HOUSE OF REPRESENTATIVES—*Friday, July 24, 1981*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

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

WASHINGTON, D.C.,
July 23, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Friday, July 24, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

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

We begin this day, O Lord, with a word of praise for the opportunities before us. Help us to know gladness of heart and joy of spirit that comes when we truly seek to minister to others and rejoice in Your presence. Strengthen our lives with the gifts You provide that hope, peace, faith, patience, understanding, trust, and wisdom may enlighten our lives. Breathe the power of Your spirit into the minds and souls of all who turn to You and grant us all Your eternal blessing. Amen.

THE JOURNAL

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

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

MESSAGE FROM THE SENATE

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

H.J. Res. 308. Joint resolution making an urgent supplemental appropriation for the Department of Health and Human Services for the fiscal year ending September 30, 1981.

BIDDING WAR FOR VOTES ON TAX BILL

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

Mr. WEAVER. Mr. Speaker, we must all be appalled by the bidding war going on now for votes on the tax bills by both sides. "Sweeteners" are being offered to the wealthiest, most affluent people in this country, while at the same time we sit in a budget-cutting process, cutting funds for the poorest of this country, cutting funds for food stamps, for child nutrition, for other programs essential to the well-being of these people, while at the same time we offer billions of dollars in tax cuts to those already the most wealthy.

I for one cannot accept either position.

UPDATE ON RECONCILIATION CONFERENCE

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

Mr. PANETTA. Mr. Speaker, a further update on the reconciliation conference.

In general summary, of the 58 subconferences that were involved, 37 have been completed, for a total of $30 billion in savings that have been made to this point.

Yesterday, the Agriculture Committee met and completed work on differences with regards to forestry, alcohol fuels, food stamps, and will continue to meet today on the area of dairy reductions.

Small Business met and has come to a conclusion with regards to their conference.

Education and Labor continued to meet in the employment area, with the one outstanding issue being funding for the Women's Equity Act.

The Government Operations Committee has completed their work yesterday. The only issue remaining is language on the block grant title.

The Ways and Means Committee met all day yesterday, and has resolved a good portion of their differences. They are continuing to meet today, as is Energy and Commerce.

Today, those that are meeting are Agriculture, Ways and Means, Small Business, Education and Labor, and Energy and Commerce. We expect that in those conferences that are not completed, the chairmen and the members will meet over the weekend in order to complete action on the reconciliation hopefully by the end of this weekend.

The "Daily Report on Conference Activity" is as follows:

DAILY REPORT ON CONFERENCE ACTIVITY—JULY 23, 1981, 6 P.M.

SUBCONFERENCE COMPLETED

[Dollars in millions]

Committees: House/Senate	Date completed	Savings achieved	
		Budget authority	Outlays
Foreign Affairs/Foreign Relations (37)	July 16, 1981	−244	−158
Post Office/Government Operations (50)	do	−4,706	−5,163
Education and Labor/Agriculture (16)	July 17, 1981	−1,474	−1,457
Science and Technology/Energy and Natural Resources (54)[1]	July 16, 1981	−1,363	−615
Armed Services/Armed Services (10)[2]	July 23, 1981	−966	−966
Veterans/Veterans (57)	do	−110	−116

[1] Preliminary CBO estimates.
[2] HBC staff estimates.

THURSDAY'S ACTIVITIES

[Dollars in millions]

Committee	Activity (mini-conference No.)	Issues	1982 savings achieved		Comments
			Budget authority	Outlays	
Agriculture	Agriculture/Agriculture miniconference (1–9)	All open issues			
Armed Services	Armed Services/Armed Services miniconference (10).	Survivor benefit	−37	−37	Conference completed. Savings are estimates subject to CBO verification.
Banking	None.				
District of Columbia	None.				
Education and Labor	Education and Labor/Labor and Human Resources miniconference (15).	Poverty			Issues resolved. Savings estimates not available.
		Older Americans			
		Head Start			
		Action			
Energy and Commerce	Energy and Commerce/Labor and Human Resources miniconference (27).	Maternal and child	−87	−29	Savings estimates subject to CBO verification.
		Health block grant			
	Energy and Commerce/Energy Staff Discussions (24).	SPRO and other energy programs	−4,167	−3,794	Savings estimates subject to CBO verification.
	Energy and Commerce/Commerce Staff Discussions (23).	Railroad issues			
Government Operations	Government Operations/Government Affairs miniconference (38).	All open issues			Mini-conference completed. Savings estimates not available.
Judiciary	None.				
Merchant Marine	Staff Discussions (47–48)	Maritime Authorization			
		Ocean Dumping			
Public Works	Public Works/Commerce Staff Discussions (51)	Airport Development and Planning			
Science and Technology	Staff Discussions (55)	NSF Authorization			
Small Business	Small Business/Small Business miniconference (56).	All Open Issues			Conference still in session at 6 p.m.
Veterans		All	−110	−116	Completed miniconference.
Ways and Means	Ways and Means/Finance miniconference (58)	All Open Issues			Conference still in session at 6 p.m.

FRIDAY'S ACTIVITIES

Committee	Scheduled activity	Time	Place	Issues	Comments
Agriculture	Agriculture/Agriculture miniconference (1–9)	10 a.m.	1302 LHOB	All Open Issues	
Energy and Commerce	Energy and Commerce/Finance miniconference (25).	4 p.m.	S–206	Medicaid	
Small Business	Small Business/Small Business miniconference (56).	10 a.m.	S–146	All Issues	

BAILOUT FOR BIG INDUSTRY IN WAYS AND MEANS TAX BILL

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

Mr. MOORE. Mr. Speaker, yesterday I reported to the House that the major business organizations have not endorsed the $3.3 billion bailout in the Ways and Means tax bill for some of the biggest businesses in our country.

I might note, however, that the trade associations for these six so-called distressed industries have been very curiously quiet so far. I point out to them that history shows that the Ways and Means Committee and the Congress itself wisely seldom addresses the same perceived need twice. Therefore, there is a message for them in this historical comment.

I say to my friends in the railroad, auto, mining, airlines, paper and steel industries which profess to be distressed under this provision that if this $3.3 billion bailout passes, it is highly unlikely we in the Ways and Means Committee and the Congress will address any further tax needs for these industries for a long time to come. So whether it is the need or the greed of a few within these industries, which causes their associations, silence, they may poison the well for all.

GENERAL LEAVE

Mr. BEVILL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the consideration of the bill, H.R. 4144, making appropriations for energy and water development for 1982, and that I be permitted to include extraneous matter.

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

There was no objection.

ENERGY AND WATER DEVELOPMENT APPROPRIATION, 1982

Mr. BEVILL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes.

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

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4144, with Mr. BEILENSON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, July 23, the Clerk had read through line 19 on page 16, and pending was an amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

Under the unanimous-consent agreement of Thursday, July 23, debate on the amendment by the gentleman from Pennsylvania to the paragraph pending is limited to 2 hours, 1 hour to be controlled by the gentleman from Pennsylvania (Mr. COUGHLIN), and 1 hour to be controlled by the gentleman from Alabama (Mr. BEVILL).

