'" I ask that this sermon be included in the RECORD.

The material follows:

MISTREATMENT OF DIPLOMATS—AND THEIR GOVERNMENT'S REACTION

(By the Reverend Lester Kinsolving)

Text: "Ye are bought—with a price." First Epistle to the Corinthians.

On the first Sunday of October in 1938, the Church of England parish of St. Bartholomew's, in the affluent section of London called the Mayfair, acquired a new rector.

This young clergyman actually arrived in midweek, and was promptly deluged with requests from parishioners who wanted him to ring church bells in celebration, to offer special prayers of thanksgiving, and to feature such anthems as "Land of Hope and Glory."

For during that past week, on September 30, the Prime Minister had signed an agreement which he assured a widely ecstatic British population would bring what he termed "Peace in our time."

Not everybody was so relieved. There were, for example, people like that Parliamentary curmudgeon named Churchill, or this young clergyman, who declined to ring any bells in thanksgiving.

Instead, he preached a sermon with a text from the First Epistle to the Corinthians: "Ye are bought—with a price."

The reaction from the congregation was memorable.

Of that congregation of 2,000, approximately 1,000 got up and walked out during that sermon. After the recessional hymn, the Senior Warden's wife came up to him and spit in his face.

He spent the better part of the next week in pastoral calls on those who had walked, offering those who would still talk to him any assistance they wished in transferring to another parish. But, several of them came back, along with a number of new faces, because England had more than a few who, like Churchill, had dedication to truth, and for whom reality was greater than the historic ecclesiastical yen for ease in Zion or the alluring national lust for peace at any price.

This young clergyman eventually became one of the greatest Angelican evangelists of the Twentieth Century: the Rev. Canon Bryan Green.

My text from the New Testament today has already been mentioned: "Ye are bought—with a price."

From the Old Testament, there is another text—which constitutes a revelation as to how diplomats were abused and humiliated in 1,000 B.C.—as compared to how diplomats have been brutalized in A.D. 1979, 1980, and 1981—and how the United States paid off the brutes; how this nation, as it were, has been "bought—with a price."

Here beginneth the Tenth Chapter of the Second Book of Samuel:

"And it came to pass after this that the king of the children of Ammon died, and Hanun his son reigned in his stead.

"Then said David, 'I will show kindness unto Hanun the son of Nahash, as his father showed kindness until me.' And David sent to comfort him by the hands of his servants, for his father. And David's servants came into the land of the children of Ammon.

"And the princes of the children of Ammon said unto Hanun their lord; 'Thinkest thou that David dost honor thy father that he hath sent comforters unto thee? Hath not David rather sent his servants unto thee to search the city and to spy it out and to overthrow it?'

"Wherefore Hanun took David's servants and shaved off the one half of their beards, and cut off their garments in the middle, even to their buttocks, and sent them away.

"When they told it unto David, he sent to meet them, because the men were greatly ashamed.

"And the King said, 'Tarry at Jericho until your beards be grown, and then return.'

"And when the children of Ammon saw that they stank before David, the children of Ammon sent and hired . . . Syrians . . . twenty thousand footmen and, of King Maacha, a thousand men, and of Ishtob, twelve thousand men.

"And when David heard of it, he sent Joab and all the hosts of the mighty men.

"And the children of Ammon came out and put the battle in array at the entering in of the gate. . . .

"And Joab said (unto Abishai his brother): 'If the Syrians be too strong for me, then shalt thou help me; but if the children of Ammon be too strong for you, then I will come and help thee. Be of good courage and let us play the men, for our people and for the cities of our God: and the Lord do that which seemeth him good.'

"And Joab drew nigh, and the people that were with him, unto the battle unto the Syrians; and they fled before him. . . .

"And David slew the men of seven hundred chariots of the Syrians, and forty thousand horsemen, and smote Shobach the captain of their host, who died there.

"And when the kings saw that they were smitten before Israel, they made peace with Israel, and served them. So the Syrians feared to help the children of Ammon any more."

The Ammonites were not the Iranians—but they were close. Their capital city was Rabbath-Ammon, which is known today as Amman, capital of Jordan.

The Ammonites were almost always the enemies of Israel. King Saul fought and defeated them. Ezra noted that their worship of the child-sacrificing cult of Molech was an "abomination." Nehemiah was subjected to their taunts as he rebuilt the walls of Jerusalem.

Still, David tried to achieve peace with these creatures. He sent ambassadors, fully expecting that the traditional safe passage of diplomats would be respected.

These ambassadors were not beaten, or put into solitary confinement, or subjected to phony executions; nor did anyone spit in their food; nor were they kidnapped for four hundred and forty-four days.

They were simply humiliated. But that was more than enough. King David sent forth his army under Joab, and, despite the Ammonities' hiring 33,000 Syrian mercenaries, David's army annihilated both the Ammonities and the Syrians.

Twenty-eight hundred years later, the mere holding prisoner of two other diplomats very nearly caused a war between the United States and the British Empire. When James Mason, of Alexandria, Va., and John Slidell were appointed diplomats to England and France by the Confederate States of America, the British ship, *Trent*, was intercepted by a U.S. Navy Man 'o War, which took these two diplomats to Boston—as prisoners. But Mr. Lincoln was intelligent and civilized enough to realize that he had a fool for a ship's captain, and these diplomats were promptly released and sent on their way.