At this time the Chair recognizes the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the amendment that is before the committee would delete $228 million for the Clinch River breeder reactor. Mr. Chairman, this is not just my amendment, but it is offered on behalf of a bipartisan group of Members who have examined the Clinch River breeder reactor and found it wanting. It is offered with the greatest deference to the distinguished chairman of the subcommittee and the distinguished ranking minority member, both of whom I have the greatest respect and who are my friends. Each year they go through

the very difficult procedure of trying to evaluate competing projects and everyone owes them a great debt of gratitude.

Mr. Chairman, since 1974 I have been calling attention to this question of a project which cannot be justified on either a research and development or a cost-benefit basis. This year the administration adopted a philosophy that if an energy R. & D. project does not warrant private investment it should not receive Federal support.

There followed a wholesale slaughter of subsidies for private energy research and development, with which I tend to agree, except very mysteriously for the Clinch River breeder reactor, which does have to say for it that it is located in the home State of the majority leader of the other body.

The authorizing committee, always strong for this project, after a painful and lengthy reevaluation, voted 22 to 18 on a bipartisan basis to terminate the project. Mysteriously it was slipped back in as a part of Gramm-Latta II.

It started in 1973 when a consortium of utilities agreed to contribute $257 million to the project of an estimated cost of $422 million. The cost has now soared to $3.2 billion, but the contribution of the utilities has remained where it was.

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The burden of the taxpayers has increased from 39 percent of the project to 91 percent of the project.

Mr. Chairman, if we are to continue this project, we will be building a white elephant that will make the fiasco at Union Station Visitors Centers look like a peanut.

Mr. Chairman, I reserve the balance of my time.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the gentlewoman from Tennessee (Mrs. BOUQUARD).

Mrs. BOUQUARD. Mr. Chairman, I rise in strong opposition to this amendment. It is purely and simply an antisupply amendment aimed at stopping the construction of a critical technology demonstration plant. The Clinch River breeder is the steppingstone to achieving electrical independence in energy supply and we know that electricity is the most flexible way of providing energy for this Nation.

There are several points that I wish to make:

First, Clinch River is intended to be a technology demonstration plant and not a commercial plant, and, as such, should not be subjected to conventional arguments with respect to cost and overall economics. Nevertheless, when electricity revenues are included, the project passes this accounting test, with flying colors.

Second, the project and the fast breeder development program represent an investment of billions of dollars over several decades, and this amendment suggests that we throw away most of that investment. The skilled breeder team is focused on building this plant now and any delay or cancellation would cost us dearly.

Third, the breeder reactor is an energy insurance policy for which we cannot afford not to pay the premium because we have large uncertainties in electrical demand and uranium supply. We must be in a position to make a decision on commercial deployment by the end of this century.

A technology demonstration project is intended to verify key aspects of a technology, in this case the operating characteristics of breeder powerplants as they will fit in utility systems. Technical and economic data will be provided to government, industry and the public, so that sufficient experience with, and information about the concept will be available to permit the commercial deployment of the breeder.

Although operation of Clinch River is not intended to be a demonstration of commercial readiness, the anticipated electrical revenues of a 30-year life will exceed $20 billion! Using today's wholesale price of electricity at the plantsite, this amounts to a net income of more than $2.3 billion, which is just about the remaining project cost. There will be no waste in funds if any reasonable figure is put on the importance of the experience we will derive, and the present value of the net revenues comes to an astounding figure of over $800 million.

We have thousands of skilled technical people including engineers, scientists and managers in place, carrying out a broad breeder R. & D. program which supports the focused activity on the project. This highly skilled team has nearly completed the detailed design of the plant, procured several hundred million dollars' worth of hardware, and is ready to go ahead and put the pieces together. The design is the most advanced breeder in the world, and the CRBR team is anxious to move ahead so we can finally obtain important experience in operating such a plant.

Certain other developed nations are considerably ahead of us in plant experience, but far behind us in fuels and component technology. Clinch River gives us the opportunity to integrate our advanced technology into a viable program.

The size of this plant is an appropriate scale-up from our most recently built breeder reactor, the Fast Flux Test Facility in Washington. While this facility does not generate electricity, it is the world's most advanced breeder fuels test bed. This careful scale-up minimizes the risks and uncertainties in operating a U.S. breeder plant and promises to supply the necessary data in an orderly manner.

The CRBR is a critical premium on an insurance policy for a virtually limitless energy supply. This view is based on the fact that the breeder multiplies uranium supplies better than 60 times, providing nearly limitless fuel to generate electricity, which remains the most flexible way for us to substitute plentiful fuels for those in scarce supply.

I have heard and seen all too many energy demand and supply scenarios over the past 8 years since the Arab oil embargo. One conclusion is clear, projections of energy demand can become self-fulfilling prophecies and this country cannot afford to discourage itself into thinking small about its future. The fact is now well documented that a cradle-to-grave analysis of distributed energy technologies reveals that solar, biomass, and other so-called renewable approaches are by no means risk free. The breeder reactor will be even safer than light water nuclear plants and as of now, we still have no recorded fatalities from their operation. Fast breeders use sodium as a working fluid and it has a marvelous capacity for absorbing heat in the event of the most improbable reactor accident.

Mr. Chairman, before I sum up, there are two arguments of the anti-CRBR faction which I should like to address.

First, I am amused to hear the opponents repeat the phrase "free market" with respect to nuclear power. This country is burdened with a regulatory climate which has too long dwelled on safety through perceived rather than real risks. The suggestion that the nuclear industry and the financially stressed electric utilities can pledge $2 billion for a technology demonstration project is simply absurd. There is no free market for nuclear energy and even this energy-enlightened administration will have difficulty in forcing the regulatory system to focus on the real risks of energy techologies. I simply do not see how "we can get from here to there" through this regulatory maze.

Finally, the oft-used accusation of cost overrun should be placed in some perspective. All over this country massive cost overruns are encountered in construction projects which are simply brick and mortar and have no R. & D. connection with them. The CRBR project not only has been the victim of soaring construction costs, but in addition, its price tag has been escalated by 4 years of Carter administration opposition and a series of major changes in licensing requirements. In short, Mr. Chairman, CRBR has had more of its share of project delays and design changes which had nothing to do with

the capability of the team or the maturity of the techology.

I think the question is simple; are we going to move ahead and build this plant to convince the world that we are serious about energy independence or not? The answer I think should be given in three little words: supply, supply, supply.

Mr. COUGHLIN. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Chairman, it is important, as we begin this morning's debate on the Clinch River breeder reactor, to keep in mind some very basic elements of that project.

The first is what is at stake in the amendment before us today is far more than the elimination of an appropriation of $230 million from this year's annual budget. We are not only talking about $230 million this year. We are talking about another $237 million in 1983, $248 million in 1984, $252 million in 1985, and $274 million in 1986.

We are talking about a project, in short, that is going to cost an estimated $3.2 billion and that has increased in its estimated cost from an original figure of $669 million to the present $3.2 billion. That represents a 450-percent cost escalation in the project. And let there be no mistake about it. That cost escalation means the sacrifice of other programs, energy and nonenergy programs, in the Federal budget, in order to make room for that kind of cost increase.

At the same time, that the projected total cost of the project has increased by 450 percent, what has happened to the industry's contribution? When the project was first conceived, the industry contribution was placed at approximately 50 percent of the total cost. That industry contribution has not increased 1 penny from the original commitment. Consequently, today we are talking about an industry contribution of 9 percent of the total project cost. That is outrageous on its face.

The Members will be told today that this project is required in order to displace petroleum and to meet our Nation's energy requirements. Let there be no mistake. The supporters of the amendment before us today fully share the view of the opponents that our energy dependency, our petroleum dependency, is a major threat to our national security. It is precisely because of the urgency of that threat that we need to be certain that we are investing taxpayer dollars and private sector capital in those technologies that will most quickly and most cheaply displace petroleum. The Clinch River project simply does not meet that test.

It has survived to this point not because it has any relevance to the energy crisis we are facing—clearly it does not—but solely because of enormous special interest pressure. It is time to bring it to an end.

Mr. BEVILL. Mr. Chairman, we are trying to trim our time here to save time. Since we are going to use half the time the gentleman from Pennsylvania is going to use, if the gentleman will recognize two speakers to our one, we will move along.

Mr. COUGHLIN. Mr. Chairman, I yield 7 minutes to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I rise in support of the gentleman's amendment to cut funds from the Clinch River breeder reactor project. This amendment follows the decision of the Science Committee to deauthorize this project. Our committee has spent a great deal of time in discussing this project during the fiscal year 1982 authorization hearings, and I urge my colleagues to follow the Science Committee's recommendation for Clinch River, which was carefully reached after long, exhausting deliberations. Frankly, I just do not think that our Nation can afford the costs of this project anymore.

As my colleagues are fully aware, we have visited the Clinch River breeder reactor issue many times in the past. The proliferation risks, enormous costs, environmental concerns, and safety problems with this project have been discussed on this floor many times over the years. Much time has been spent on discussing the menace of huge stockpiles of plutonium created by the development of a breeder reactor, and the dangers are well known. In 1977, the NRC halted the licensing process for Clinch River with over 100 unresolved safety issues which still remain. Before we build a breeder, substantially more research is needed to comprehend, evaluate, and control the safety risks that will accompany the use of this technology.

After close to 10 years, ground still has not been broken on this project. We must now ask ourselves if the time has passed when Clinch River can serve our interests. In 1973, we were promised a breeder demonstration program after 6 years, or in 1979. Let us now look at what has happened. In 1981, after spending over $1 billion, we are now promised a demonstration project in 1990—9 more years along the road. Clearly, we are losing ground here. If the NRC licensing process requires an alternative site, the project could be set back another 4 years to 1994, at an additional cost of perhaps $1.7 billion. Overall, this would be an 11- to 15-year delay. Instead, in the 10 years since Clinch River was first authorized, we have gone forward with a strong base breeder program, and a conceptual design study for a large development plant has just been released.

In light of this inglorious history, the project bears a high burden of proof if it is to again receive more funding for fiscal year 1982. After much deliberation, the Science Committee believes and has recommended that this project be terminated. I strongly agree.

Mr. Chairman, one of the key reasons for the Clinch River project in the past has been our need to satisfy projected large increases in electric power demand during the next three decades. Under this scenario, breeders would be essential to help us meet our growing electrical power needs. Yet, we have all recently heard from many experts that these projected increases will probably not occur. From 7.8 percent in early 1970, the current rate is 2 to 3 percent.

The Science Committee has recently held hearings on the future of energy utilities. During these hearings, we heard from several witnesses that we should now expect significantly lower electricity growth rates in the future. Utility and Commission forecasts indicate that the rate will be 1.4 percent or less in the 1980's. Other recent estimates indicate that electric demand in the 1980's will probably grow at only half the rate of the 1970's.

Another claimed need for Clinch River has been that the breeder will be needed soon because of our diminishing supply of uranium. Clinch River was originally authorized in order to anticipate this shortage and to extend our uranium supplies farther into the future.

However, by all accounts we have now dramatically underestimated our supplies of uranium. Utilities have encountered numerous licensing difficulties for new nuclear plants, causing the cancellation of many of these plants, and corresponding less use of uranium. Preliminary reports from the NURE program have also indicated that we have more uranium than we originally thought. Thus, the original breeder demonstration scheduled no longer makes technical sense. As a result, I believe that we should now reexamine the Clinch River program before we further invest in it.

In a time of severe fiscal constraints, we should ask ourselves whether we need the breeder now. We need to seriously consider whether it is more important to devote our limited taxpayers' moneys to this project or to some other worthy program that is deserving of our immediate attention. I admit that the breeder is one of the so-called inexhaustible forms of energy, along with our fusion and solar energy resources, that may well be needed in the next century. But right now, we need to examine whether the breeder will be helpful in the short term.

The answer to this critical question is no. Our immediate interest is to reduce our dependence on petroleum.

The breeder cannot satisfy these immediate needs. At the present time only 8.8 percent of our annual oil consumption is used to generate electricity. Moreover, much of that oil is specifically used to fire small backup generators to meet peakload requirements. The size and scale of breeder reactors will always make them uneconomical for such intermittent applications. Thus, the Clinch River project will have virtually no impact on our present oil import problem.

It will be well into the 21st century before the breeder reactor even begins to look commercially attractive. By that time, oil-fired central power stations will have long since been replaced by coal and conventional nuclear powerplants. We hope to have other forms of inexhaustible energy supplies, such as fusion and solar, online by then. A viable synfuels industry will also have been developed.

I urge my fellow colleagues to recognize the economic realities of our present situation. There is no doubt that we will have to devote a great deal more money to Clinch River in future years if we go ahead with this project. Funding problems in these years will certainly be even more serious, as the administration tries to balance our budget in 1983 and 1984 with more difficult cuts. The estimated costs of the Clinch River project have increased more than sevenfold, from an original estimate in 1969 of $400 million to today's estimate of over $3 billion. Unfortunately, there is no guarantee that these exorbitant costs will not continue to escalate. In fact, an economic study considered in detail during hearings before the Science Committee suggested that the original estimates of the costs of new energy plants have been consistently underestimated, and that it would be very reasonable to conclude that the actual costs of demonstration projects such as Clinch River would probably be significantly higher if the project were carried to completion.

Furthermore, it is unreasonable for the Federal Government to be responsible for all of these increasing costs. Our taxpayers' liability in this project has grown from about $100 million to now over $3 billion—more than 30 times the original estimate. According to recent estimates, the utility and industry share of today's costs for Clinch River have dwindled from 50 percent to about 9 percent of total costs. This is in my opinion not a wise course to follow.

Mr. Chairman, many of my colleagues are concerned that we will severely restrict our Nation's ability to develop the breeder option if we do not build Clinch River. This is surely not the case. Even without Clinch River, we will still have an aggressive breeder program. The base breeder program that the administration has proposed, and for which $361 million has been authorized by the Science Committee, will provide for a strong breeder program which will, in fact, enhance the program by calling for a more rational design.

In a recent report to the members of the Energy and Commerce Committee, the staff also recommended that we evaluate alternative nuclear reactor programs before we continue to support Clinch River. They recommended that technical audits be performed on major alternative programs, even including safety and reliability improvements in the use of our conventional nuclear light water reactors, as well as more efficient use of our uranium resources. This is the way to go. We have the time. Given our serious funding problems, I believe that there are certainly much better ways to spend the money authorized for Clinch River than on the controversial type of breeder design that it would now demonstrate. In my opinion, it certainly would be better to go forward with research and development activities in several other nuclear activities, including the development of all of the breeder technologies, at this time.