Another fool with whom Mr. Lincoln had to deal was Gen. George Armstrong Custer, who is far better known today for the criminal decimation of his Seventh Cavalry Command than for his having hanged and shot nine Confederate prisoners of war from the command of Col. John S. Mosby. Such atrocities, in September of 1864, stopped only after Mosby sent a letter to General Phil Sheridan that, from among Mosby's 913 Union Army prisoners, nine of Custer's own Michigan Cavalry Command had been selected by drawn straws—and then hanged by order of Col. Mosby.

As for diplomats, however, even Hedeki Tojo and Adolf Hitler respected and protected diplomatic status—because that was a different era, a long time ago. Today, we have a foreign policy which tolerates the kidnapping and the torture and the murder of America's diplomats and America's prisoners of war—all over the world.

When the PLO held American Ambassador Cleo-Noel hostage in Khartoum—and then cut him to pieces with their machine guns—these butchers were captured. But Sudan turned them over to Egypt—and to this day the State Department cannot, or will not, tell us whether these killers are in prison or whether they are at large—this, while the PLO operates an office on 18th Street in Washington, D.C.

No wonder terrorists have killed or kidnapped so many Americans! And, no wonder The Washington Post now urges us to pay billions more to those barbarians in Iran—for the sake of "the victims of acts of terrorism to come" in "the next crisis" because "future hostages could well be hurt."

What has our country come to? Does our new President subscribe to this Washington Post morality of pay off the barbarians—for the sake of new barbarism which we can't avoid because we're afraid to fight?

The church bells rang, and the White House Christmas tree was finally lighted, and the nation rejoiced—until the hostages arrived and brought us out of euphoria and a Jimmy Carter claim of victory when we learned how our fellow Americans had been tortured by their Iranian kidnappers.

Beatings, solitary confinement for months, forcing our young women to play Russian roulette, phony firing squads, withholding mail—even spitting in the food of our fellow Americans.

But we have to give these Iranian barbarians credit where it is due. Their chief negotiator, Behzad Nabavi, said that they "rubbed our noses in the dirt."

And they did, indeed.

They utterly humiliated the United States—which has paid, or is considering the payment of billions of dollars. That means that they shamed every one of us.

This is not the only time this has happened in recent years. Another collection of barbarians in Hanoi tortured a number of our fellow Americans for years—while they were being given aid and comfort by such creatures as Jane Fonda and Sam Brown. One of their victims was the newly elected Senator from Alabama, Admiral Jeremiah Denton.

I am sick to death of seeing my fellow Americans kinapped or murdered at will, all over the world, with no fear of retaliation.

I am alarmed that two days after the Inauguration the Reagan Administration still had no answer at all to the very serious question as to what it is prepared to do to inhibit more barbarians seeking more billions by seizing more U.S. embassies.

Mr. Reagan's White House and State Department spokesmen say that this question is presently being given intense consideration. But, there were 77 days between Reagan's election and his inauguration. Why wasn't this considered then, so that the new President could have devoted his Inaugural address not only to the wonderfully commendable resolve never to surrender, but also to telling a watching world just what will happen to any terrorist who ever again lays hands on a diplomat or embassy of the United States.

Two marble memorial tablets in the State Department's diplomatic entrance have the names of more of our foreign service officers who have been killed in the last 15 years than during the previous 190 years of this country's existence.

This is the result of a foreign policy of appeasement. It is an appeasement which is the modern equivalent of the ransom paid to the Barbary Pirates, until Thomas Jefferson issued combat orders to the U.S. Navy. The United States Government at that time believed in the principle of "millions for defense—but not one cent for tribute."

The Carter Administration reversed this, in a manner reflecting the inflation which it so substantially fueled. Now it has become: "Billions for tribute—and dismantle defense."

President Reagan could stop the shameful humiliation of America in the continued kidnapping and murder of our diplomats.

(1) He could announce that, beginning immediately, all U.S. Marine embassy guards are to use the weapons they are issued and trained to use in defense of our territory. And any Ambassador who orders otherwise will be fired in the next cable.

(2) He could announce that any country which objects to our providing enough Marines and weapons to defend our embassy will be cordially invited to close up their embassy here and get out—and we will do the same.

(3) He could announce that, in the event of any attempted seizure of a United States embassy or injury to our people, we will retaliate instantly regarding their diplomats or nationals in the United States. And we will transmit evidence of this retaliation by Telestar.

(4) He could announce that, like Israel, we will never bargain with terrorists; that henceforth all our foreign service people overseas will be volunteers willing to die rather than have this nation blackmailed—and they will be trained to fight along side the Marines until our Armed Services can arrive and carry out their objectives.

In his Inaugural, President Reagan said that, while "peace is the highest aspiration of the American people . . . we will not surrender for it—now or ever."

It is now the time for the President to tell the world in no uncertain terms, how.

The hostages and their families were provided one day together away from both the press and the politicians.

If the hostages are in any way oppressed by the press, I will regret this deeply, because that is my profession. But, it is hard to imagine anything that could rival what has been done to the hostages by the Department of State.

After 444 days in the hands of these Iranian animals, the State Department arranged for the hostages to be flown to Weisbaden, there to be met——not by their families, mind you—but by a planeload of State Department brass.