Mr. Chairman, it is time for us to put aside projects that have only symbolic meaning. We cannot afford to devote our limited taxpayers' moneys to the demonstrations of technologies that have limited merits. If there is to be budget austerity, let it be across the board. We must expect concessions from all energy technologies and nuclear cannot be an exception. I urge my fellow colleagues to face the energy future and stop living in the past.

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Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. SKELTON).

Mr. SKELTON. Mr. Chairman, I rise in opposition to the pending amendment.

We have heard opponents discuss the cost of the Clinch River breeder reactor, but we have not heard them mention the revenues. The revenues are some $20 billion the project generates. Opponents also have said that the Clinch River breeder reactor will not impact the importation of oil into this country.

Let me cite some relevant studies on that very topic. In a study performed for the Government of Canada, it was reported that if electrical energy growth were increased by 7 percent per year, we could eliminate imported oil totally within 10 years just by allowing the marketplace to operate.

Second, a study performed by the Oak Ridge National Laboratory verified that 75 percent of the oil and gas used in the industrial sector could be replaced by using existing technology with electric energy.

If by 1990 electric energy replaces one-half of today's oil used in the home heating, one-half of the oil and gas used to produce electricity, and only 10 percent of the industrial use of oil and natural gas, we could achieve by 1990 a savings of 3½ million barrels a day.

At today's prices that amounts to over $4 billion a year. The price of oil, by 1990, of course, will undoubtedly be much higher. If commonsense alone does not persuade us that increased domestic supplies of energy will reduce imported energy, then we may safely rely on the vast body of research clearly demonstrating this simple fact of life.

Mr. Chairman, I oppose the pending amendment.

Mr. COUGHLIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Members will record their presence by electronic device.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 160]

Addabbo	Collins (TX)	Findley
Akaka	Conable	Fish
Albosta	Conte	Fithian
Alexander	Corcoran	Flippo
Anderson	Coughlin	Foglietta
Andrews	Courter	Foley
Annunzio	Coyne, James	Ford (TN)
Anthony	Coyne, William	Forsythe
Ashbrook	Craig	Fountain
Atkinson	Crane, Daniel	Fowler
AuCoin	Crane, Philip	Frank
Badham	Daniel, Dan	Frenzel
Bafalis	Daniel, R. W.	Fuqua
Bailey (MO)	Danielson	Gejdenson
Bailey (PA)	Dannemeyer	Gephardt
Barnard	Daschle	Gilman
Barnes	Daub	Gingrich
Beard	Davis	Ginn
Bedell	de la Garza	Glickman
Beilenson	Deckard	Gonzalez
Benedict	Dellums	Goodling
Benjamin	Derrick	Gore
Bennett	Derwinski	Gradison
Bereuter	Dickinson	Gramm
Bethune	Dicks	Green
Bevill	Dingell	Gregg
Bliley	Dixon	Grisham
Boland	Donnelly	Guarini
Boner	Dorgan	Gunderson
Bonior	Dornan	Hagedorn
Bonker	Dougherty	Hall (OH)
Bouquard	Dowdy	Hall, Ralph
Bowen	Dreier	Hall, Sam
Brinkley	Duncan	Hamilton
Brodhead	Dunn	Hammerschmidt
Brooks	Dwyer	Hansen (ID)
Broomfield	Dyson	Harkin
Brown (CA)	Eckart	Hartnett
Brown (CO)	Edgar	Hawkins
Broyhill	Edwards (AL)	Hefner
Burton, John	Edwards (OK)	Hertel
Burton, Phillip	Emerson	Hightower
Butler	Emery	Hiler
Byron	English	Hillis
Campbell	Erdahl	Holland
Carman	Erlenborn	Hollenbeck
Carney	Ertel	Holt
Chappell	Evans (DE)	Hopkins
Cheney	Evans (IA)	Horton
Clausen	Evans (IN)	Howard
Clinger	Fary	Hoyer
Coats	Fascell	Hubbard
Coelho	Fazio	Huckaby
Coleman	Fenwick	Hughes
Collins (IL)	Ferraro	Hunter

Hutto	Mollohan	Shumway
Ireland	Montgomery	Simon
Jacobs	Moore	Skeen
Jeffords	Moorhead	Skelton
Jeffries	Morrison	Smith (AL)
Johnston	Murphy	Smith (IA)
Jones (NC)	Murtha	Smith (NE)
Jones (OK)	Myers	Smith (NJ)
Jones (TN)	Napier	Smith (OR)
Kastenmeier	Natcher	Snowe
Kazen	Neal	Snyder
Kildee	Nelligan	Solomon
Kindness	Nelson	Spence
Kogovsek	Nichols	Stangeland
Kramer	Nowak	Stanton
LaFalce	O'Brien	Stark
Lagomarsino	Oakar	Staton
Lantos	Oberstar	Stenholm
Latta	Ottinger	Stokes
Leach	Oxley	Stratton
Leath	Panetta	Studds
LeBoutillier	Parris	Stump
Lee	Pashayan	Swift
Lehman	Patman	Synar
Leland	Paul	Tauke
Lent	Pease	Tauzin
Levitas	Pepper	Taylor
Livingston	Perkins	Thomas
Long (LA)	Petri	Traxler
Long (MD)	Peyser	Trible
Lott	Pickle	Vander Jagt
Lowery (CA)	Porter	Volkmer
Lowry (WA)	Price	Walgren
Lujan	Pursell	Walker
Luken	Rahall	Wampler
Lundine	Railsback	Washington
Lungren	Ratchford	Watkins
Madigan	Regula	Weaver
Markey	Rhodes	Weber (MN)
Marks	Rinaldo	Weber (OH)
Marlenee	Ritter	Weiss
Marriott	Roberts (KS)	White
Martin (NY)	Robinson	Whitehurst
Matsui	Roe	Whitley
Mazzoli	Roemer	Whittaker
McClory	Rogers	Whitten
McCloskey	Rose	Williams (MT)
McCollum	Rostenkowski	Williams (OH)
McCurdy	Roth	Wilson
McDade	Roukema	Winn
McEwen	Rudd	Wirth
McGrath	Russo	Wolf
Mica	Sawyer	Wolpe
Michel	Schneider	Wortley
Mikulski	Schroeder	Wright
Miller (CA)	Schulze	Wyden
Miller (OH)	Schumer	Wylie
Mineta	Seiberling	Yates
Minish	Sensenbrenner	Yatron
Mitchell (MD)	Shamansky	Young (FL)
Mitchell (NY)	Shannon	Young (MO)
Moakley	Sharp	Zablocki
Moffett	Shaw	Zeferetti
Molinari	Shelby	

□ 1040

The CHAIRMAN. The total of 356 Members have answered to their names, a quorum is present, and the Committee will resume its business.

The Chair recognizes the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Chairman, may I inquire, how much time do I have remaining?

The CHAIRMAN. The Chair will inform the gentleman that he has 49 minutes remaining.

Mr. COUGHLIN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I rise in the strongest support of the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN) and congratulate him on his leadership.

First of all, I would like to point out that the cost of this project as represented by its proponents is grossly underestimated. It leaves out entirely the cost of reprocessing. The cost of reprocessing will run into hundreds of millions of dollars, and it is not even included. The costs of decontamination and decommissioning of the plant are also omitted.