We were told by such State Department people that the hostages need decompression. So, instead of their families, we sent them Cyrus Vance and Jimmy Carter.

The hostages reacted by racing immediately to the nearest available telephone—to talk to their families, not to Vance or Carter.

Hostage Donald Cook has denounced Mr. Carter for reopening the embassy in Tehran, despite three warnings that it might be seized.

Hostage Carmelo Scalzi noted the statement of one of his fellow hostages: "I don't think there are two people on this plane who would care if Carter is there to greet us."

We now learn—from the press, not from the State Department—that one of the hostages' mothers was excluded from seeing her returned son because, after all, you have to draw the expense line somewhere. But not when it comes to the expense of flying Jimmy Carter from Washington to Plains, then back to Washington, and then to Germany for a few hours, and then back to Plains.

It is one thing for President Reagan to be gracious to a presidential predecessor. It is quite another when this courtesy consists of adding to the misery of 444 days in hell by having the hostages met by politicians instead of their loved ones.

There are, however, two pieces of very good news. Our new Secretary of Defense has announced that his mission is, in his words, "to rearm America;" and our new Secretary of State explained in no uncertain terms that he is the President's "vicar" in the formulation of foreign policy.

Sixteen years ago, one of our fellow citizens—who had never held public office—exercised his right to speak to the issue of immorality in foreign policy.

He had never been to any Ivy League college. He had never been to a school of foreign service, or to any of those institutions which seem to produce so many graduates who are taught to equate diplomacy with dignified and disguished appeasement.

But the people of the United States heard him, especially when he campaigned for a presidential candidate on national television and said:

"Alexander Hamilton said a nation which can prefer disgrace to danger is prepared for a master, and deserves one. Now let's set the record straight. There's no argument over the choice between peace and war. But there's only one guaranteed way you can have peace, and you can have it in the next second. Surrender.

"Admittedly, there's a risk in any course we follow other than this. But every lesson of history tells us that the greater risk lies in appeasement, and this is the specter that our well-meaning liberal friends refuse to face: That their policy of accommodation is appeasement, and it gives no choice between peace and war, only between fight or surrender. If we continue to accommodate, continue to back and retreat, eventually we have to face the final demand, the ultimatum. And what then?

"Well, Nikita Khrushchev has told his people he knows what our answer will be. He has told them we're retreating under the pressure of the Cold War, and some day, when the time comes to deliver the final ultimatum, our surrender will be voluntary, because by that time we will have been weakened from within spiritually, morally, and economically. He believes this because from our side he's heard voices pleading for 'peace at any price,' or, 'better Red than dead.' Or, as one commentator put it, he said he'd rather live on his knees than die on his feet.

"And therein lies the road to war. Because those voices don't speak for the rest of us. You and I do not believe that life is so dear and peace so sweet as to be purchased at the price of chains and slavery. If nothing in life is worth dying for, when did this begin? Just in the face of this enemy? Or should Moses have told the children of Israel to live in slavery under the pharaohs? Should Christ have refused the Cross? Should the patriots at Concord Bridge have thrown down their guns and refused to fire the shot heard 'round the world?

"The martyrs of history were not fools. And our honored dead who gave their lives to stop the advance of the Nazis didn't die in vain.

"Where then is the road to peace? Well, it's a simple answer after all. You and I have the courage to say to our enemies, there is a price we will not pay. There is a point beyond which they must not advance."

Last November 4th, the majority of the people of the United States voted to put the future of this nation into the hands of this speaker's leadership.

In my conviction, they did so because they believe he has not given up these values—even though the cynics dismiss them as "old fashioned"—like Christianity or like the Constitution. They are the same set of values which motivated one of the hostages in Iran to risk death by telling his psychological tortures who ordered him to lie down as they clicked their weapons: "If you're going to shoot me, I'm going to die on my feet."

It is the same spirit that enabled Admiral Denton to survive years of hell in Hanoi and walk out, emaciated but still unconquered in spirit, to come home saying: "Reporting back for duty, sir. God bless America."

This spirit began to be rekindled in the United States on Inauguration Day—and, just before that day—when our new Secretary of State dared to remind a partially hostile Senate Foreign Relations Committee that there are some things that you have to be willing to die for.

The cynics will dismiss this as warmongering, when, in reality, it is the essence of the same old spiritual which affirms: "Before I'd be a slave, I'd be buried in my grave and go home to my Lord and be free"—or one of the greatest oratorical convictions of the Rev. Martin Luther King: "If you haven't found anything worth dying for, you're not fit to live."

It is only because of this willingness, at all costs, to defend our freedom that we have survived—survived even such national humiliations as having our merchant seaman kidnapped by the navy of the world's greatest power—who landed an army not far from here that routed our militia and burned our capital to the ground.

But there were, at the same time, other Americans like those who would not give up the ship off Boston or on Lake Erie—and those who held the line in New Orleans—and those who kept a flag flying all night through the hell of a British artillery bombardment near Baltimore, so that at dawn a young American lawyer on a British prison ship saw that flag still flying and began writing:

"O thus be it ever, when free men shall stand
Between their loved homes and the war's desolation!
Blest with vict'ry and peace, may the heav'n-rescued land
Praise the Power that hath made and preserved us a nation!
Then conquer we must, then our cause it is just,
And this be our motto, 'In God is our trust.'

And the star-spangled banner in triumph shall wave
O'er the land of the free and the home of the brave!"

Throughout our Holy Scriptures there comes again and again those thundering affirmation of "Thus saith the Lord" assurances, that our land will remain "of the free" only as long as it continues to be the "home of the brave." ●

HUBERT H. HUMPHREY, THE HAPPY WARRIOR

● Mr. DURENBERGER. Mr. President, a little more than 3 years ago, America lost one of its greatest leaders, Hubert H. Humphrey. Senator Humphrey's passing left a void that no one will ever fill.

My election in 1978 carried with it a special responsibility—to continue the record of service to people that marked the career of Hubert Humphrey. When I accepted the Humphrey chair, I accepted a tradition of dedicated service, openness, honesty, unabiding trust and faith in people, and a commitment to individuals.

Senator Humphrey's record is one I am proud to continue. I believe in the goodness of people. I believe in their strength, their creativity and their ability and desire to work for a common goal.

Philosophically, I may not always have agreed with Senator Humphrey, but. like most Americans, I found his spirit, his enthusiasm, and his love for people to be inspiring.

Mr. President, I submit the syndicated column by Nick Thimmesch on Hubert H. Humphrey, the Happy Warrior, to be printed in today's RECORD.

The column is as follows:

HUBERT H. HUMPHREY, THE "HAPPY WARRIOR": A RECOLLECTION

(By Nick Thimmesch)

WASHINGTON.—Among the sorely missed human qualities in this town are the effervescence, optimism and spirit of Hubert Horatio Humphrey. It was nearly three years ago that H.H.H., the "Happy Warrior," died after struggling to shake an insistent cancer. We haven't seen anybody like Humphrey since, and probably won't for many years.

Humphrey loved the political game with passion. He was a strong Democrat, and almost always fought for what he regarded as principle. He panted for humanity, and too often implemented such impulses by whipping up another federal program. Humphrey displayed a sharp edge in debate, but he was also a conciliator. He often vehemently disagreed—as veteran Republicans will smilingly testify—but Hubert was never disagreeable. There was no more popular man in the U.S. Senate.

Despite setting some sort of record—perhaps it belongs in the Guinness Book—for the volume of his rhetoric, Humphrey was respected as a senator of stature, a highly intelligent man always bristling with ideas.

Two of Hubert's best qualities were his inability to be angry at anyone for very long, and his empathy for fellow political warriors of either party. There's no question in my mind that if Hubert were alive, he would be on the phone every other day with President Jimmy Carter, trying to buck him up as he prepares for the sad trip home to Plains, reminding Carter of his accomplishments and the fact that there is much of life before him.

When he was ridden with cancer, pale and feeble, scarcely able to rise in his bed, and only four days from death, Humphrey phoned Richard M. Nixon, Jan. 9, 1978, to wish him Happy Birthday. According to Muriel Humphrey, Nixon was very touched, but not quite as much as on Christmas Day—two weeks before—when Humphrey phoned Nixon to wish him Merry Christmas. "Nixon cried on the phone," Muriel once recalled, "probably because he realized where Hubert was at. You have a lot in common, being in politics."

If any opponent had scathed Nixon in campaigns, it was Humphrey. In 1968, when the two fought a close battle for the presidency, Humphrey once introduced Emmett Kelly, the famous clown done up with outlandish pants, sad eyes and rubber-ball nose, as "Nixon's campaign manager and chief economic adviser."

Robert Kennedy's campaign tactics savaged Humphrey in the 1960 West Virginia primary, and later, when R.F.K. demanded that Humphrey release his Minnesota delegates, Hubert snapped: "Bobby, go to hell." But Humphrey reconciled with Bobby and all others by whom he was roughed up in politics.

He forgot and forgave the hurts inflicted by Lyndon B. Johnson; Joseph Rauh the Americans for Democratic Action (ADA) chieftain who turned on Humphrey and the scores of demonstrators who spat on, and reviled him, during the acrimonious Vietnam period. Even in late 1971, when he held antiwar views, Humphrey was pelted with tomatoes thrown at him during a convention of scientists where protestors waved signs reading: "Humphrey Wanted for Murder, Rape, Genocide."

Humphrey shook it all off. "He quickly got it out of his system," recalls David Gartner, Humphrey's longtime aide, now a U.S. commissioner. "He lived at peace with himself. He was always phoning people on their birthdays or when they were ill. He couldn't stop himself from doing that."

Humphrey was such a blend of civility, warmth, humor and professional politician. He was no saint. As a poor boy in the trade, he had to look the other way in the old days so he wouldn't see where the campaign bucks were coming from. He also liked a good time, and perhaps that's why he understood human frailty.

The game of politics, as played in the U.S. Senate, should be one where the Hubert Humphreys prevail, no matter what their views. When Humphrey arrived there in 1949, he was brash, and full of himself for having led the civil rights fight at the Democratic convention the summer before. He was given the cold shoulder by many senators and was embarrassed to hear Sen. Richard Russell, the titan from Georgia pointedly remark: "Can you imagine the people of Minnesota sending that damn fool down here to represent them?"

However, as one sage observed, "In Washington, some grow, and some swell." Humphrey grew. He won the respect of all the titans, including Russell, was elected Majority Whip, and became the man many senators turned to for advice or even consolation. He and Barry Goldwater were buddies, and his old dust-ups with the Kennedys never prevented him from becoming a warm friend of Sen. Edward Kennedy.