□ 1050

Presently the estimated cost of decommissioning a conventional reactor is on the order of $60 to $100 million.

When the CRBR project costs are viewed from a cradle to grave perspective, the fact that large, additional financial obligations will be incurred by the U.S. Government becomes evident.

Those who vote to continue CRBR must understand that in so doing they are voting to commit U.S. taxpayers to 40 years of paying the unconsidered costs of reprocessing, decontamination, decommissioning, and disposal of radioactive wastes—costs which have been neatly overlooked in previous economic analyses.

These large, hidden costs, lurking somewhere in the future, are yet to be incurred and thus can still be avoided. By terminating the CRBR project now you will be saving not only the $2 billion-plus estimated by DOE to complete the project, but at least several hundred million perhaps even more than $1 billion in addition.

Terminating this economically unsound project is a long overdue step.

In addition to omitting the very high cost of reprocessing and decontamination and decommissioning, the costs of disposing of the high level and plutonium contaminated wastes at the end of the project are also omitted. These cost factors also overlook the very great likelihood that this plant will not operate at a high capacity factor which would be necessary to earn the revenues cited.

If you take a look at the French Phenix reactor in the first year of its operation, it operated at 47 percent of its capacity and in its second year at only 15 percent of its capacity.

The British Daunray reactor, when it started in 1979, operated at 9 percent of capacity; in 1980 at 3.7 percent of its capacity and in 1981 at only 15 percent of its capacity.

The figures that were presented concerning electricity revenues from CRBR assume that this plant is going to operate at greater than 60 percent capacity. I think that is exceedingly unrealistic.

Furthermore, the potential revenues cited by the proponents of this measure are clearly inaccurate.

A July 22, 1981, "Dear Colleague" letter from the gentlewoman from Tennessee (Mrs. BOUQUARD) and the gentleman from New Mexico (Mr. LUJAN) appears to assert that the Clinch River plant will produce revenues from the sale of kilowatt-hours to TVA for 30 years sufficient to cover the remaining costs associated with the project.

First of all, the contract with TVA is only for 5 years. At that, the TVA ratepayers are going to be closely subsidizing the cost of this plant, because the contract calls for TVA to purchase this power at the avoided cost, which is the highest possible cost, the cost of constructing a brandnew plant, whereas the TVA could well get their power much more cheaply from coal or nuclear plants, a far less cost.

After the 5 years have expired TVA will have to renegotiate a new contract and would likely not renew the contract at this rate which I believe is exorbitant. I am sure the gentlewoman from Tennessee does not want to see her ratepayers bilked for the next 25 years after this contract expires.

I am inserting into the RECORD the following comments which further show the dubious economics on which the Clinch River project is based:

A July 22, 1981 Dear Colleague letter from Mrs. Bouquard and Mr. Lujan appears to assert that the Clinch River Plant will produce revenues from the sale of kilowatt hours to TVA for 30 years sufficient to cover the remaining cost associated with the project. This assertion is not substantiated. Furthermore, whatever revenues are produced by the sale of electricity generated at the Clinch River Plant will be taken out of the hides of TVA ratepayers—at a cost above that at which TVA could conserve such energy.

NO LONG-TERM CONTRACT

The Bouquard/Lujan Dear Colleague's conclusion that electricity sales will cover remaining project costs is based on an assumption that the Clinch River facility will sell output to TVA for 30 years. At present, TVA has agreed, by contract, to purchase output only for the first 5 years of operation. During the initial five years TVA will determine whether to acquire the facility's output for additional years. Thus, there is no guarantee that the facility will have a ready market beyond the initial 5 years.

NO LONG-TERM PRICE

TVA has agreed to purchase the Clinch River output for 5 years at its avoided operating cost. There is no guarantee that this price can be attained for the Facility after these five years. Indeed, the normal arrangement between utilities attending a power sale is to "split the savings", an arrangement that would result in a lower price per kilowatt of Clinch River output after these five years.

ALLEGED REVENUES FROM POWER SALES ARE GREATLY OVERSTATED

TVA will purchase CRBRP output at TVA's avoided operating cost with no capacity credit. The price per kilowatt hour assumed by Bouquard/Lujan is based on the average wholesale rate charged by TVA and escalated. That rate, of course, has been set to cover all costs of capacity experienced by TVA, including the costs of considerable coal and nuclear plant capacity owned by TVA. Thus the rate used as the basis of the price per kilowatt hour is too high. As such, the revenues per kilowatt hour are overstated.

TVA RATEPAYERS WILL SUBSIDIZE CLINCH RIVER

Except in extraordinary circumstances, such as when Congress determined to encourage cogeneration and small power production in Title II of PURPA, utilities are required by the law to meet load at least or minimum cost. The purchase by TVA of Clinch River output at TVA's avoided cost is not consistent with this requirement. Effectively, the existing contract between TVA and Clinch River requires TVA to meet some if its load at "most cost", at a level above that occasioned by investment in conservation and maybe even in other generation plants, all for the purpose of generating some revenues to offset project costs. The TVA ratepayer is being asked to pay for energy generated by Clinch River which they could likely obtain more cheaply if Clinch River output were not purchased by TVA. Thus, TVA ratepayers help defray some of the cost of the subsidy to the facility.

UNREALISTIC PLANT PERFORMANCE ASSUMPTIONS

The alleged $3.2 billion revenues are based on an unrealistic assumption of near perfect operation of a highly complex, first-of-a-kind liquid metal plant.

Comparably sized breeders (Phenix in France and PFR in the United Kingdom) have not performed anywhere near perfection:

SAME CAPACITY FACTORS

[In percent]

	1976	1977	1978	1979	1980	1981
Phenix 600 MW (thermal)...	47	15	61	84	61	63
PFR (Daunray) 650 MW (+).....				9	3.7	15

CRBR earnings are most sensitive to the plant's performance during the first 5-10 years. This is precisely when technical difficulties due to start-up and initial operation will be most serious.

THE TECHNOLOGY BEING DEMONSTRATED IS UNRELATED TO A COMMERCIAL OPERATING BREEDER

The technology CRBR would demonstrate is very different from any future commercial plant.

First, CRBR is not even a commercial prototype;

Second, CRBR's size is one-third that of a commercial plant;

Third, the components and design will likely be different in a larger plant; and

Fourth, France, the United Kingdom and Japan all plan to by-pass a CRBR size breeder.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Washington (Mr. MORRISON).

Mr. MORRISON. Mr. Chairman, I rise in opposition to the amendment proposed and in support of the Clinch River breeder reactor project.

I would like to compliment Members of Congress, on wise investments in the past, perhaps greater investments than many realize, in the breeder reactor concept and in a balanced-energy approach to America's future.

In my State of Washington, we have just completed the fast flux test facility, a breeder reactor designed to return us to a position of world leadership in nuclear fuel technology.

I think history is going to measure all of us as representatives of the people by the wise use of our God-given natural resources, and that includes the fuels that we burn to generate electricity.

Nuclear fuels are one of those natural resources we burn, they are abundant, but limited to a 50-year supply. Keep in mind that less than 1 percent of the uranium ore mined actually ends up as nuclear fuel in today's light water reactors.