The new Senate is distinctive, not just because it is Republican and conservative, but also because a majority of its members are relative newcomers to political life. Let's hope that this Senate develops warmth, civility, and an ability to disagree without being disagreeable—qualities with which Humphrey was richly blessed. His inevitable display of them caused the Senate of four years ago to love him so much. We all miss old H.H.H., the "Happy Warrior."●

DR. OWEN WANGENSTEEN

● Mr. DURENBERGER. Mr. President, it is with great sadness that I note the passing of Dr. Owen Wangensteen, one of America's greatest surgeons.

Dr. Wangensteen, who died January 13 at the age of 82, was a brilliant surgeon, teacher, and researcher. His remarkable contributions to medicine will be felt for many years to come.

His pioneering techniques in open-heart surgery and other areas of medicine have been credited with saving hundreds of thousands of lives. In addition, the thousands of young medical students who came under his wing continue to serve mankind in testimony to their teacher's skill and dedication.

Dr. Wangensteen served his unique calling with love and devotion. His skills were always applied to improving the extending of the lives of others regardless of their ability to repay him. He was a great man who will be sorely missed but always remembered.

Mr. President, I ask unanimous consent that the article on Dr. Wangensteen from the January 14 Minneapolis Tribune be printed in today's RECORD.

The article is as follows:

SURGEON, TEACHER, RESEARCHER OWEN WANGENSTEEN DIES AT 82

Dr. Owen H. Wangensteen—the world-famous surgeon, researcher and teacher who for almost four decades was chief of surgery at the University of Minnesota Hospital—died of an apparent heart attack Tuesday at 82.

He had been working on a book Monday, but became ill during the night at his Minneapolis home and was taken to Abbott-Northwestern Hospital where he died.

Even after Wangensteen retired as chief of surgery in June 1967, his accomplishments continued to have a substantial impact on modern medicine.

It was under his leadership that University of Minnesota surgeons played leading roles in pioneering open-heart surgery in the 1950's.

In the next decade, two of his former students ushered in the era of heart transplants. The first successful heart transplant was performed in 1967 by Dr. Christian Barnard of South Africa. The heart transplant leader in the United States has been Dr. Norman Shumway of Stanford University in California.

By 1949 Wangensteen had been credited with saving 100,000 lives through his development in the 1950s of "Wangensteen section" approach, a standard procedure to prevent intestinal blocking after abdominal surgery.

Wangensteen often is called the modern American surgeon who did the most to wed surgery to science—understanding nature, then applying the understanding to patients. He pioneered extensive laboratory studies as an important part of surgeons training.

His influence on surgical teaching will continue to be felt in other ways. More than a hundred of his formed students are academic surgeons at medical schools across the country and in other nations.

He was born Sept. 22, 1898, in Lake Park, Minn., near Detroit Lakes, and he grew up on a farm there.

"I didn't even want to be a doctor," he often said. "I loved animals. Of three boys, I was the one interested in farming."

But his father said he should study medicine. At first the young Wangensteen said no. Then I had to haul manure every day for three weeks in hot weather. Anything, I thought, would be better."

He finished tops in his class at the University of Minnesota Medical School, earning his M.D. in 1933. He continued his studdies there and, for one year, at the Mayo

Clinic in Rochester, Minn. He found that he loved research and earned a Ph.D in 1938.

He joined the University of Minnesota faculty as an instructor in 1939 and four years later, at 38, became chief of surgery. He quickly built the department around a growing number of full-time teachers, instead of part-time teachers who had been playing the leading roles in the medical school.

The 5-foot-7, peppery Wangensteen was called The Chief, with affection and respect, by students and colleagues.

He often began his day at 3:30 a.m., reading at his desk for several hours before starting a day of surgery and teaching. He was noted for his many ideas for his students to investigate, and for his support of his students and staff as they probed new frontiers of surgery.

While no single medical center can claim all the credit for developing open-heart surgery, the University of Minnesota's Surgery Department under Wangensteen was a clear leader.

It was there that the heart-lung machine was perfected, allowing the patient's heart to be stopped during surgery so that surgeons could operate on this fist-size organ. Even before this was accomplished, University of Minnesota surgeons were using other techniques such as cooling the body to reduce the * * * to perform many of the first open-heart operations.

If Wangensteen had done nothing else, his development of the principal of suction for surgical patients would have established him among the medical greats.

When he began his career intestinal obstruction after surgery was one of the cruelest problems of the day, killing many patients.

The culprit was the build-up of gases and fluid secretions. Wangensteen's answer: Thread a small tube, called a catheter, down the patient's nose and into the stomach areas to draw off the fluids and gases.

It is impossible to visit a large hospital today without finding tubes down many patients' noses. World War II surgical wards were called "Wangensteen alleys" because of the large number of patients who were benefitting from Wangensteen's ideas.

Not that every Wangensteen idea worked out. One that didn't was freezing stomachs to stop ulcers.

Wangensteen was noted for his cancer surgery, but appreciated the limits of the scalpel. He started an early-detection research progam at the university to find better ways of finding cancer early when surgery was the best chance of success.

He also worked hard to make his surgery department grow. Wangensteen ingenuity helped there, too. He stopped sending bills to well-off patients, tactfully suggesting that they could give something for research if they liked. Many gave generously.