We have accumulated massive stockpiles of uranium-238, which is cast aside during the processing of nuclear fuels. That uranium-238, if processed in a breeder reactor, has the energy equivalent of more than all the coal reserves identified in the United States. It also equals approximately 1.4 trillion barrels of oil. If you want to calculate the dollar value, multiply today's price of oil times 1.4 trillion barrels.

All of a sudden that 50-year supply of uranium that we have in this Nation multiplies out to several conturies.

Timing of the Clinch River reactor has been questioned. Let me remind you that with the light water reactor and other complex technologies, it takes about 25 to 30 years from the time the technology is complete until we are able to make commercial application.

There is much talk of waiting for fusion energy, and I am excited about the prospects. Congress has done a great deal under my predecessor to establish fusion energy for the future, but do not hold your breath. The committee, in this bill, does make a continuing investment in the future of fusion, but the fusion engineering device called for in last year's legislation will not be ready until the year 2000 at best, and it will take years from there to achieve commercial use.

The question of size has been brought up about the Clinch River reactor. I personally had some questions myself, but having made several visits to the test facilities at Hanford, Wash., now believe that we must stay with the three times extrapolation that has been so safe and successful in the past. That is, you can multiply existing facilities by three times in determining the size of the next unit, and the Clinch River reactor fits precisely into that dimension.

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

Mr. BEVILL. Mr. Chairman, I yield 1 additional minute to the gentleman.

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

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

Mr. FOLEY. Mr. Chairman, I thank the gentleman.

I want to join with him in his statement. I congratulate him on it.

I join with him also in opposing this amendment and in strong support of the breeder reactor program.

I urge Members on both sides to oppose the amendment.

Mr. MORRISON. I thank the gentleman from Washington for his comments.

Mr. Chairman, I think that the Clinch River reactor is a good investment; a justifiable investment in America's energy future.

I oppose the amendment and urge my colleagues to do likewise.

(By unanimous consent Mr. CONTE was allowed to speak out of order.

IT IS TIME TO PLAY HARDBALL

Mr. CONTE. Mr. Chairman, I have had just about enough of this soft pedaling and petty politics which the Congress has been experiencing this year. I stand here with the deepest possible conviction, for everyone present to hear, the Republicans are out to play hardball this year.

No longer will the Republicans precariously stand by waiting for the boll weevils to make up their minds or to set the stage for the next Democratic/Republican confrontation this year. From the very first pitch next Wednesday night the Republicans will be in complete control, and we will not need any assistance to maintain our edge of victory.

No longer will the Republicans stand for the thrashing that we took last year. Although I could not convince the young slasher, I have recruited our chief thrasher, JOHN "RAZOR-TONGUE" LEBOUTILLIER, to cut the Democrats down to size.

Mr. Chairman, if you think that big JOHN has any trouble moving around the—"mound,"—you can check it out next Wednesday night and see for yourself how agile and aggressive my new colleague can be.

Mr. Chairman, in your role as head umpire of this fine Chamber, it would be my natural inclination to ask you to umpire next Wednesday night's contest; however, due to JOHN'S affinity for the hard, high, fast ball in situations such as this, I suggest that you toss the ceremonial first pitch and allow us young bucks to lock horns on the field.

It is not that I doubt your ability to handle the high velocity of a Republican pitch, it is that inevitable curve ball that questions the sanity of allowing you to umpire behind the plate.

Whatever you decide, the game is part of a double header at the Alexandria Dukes home field at 4-Mile Run Park. Tickets are available through the Congressional Staff Club and various other outlets on the Hill, and bring your family and have a good time.

□ 1100

CONGRESSIONAL BASEBALL GAME

Mr. CHAPPELL. Mr. Chairman, I ask unanimous consent I be permitted to speak out of order for 2 minutes.

(By unanimous consent, Mr. CHAPPELL was allowed to speak out of order.)

Mr. CHAPPELL. Mr. Chairman, I want to say with reference to this year's baseball game that I hope the gentleman from Massachusetts (Mr. CONTE) is able to put a team together that will play hard ball, because last year there was some misunderstanding, apparently, on their part. He apparently thought we were trying to play a softball game, and finally had to call it at the end of the fifth because we had so many runs that he was afraid that he could not keep the score within his ability to count.

Even an old blind hog roots up an acorn once in awhile, and I do hope that my good friend from Massachusetts (Mr. CONTE) is able to root up a good team this year. God knows he is going to need it. If he is counting on the boll weevils to help him on the baseball game, he has the wrong idea, because while some of us may vary here and there on certain votes, he may be certain that the boll weevils are not going to move to his side of the aisle when it comes to a baseball game, and we are going to teach him the lesson of his life.

While the Democratic team roster represents players from every ideological base, we want the gentleman to understand that he is going to be in for it when we come out to the ball game next Wednesday. Clearly when we all get through our distinguished opponents will wish that it were not the major leagues who were on strike.

While I am sure my Republican colleagues are still reeling from last year's Republican defeat, I hope they will be able to muster the necessary enthusiasm and at least give the Democratic team a good batting workout this year.

Mr. Chairman, I hope we will all find the time to attend this year's game. To my Republican colleagues, I urge them all to come and support their team because God knows it is going to need it.

To all of our colleagues, let me invite them to come out for this very worthy cause of Washington's Children's Hospital. Let us have a good time. Let us have a good game, and let us show the people of America that at least the Congress is still interested in baseball, and good baseball, whether our professionals are or not.

Mr. COUGHLIN. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOLLENBECK).

Mr. HOLLENBECK. Mr. Chairman, I rise in opposition to the Coughlin amendment to delete funding for the Clinch River breeder reactor. I believe that this country needs to continue development of the breeder to assure that it is available if needed to meet our future energy requirements and Clinch River is a key element in this development. The United States is dependent upon fossil resources for most of her energy requirements. Our country still imports large amounts of crude oil, which severely impacts our balance of payments and all aspects of our economy, not to mention the uncertainty in assuring a continued source of supply. Although we have large amounts of fossil energy reserves, it would be wise to preserve these materials for energy uses that require hydrocarbon material, such as transportation and petrochemical feedstocks.

Fortunately, our country has energy sources other than fossil fuels that have the potential for making major contributions to our general energy requirements, including light water fission reactors, breeder reactors, fusion reactors, and solar power systems. All of these except light water reactors, which are available now, have future potential. The breeder reactor concept has been under development for many years, and its technological feasibility has already been proven.

The United States has large amounts of uranium, and this resource is capable of lasting thousands of years if breeder reactors are introduced. Compared to the breeder's efficient utilization of uranium, light water reactors utilize only a small percentage, one-sixtieth, of usable energy in uranium. As a result, they require large amounts of uranium ore to be mined every year. The deployment of hundreds of these reactors in the United States which we will likely need could quickly deplete our known uranium ore reserves.

Considering the uncertainties in uranium availability and cost and the potential range in commercial introduction dates they imply for breeders, the course that seems most logical is one that brings this country to a state of readiness for breeder deployment by the earliest possible need date. The risks of being late in achieving breeder commercial viability poses the potential for a much greater risk to the United States than any perceived penalty associated with continuing its development to a point of commercial deployment readiness too early. In other words, we simply must have this insurance policy—and Clinch River is part of the premium.