Retirement was a sedative term for Wangensteen. He and his wife Sarah wrote a 785-page historical book, "The Rise of Surgery," published in 1978 by the University of Minnesota Press.

He was a former president of the American College of Surgeons, the American Surgical Association and the American chapter of the International Surgical Society.

His many honors and awards included honorary membership in the Royal College of Surgeons of England, citations from the Sorbonne and the Norwegian Academy of Science and the distinguished service award of the American Medical Association.

He is survived by wife Sarah, two sons, Dr. Stephen L. Wangensteen, Tucson, Ariz., and Owen G. Wangensteen of Spain, and a daughter, Mrs. Mary Brink, Waynoke.

A private family service is planned, to be followed by a memorial service for which a date hasn't been set. Memorials can be given to the University of Minnesota Foundation for the Wangensteen Bio-Medical Rare Book Fund or for the Wangensteen-Davidson Professorship in Surgery.●

OLIN E. TEAGUE OF TEXAS

● Mr. SCHMITT. Mr. President, later today there will be funeral services in Arlington National Cemetery for former Representative Olin E. Teague of Texas, who was affectionately called "Tiger," dating from his high school football days. I ask that an extended biography be included in the RECORD at this point.

The biography follows:

BIOGRAPHICAL SKETCH OF OLIN E. TEAGUE

Olin E. Teague, Democrat of College Station, Texas, attended Texas Agricultural and Mechanical College, 1928–32, by working his way through college while employed with the Post Office, Animal Husbandry Department of the College, and the railroad. He married the former Freddie Dunman of Fort Worth, Texas. They have three children, James M., Major John O., and Mrs. Jill Cochran.

Mr. Teague volunteered for Army service in 1940, and had previously served three years as an enlisted man in the National Guard; commissioned Second Lieutenant in Officers Reserve Corps upon finishing at Texas A&M. He commanded the First Battalion. Three Hundred and Fourteenth Infantry, Seventy-ninth Division during World War II. He was in combat for six months, wounded a number of times and decorated eleven times. He was awarded the Silver Star with two clusters, Bronze Star with two clusters, Purple Heart with two clusters. Combat Infantryman's Badge, Army Commendation Ribbon, French Croix de Guerre with palm. Mr. Teague spent two years in an Army Hospital due to combat-incurred wounds; was discharged as a Colonel, Infantry, September 1946 to take his seat in Congress.

Elected to the 79th Congress in 1946, Mr. Teague has been re-elected to each succeeding Congress. He was Chairman of the House Veterans' Affairs Committee from the 84th Congress until the 93rd Congress, when he resigned to accept the Chairmanship of the Science and Astronautics Committee. He remains second in seniority on the Veterans' Affairs Committee. Mr. Teague was a member of the District of Columbia Committee until the 86th Congress when he resigned to accept an assignment to the newly formed Science and Astronautics Committee. He was Chairman of the Subcommittee on Manned Space Flight and of the Subcommittee on Legislative Oversight. He resigned the Subcommittee Chairmanships at the beginning of the 93rd Congress, when he assumed Chairmanship of the full committee. However, he serves as ex officio member on all subcommittees. In the first session of the 90th Congress, the Committee on Standards of Official Conduct was formed and Mr. Teague became a member of that Committee and is now the ranking majority member. In the 82nd Congress he was Chairman of the Select Committee which investigated the shortcomings of the World War II, G. I. Bill, and authored the Korean War Veterans Bill. Mr. Teague authored more Veterans legislation than any other Member of Congress.

In November 1965, Congressman Teague was the subject of an NBC–TV Special, "Congress Needs Help", which followed him through typical busy days in Washington; a trip to Cape Kennedy to witness a space shot, and an inspection tour of the facility; and his work filled days on a trip through the Sixth District in Texas.

In 1966 Mr. Teague was appointed to the Board of Visitors to the United States Military Academy and was a continuing Member until he resigned at the end of the 92nd Congress. He was a member of the board longer than any other Member of Congress. Congressman Teague was awarded the Outstanding Civilian Service Medal by the United States Army. This award is not given periodically, but on infrequent occasions as merited.

Congressman Teague was named to serve on the President's Blue Ribbon Committee on the review of Veterans Hospital Installations.

In 1966 he was appointed by the President as ranking House Member of the Joint Republic of the Philippines—U.S. Commission to study Philippine Veterans problems. The neogtiations were highly successful.

Mr. Teague was invited to serve with the American-Philippine Assembly, a group of distinguished American educators, financiers, attorneys, and other high-ranking government officials, who met in Davao, Philippines in February 1965 with Philippine counterparts. The Joint Assembly is a non-profit organization headquartered at Columbia University in New York and is not connected with the federal government.

In 1966 a new Science and Research Building was erected on the campus of his alma mater, Texas A&M, and was named The Olin E. Teague Research Center in his honor.

In June 1968 Mr. Teague was the official representative of the President at the Dedication and Turnover to the Philippine Government of the Pacific War Memorial on Corregidor Island.

Mr. Teague served two consecutive terms as President of the Texas State Society, one of the largest State Societies in Washington.

He has been awarded Honorary Life Memberships in the American Legion, Veterans of Foreign Wars, AMVETS, and the DAV.

He has been called upon twice by President Johnson to make special missions to Vietnam in connection with the war.