Although there are a number of potential deployment routes for the breeder, the most logical and cost-effective next step in the breeder program is completion of Clinch River. The decision to proceed with Clinch River is not a commitment to commercialize the breeder, but is a commitment to obtain the design, construction, and operating information that is necessary for the industry to make rational decisions on the future course of development of breeders.

Mr. Chairman, I feel it is appropriate at this time to insert a copy of the dissenting views on the CRBRP as they appeared in the Science Committee's report for the Department of Energy authorization bill for fiscal year 1982.

DISSENTING VIEW ON CLINCH RIVER BREEDER REACTOR PLANT PROJECT

These views are presented to underscore our strong support of the Clinch River Breeder Reactor Plant Project as a key element in our nation's breeder reactor development program.

The action of the Committee on Science and Technology to terminate the Clinch River Breeder Reactor Plant (CRBRP) is in direct opposition to the will of Congress as expressed over the last four years and to the intent of the new Administration. This action comes just at the time when we can move ahead with construction of CRBR and revitalize our national and international commitment to the development of nuclear energy. Our support for this project is based on a broad consensus in the scientific and technical community as well as the federal governments of the U.S. and the major developed countries that breeder technology is important to future energy security. In pursuing this goal, we believe, for a number of reasons, that CRBRP is the next step that the U.S. should take in its breeder development program.

Clinch River is the best plant to accomplish the goals of the U.S. breeder program. No alternative can offer more than this plant without greater cost or a serious loss of time. The design has been favorably reviewed at least 20 times by independent government and industry organizations with the objective of insuring that it was sound and at the forefront of technology. The Clinch River Breeder Reactor is the most advanced design in the world today in all aspects except size, and the size of CRBP was properly selected so that it would not be too large a scale-up from the predecessor plant, the Far Flux Test Facility.

CRBRP is ready to go now. Project design is about 86 percent complete and engineering research and development is about 96 percent complete. By the end of fiscal year 1981, about $218 million worth of completed hardware will have been delivered and more than $540 million worth will be in fabrication. We could complete the plant about seven years after receiving regulatory consent to begin construction.

Every other major industrialized nation in the world is building breeder reactors. The Soviet Union, France, the United Kingdom, Japan, Italy, and West Germany are actively developing breeder reactors with four fast breeder reactors larger than 250 MWe already operating and nine under construction or planned. All these nations realize that without breeder reactors to assure long-term fuel supplies, nuclear power will be a relatively short-term energy resource.

The U.S. must have a high-confidence, energy strategy. We must assure ourselves and future generations of a secure supply of energy. The prudent course is to preserve the breeder option by proceeding with CRBRP. The General Accounting Office in its 1979 report, "The Clinch River Breeder

Reactor—Should the Congress Continue to Fund It?", said flatly that if this nation wants a strong breeder program the Clinch River Breeder Reactor should be built. The GAO said further that a decision not to develop breeders implies the phasing-out of nuclear fission as an energy source. GAO support of CRBRP has been consistent and is included in subsequent GAO reports dated July 10, 1979 and September 22, 1980.

The proper stewardship of our indigenous resources requires that we utilize the breeder reactor to assure adequate supplies of nuclear fuel for centuries to come. The breeder promises to use uranium at least 50 times more efficiently than today's light water reactors. The prestigious National Academy of Sciences in its report, "Energy in Transition", came to the conclusion that we need all our resources—but we especially need coal and nuclear. The Academy said that the breeder would essentially make uranium a potential source of energy for hundreds of thousands of years. While current nuclear fuel resource projections indicate that breeders may not be needed until after the year 2020, significant uncertainties surround the long-term production capacity for this fuel.

The United States last year sent an estimated $100 billion overseas for oil. We are exporting our money and jobs for a resource that we burn rendering it unavailable for satisfying a wide range of human needs such as plastics, medicine, and fertilizer. Nuclear power cannot replace all that oil or its substitute fuel natural gas, but it can make a substantial contribution in modifying the energy mix so as to lessen our dangerous dependence on a foreign and depletable oil resource. A typical 1000 megawatt nuclear plant can replace 10 million barrels of oil per year if it is used to displace some of the more than 420 million barrels of oil consumed each year for generating electricity.

Those who say we could abandon our development effort and buy foreign breeder technology are wrong because of the licensing and economic aspects attendant to such an action. The U.S. has been a leader in technology, especially nuclear technology, until the present. Whether we retain this lead and build our own advanced fission plants according to our own safety standards and economics will be decided this year. The delays encountered in adopting foreign technology to our needs as well as the direct costs of design modifications would significantly add to the cost of breeder reactors in the U.S. On the other hand developing the breeder for the U.S. market will assure us the safest and most efficient machine possible.

Nuclear power is needed to meet our growing electric energy demand. Even doubling our present coal consumption for electric energy production—a prodigious task—we still will not be able to meet our projected electricity needs in the year 2000 without significantly expanding our nuclear generating capacity even assuming an electricity growth rate that's only one-half our historical growth rate during healthy economic times. Furthermore, nuclear is economical. For example, the Commonwealth Edison Company uses coal, oil and nuclear fuel to generate electricity. Because of its heavy reliance on nuclear power, its ratepayers saved $460 million in 1980 alone over what costs would have been if these nuclear plants had been constructed as coal-fired units. Projections for their system indicate that electricity from new nuclear plants will continue to be about 20% cheaper than from new coal plants.

Opponents of CRBR have argued that it is uneconomic and too expensive. A first-of-a-kind technology demonstration is never judged on economically competitive grounds. Arguments about the costs of breeder reactors 20 or 30 years into the future have to be based on assumptions that cannot be verified. The market conditions of the future will dictate the rate of breeder deployment. Furthermore, the return on the Federal dollar for developing CRBRP includes more than that gained from the advancement of breeder technology. The economic arguments against CRBRP ignore the tremendous revenues from the sale of generated electricity that will be realized over the plant lifetime. These net revenues are estimated at $2.3 billion at today's wholesale cost of electricity for TVA (almost $20 billion at projected costs). The present value of this failure revenue is $540 million.

The Clinch River Plant will cost less, can achieve critical program objectives sooner, and will entail less technical risk than any alternative yet proposed. Any other plant would add at least eight to ten years more to the demonstration project schedule and increase costs by several billion dollars. Additionally, to increase the plant size would also increase the risk of failure. In order for breeder reactors to have any impact on nuclear fuel supplies before the year 2030, we must move ahead now with a demonstration plant. That plant can only be the CRBR.

Some support for CRBR has been lost because of a desire to shift the financial burden for costly demonstration projects to the private sector. While we support this approach in concept, it cannot be implemented independent of the realities of the marketplace. Private industry has previously demonstrated its willingness to take risks in the development of nuclear power as shown by the utility contribution to CRBR as well as other private nuclear ventures such as the Barnwell nuclear facility. Current conditions, however, make it nearly impossible for the highly regulated utility industry to purchase new generating capacity needed to displace oil-fired units, much less finance expensive R&D plants. If nuclear energy is to continue to provide power for America in the 21st century, the government must make a comparatively minor investment now.