Congressman Teague was elected Chairman of the Democratic Caucus of the House of Representatives in the 92nd Congress, giving him a prominant position in the Democratic leadership of the House. He was unanimously re-elected for the 93rd Congress.

Mr. Teague was elected by the Caucus unanimously to represent them on the National Democratic Committee.

He was elected to serve on the Committee on Committees of the 93rd Congress, which resulted in his participation in the assignment of all democratic members to Committee assignments.

The Congressman was appointed to the Tecnhology Assessment Board for the 92nd and 93rd Congress.

Among the many distinguished service awards he has received are:

The AMVETS Congressional Silver Helmet Award.

The American Legion Award for Distinguished Public Service—the highest award given by this organization.

The VFW Award for Distinguished Public Service and Outstanding Representation of the Serviceman.

The West Point Award for Distinguished Service on Behalf of the Corps of Cadets.

The Texas Agricultural Extension Service Distinguished Service Award.

The A&M Distinguished Alumni Award from Texas A&M University.

The National Award of Appreciation for Outstanding Service for CARE.

The Philippine Presidential Medal of Honor—presented by Phillipine President Magsaysay.

The Military Order of the Public Heart award for outstanding service.

The Goddard Memorial Trophy for contribution to the nation's space effort from the National Space Club.

The Eagle Award from the Invest-in-America Association.

The Veterans of Foreign Wars National Space Award.

Watch Dog of the Treasury award from the Businessmen's Association.

Outstanding Civilian Service Medal from the United States Army—the highest honor given by the U.S. Army.

Veterans Administration Exceptional Service Award.

National Science Foundation Public Service Award.

NASA Distinguished Public Service Medal.

In the dying days of the 96th Congress, Mr. Teague was honored by his Colleagues when they adopted legislation re-naming the U.S. Veterans Hospital in Temple, Texas as the Olin E. Teague Veterans Hospital. This legislation was subsequently signed into law by President Carter and the Hospital is now so designated.

His final tribute was on Arbor Day of 1979, when a living memorial, a tree, was planted on the Capitol Grounds in his honor, having been donated by the Staff of the Science and Astronautics Committee, which he chaired during his latter days in the Congress.

● Mr. SCHMITT. Mr. President, "Tiger" Teague was first elected to Congress in 1946 while still suffering from wounds he received in World War II. Representative Teague enlisted in 1940, was commissioned a second lieutenant and rose to command a battalion in the 79th Infantry Division with the rank of colonel. During 6 months of combat he won three Silver Stars, three Bronze Stars and was wounded three times; thus, earning three Purple Hearts. He was still in an Army hospital when first elected to Congress.

Representative Teague was best known for the great impact he had on veterans legislation, exercised mainly through the House Veterans' Affairs Committee which he chaired for 18 years. "Tiger" Teague was responsible for much more than that. He also served from 1972 until his retirement in 1979 as chairman of the committee on Science and Technology which oversaw, among other things, the space program. He was a leader in this area and was instrumental in keeping the Apollo program going. As one who was involved in that program, I know that "Tiger" Teague deserves much credit for the successes that were achieved during the time he chaired the House Science and Technology Committee. If we who have responsibility for the present do half so well as he did the future of the space program is assured.

With the passing of Olin E. Teague an era also passes, an era enriched by his service to country and dedication to our American heritage. My sincere condolences are extended to Freddie and his family.

My first personal contact with Tiger was as an astronaut reporting on the results of the Apollo missions. From that day, I never ceased to be impressed with his interest and knowledge about the Nation's space activities, his dedication and patriotism toward his country, his humanity and courage in the face of physical adversity and pain. Tiger, we'll miss you more than you know.

Mr. President, Tiger's good friend Senator THURMOND of South Carolina wishes to join me in honoring the memory of this great American.●

MARYLAND COMPOSER HONORED

● Mr. MATHIAS. Mr. President, Maryland has a long tradition of recognizing contributions to the performing arts. Nowhere has this recognition been more impressive than in opera.

The Baltimore Civic Opera delights many each year with their performances and holds a respected place in Maryland's cultural life. The greatest American diva, Rosa Ponselle, is an honored resident of Baltimore. And a town in Frederick County bears the name of the soprano Lilly Pons.

Now being honored is an original chamber opera by David Miller of Prince Georges County. The European premier of this new opera is taking place this month at the National Opera House in Brussels, Belgium. The American premier will also take place this month at the Publick Playhouse in Cheverly, Md.

Mr. Miller has been a resident of Prince Georges County since 1962 and is a graduate of the University of Maryland. Over the past 5 years, he has been the voice coach and rehearsal accompanist for the National Opera of Belgium.

Mr. President, I ask that a proclamation issued by the Prince Georges County Council honoring David Miller be printed in the RECORD.

The proclamation follows:

PROCLAMATION

Whereas, the world premiere of "Ben", a chamber opera, will be premiered in January at the Petit Salle of the National Opera House in Brussels, Belgium and at the Publick Playhouse in Cheverly by the Prince George's Civic Opera; and

Whereas, the composer of "Ben" is David Miller, a resident of Prince George's County since 1962, when he first became interested in music as a fifth grader at Somerset Elementary School in Bowie; and

Whereas, through his experiences in a ragtime band in junior high school, as the first pianist for the Starliner Jazz Band, as the organist for several churches, and finally, as a recipient of a Bachelor of Arts Degree in Music at the University of Maryland, David Miller formed the background that has enabled him to begin composing his own music; and

Whereas, for the past five years, David Miller has been the rehearsal accompanist and voice coach for the National Opera of Belgium; and

Whereas, the creation of an opera is one of the highest achievements in the world of musical art. Now, therefore,

Be it proclaimed that the Prince George's County Council does hereby honor David Miller for his accomplishments as a composer and musician on the occasion of the premiere of his first opera, and wishes him every success in his future musical endeavors.●

ORDER FOR THE RECOGNITION OF SENATORS LEVIN, PROXMIRE, AND BENTSEN ON THURSDAY NEXT

Mr. BAKER. Mr. President, I am advised that there are requests for special orders on next Thursday for 15 minutes for Mr. LEVIN, from Michigan; 15 minutes for Mr. PROXMIRE; and 15 minutes for Mr. BENTSEN.

I ask unanimous consent that on Thursday, following the time allocated to the two leaders under the standing order, the special orders so requested be granted in that sequence.

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

ORDER OF PROCEDURE ON THURSDAY

Mr. BAKER. Mr. President, on Thursday, when the Senate reconvenes, am I correct in saying that the Kirkpatrick nomination will be the pending business?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, when we recess today we will proceed to the consideration of the Kirkpatrick nomination. I have consulted with the distinguished minority leader and I have not yet had an opportunity nor do I believe he has had an opportunity to consult with others, but may I say for the RECORD that I consulted with the minority leader on the possibility of dealing with this nomination, that is, the U.S. Representative to the United Nations, without a requirement for a record vote.

I am aware that some Members of the Senate have urged that we have record votes on each Cabinet and Cabinet-level nomination and, indeed, this nomination is a Cabinet-rank appointment.

But on Thursday I hope it might be possible to fully debate and discuss this nomination, and I would urge that we consider at least the possibility of confirming the nomination or disposing of it without the necessity for a rollcall vote.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. I am unable at this hour to ascertain whether any member on my side of the aisle wishes to have a rollcall vote on the nomination. I believe the last time I talked with Mr. PROXMIRE he indicated that he wanted to have a rollcall vote on any Cabinet-level nominee as well as the Cabinet nominees.

I will talk with him over the night, and by tomorrow I should be able to let the majority leader know whether or not I have any problem on this side of the aisle. This would give him time to inform his colleagues on his side of the aisle as to what the prospects are.

Mr. BAKER. Mr. President. I thank the minority leader and I especially appreciate his advice in that respect and his efforts as he has described them.

ORDER FOR RECESS UNTIL 10:15 A.M. ON THURSDAY NEXT

Mr. BAKER. Mr. President. I ask unanimous consent that when the Senate convenes on Thursday that it convene at the hour of 10:15 a.m.

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

PROGRAM

Mr. BAKER. Mr. President, when we reconvene at 10:15 a.m. on Thursday

next, following the time allocated to the two leaders under the standing order, there will be three special orders, as previously described, and following the disposition of those special orders the Senate will resume consideration of the Executive Calendar beginning with the nomination of Dr. Jeane Kirkpatrick to be the U.S. Representative to the United Nations.

It is my hope the Senate, following on after that, will turn its attention to the consideration of other nominations that may be available on the Executive Calendar at that time, with the hope and expectation that we will deal with any of them we can on Thursday and dispose of as many as we can.

Following the conclusion of our business on Thursday, it is my hope and expectation that we will recess until Friday at 11 a.m. for a pro forma session, at which time we will immediately recess over until Tuesday next. That is the program as I see it at this time.

I might say, Mr. President, especially for the benefit of our newer Members, that it appears now that we will begin to receive important legislative business beginning next week, and that it is very likely that we will have to alter the schedule we have been keeping for the past 2 weeks. But at this point I wish to express my appreciation to the minority leader and to all of those on his side of the aisle for their cooperation in making it possible for us to have a thorough and prompt consideration of those nominations which are on the Executive Calendar, the Cabinet positions and Cabinet-level positions.

RECESS UNTIL 10:15 A.M. THURSDAY, JANUARY 29, 1981

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 10:15 a.m. on Thursday next.

The motion was agreed to; and the Senate, in executive session, at 7:01 p.m., recessed until Thursday, January 29, 1981, at 10:15 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate January 23, 1981, under authority of the order of the Senate of January 22, 1981:

DEPARTMENT OF DEFENSE

John O. Marsh, Jr., of Virginia, to be Secretary of the Army, vice Clifford L. Alexander, Jr., resigned.

John F. Lehman, Jr., of Virginia, to be Secretary of the Navy, vice Edward Hidalgo.

Verne Orr, of California, to be Secretary of the Air Force, vice Hans Michael Mark.

Executive nominations received by the Secretary of the Senate January 26, 1981, under authority of the order of the Senate of January 22, 1981:

DEPARTMENT OF STATE

William P. Clark, of California, to be Deputy Secretary of State, vice Warren M. Christopher, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate, January 27, 1981:

CENTRAL INTELLIGENCE

William J. Casey, of New York, to be Director of Central Intelligence.

OFFICE OF MANAGEMENT AND BUDGET

David A. Stockman, of Michigan, to be Director of the Office of Management and Budget.