A severe critic of the CRBR in the past is Mr. David Stockman. He recently sent to the Committee, through the Ranking Republican Larry Winn, a letter dated May 11, 1981. Mr. Stockman noted that "Republicans over the years have seen the development of the breeder reactor as * * * a logical part of a complete and efficient total nuclear fuel cycle. The Clinch River Breeder Reactor is the first material evidence that the United States is willing to move toward such a goal." In addition, he stated that "The Reagan Administration favors the economical and safe development of nuclear energy. And, in particular, this Administration supports construction and operation of the Clinch River Breeder Reactor. This Administration intends to reinvigorate the effort on this project by joining the long struggle by the Congress to complete this project."

The CRBR project is important in near term to the future of nuclear power. If Congress acts to terminate CRBR, this will be one more in a series of policy reversals (including closing the enrichment order books, prohibition against domestic and foreign reprocessing, and the Carter Administration's identification of nuclear power as an energy source of last resort) which, in conjunction with regulatory uncertainty and private financing constraints, make additional investment in nuclear power difficult at best. If we are to meet our growing electric energy needs, these uncertainties must be removed. The focus of attention today is on the government's willingness to continue with the CRBR project.

We strongly support the completion of the Clinch River Breeder Reactor Plant and believe it is one of the most important energy technology development decisions facing the Congress this session. Moving ahead with CRBR will not only move us once again toward world leadership and influence in breeder technology but permit the much needed domestic development of nuclear power.

ROBERT ROE, MARILYN L. BOUQUARD, RONNIE FLIPPO, ALBERT GORE, JR., ROBERT A. YOUNG, RICHARD C. WHITE, HAROLD VOLKMER, RALPH M. HALL, LARRY WINN, JR., BARRY M. GOLDWATER, JR., MANUEL LUJAN, JR., HAROLD C. HOLLENBECK, ROBERT S. WALKER, EDWIN B. FORSYTHE, WILLIAM CARNEY, JOE SKEEN, BILL LOWERY.

I strongly support the continuation of Clinch River. It is a step in the right direction for our country and will maintain us as a strong, viable, and independent Nation. I urge my colleagues to support the Clinch River breeder reactor.

Mr. COUGHLIN. Mr. Chairman, I yield 4 minutes to the gentlewoman from Rhode Island (Mrs. SCHNEIDER) the author of the amendment in the authorizing committee.

Mrs. SCHNEIDER. Mr. Chairman, I rise in support of Congressman COUGHLIN's amendment to eliminate funding for the Clinch River breeder reactor.

I know many of you have been subjected to a lot of pressure in the past few weeks by the corporate interest groups in favor of this project. As we knock down the arguments for the project—one by one—the lobbyists have been reduced to waving the American flag in our faces and crying, "National Security."

Do not be fooled for a minute. All the talk about Russians, and the French and the Germans and war in the Middle East is a smokescreen to hide the fact that this project will mean nothing to the America taxpayer.

By now, you have been swamped with facts and figures, but several points are worth repeating. First—this project will make no real contribution toward ending our dependence on oil imports. Only 7 percent of all foreign oil imports are used to generate electricity. Every year, oil-fired powerplants are replaced by coal and conventional nuclear powerplants. We will not have a commercial breeder reactor for another 50 years—by then, there will not be any oil-fired powerplants left. Where is the oil displacement claimed by breeder proponents? Are

we going to hook our cars up to breeder reactors?

A second point—I understand that Westinghouse lobbyists have circulated a rumor that it will cost more to end this project than it will to build it. If you believe that, then I have a bridge to sell you. The Science and Technology Committee held a full day of hearings on termination costs. It was obvious from the testimony of industry witnesses that their inflated claims about termination costs were nothing more than hot air.

After the hearing, the Science Committee settled on a first-year installment of $44 million, an amount which was suggested by our chairman. If you are worried about the financial strain on the utilities, you might be interested to know that their contributions to the project have already been collected from their own ratepayers. We should also remember that the cost of completing this project now being quoted—$3.2 billion—is a preconstruction estimate. Ask the utilities if they will share in any cost overruns beyond that $3.2 billion. They will most emphatically decline.

Finally, you have been reassured—particularly by the gentleman from Tennessee, for whom I have a great deal of respect—that there are no problems with the Clinch River contracts. Well, that is simply untrue, and let me give you just one example.

Six years ago, the Government contracted for delivery of 11 steam generators at a price of $56.9 million. We were supposed to have had those steam generators 3 years ago.

What has happened instead? By August of this year we might have two steam generators at a total cost of $143 million. That is a cost overrun of over 1,000 percent. I call that a problem. This story has been widely circulated in the newspapers—including the Nashville Tennessean—and has never been denied.

We face a very basic choice today—will we choose between the taxpayers who will have to shell out billions for this boondoggle, or the corporate interest groups who have been pressuring us?

The Clinch River breeder reactor project is a hoax.

Let us say no—to the lobbyists who treat this Congress like a flock of sheep that can be manipulated by self-interested appeals to national security.

Let us say no—to the bureaucrats at DOE who oppose this project one year, and turn around and support it the next.

Let us say yes to the American taxpayer.

Let us say yes to the Coughlin amendment, and make this a Congress we can be proud of.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Chairman, I thank the chairman for yielding me the time to present some thoughts and views to our colleagues.

I have listened intently to this debate, and I particularly listened to the last speaker. I am amazed when you talk about what is wrong with America, and you are out in the field, and you listen to people respond to you—the utter frustration that people sense and feel. Now we come back and the big debate is going to be next week on saving money for the taxpayers. That is what the issue is going to be on, and who can provide the best deal for the American taxpayers.

We come back and say what is wrong with America and the people are concerned; we cannot get anything done or anything built. It takes 10 years to build a sewer plant in the United States, if you can get it done at all. Eighteen years of delay to build a water supply vital to the needs of the people of this Nation. It takes at least 15 years to get a navigational channel dredged.

The cost of money to the people of this country is at least 10 to 15 percent a year in interest, and we have inflation that is about 12 percent. The cost of construction is 15, 16, and 18 percent a year.

The charge and what is wrong with the Clinch River breeder reactor lies in the House of Representatives and it lies in the administration. There is not an overrun in this program at all. It has cost us $1.5 billion more because we cannot make up our mind or get a decision, so much that some people know about that, which is not true. If you asked them where the top of the breeder reactor was technically or where the bottom was, they would not even know; they could not even distinguish between that and those fat cows we saw on that chart as to what the breeder reactor is.

Let me tell my colleagues something. America's future lies in our independence in energy, energy to the cost of production. Do we have the right to waste another $1 billion by holding up this project or $2 billion or more in the only area that the United States has now that is free to move, which is in the breeder reactor to be able to recoup the investments we have made in the future that we are talking about in this great country of ours? To lose this project now would be the biggest fraud cast upon the people of this Nation, and we would be responsible in this House of Representatives for throwing away 5 billion dollars' worth of taxpayers' money.

That is what this debate is about, about the last and final hour, the last chance we have to carry our leadership through in energy and our leadership through in technology.

□ 1110

That is what made our country great, not our retreating from our responsibilities but what we should be doing for tomorrow.

I implore you, when you vote this time, do not worry about areas of the country; worry about the sovereignty of the United States. Yes, it is that important—and that important to this Nation.

Mr. COUGHLIN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. BROWN), a member of the committee.

Mr. BROWN of California. Mr. Chairman, I rise in favor of the amendment offered by my distinguished colleague, LARRY COUGHLIN, to delete funding from the water and energy development appropriations for the Clinch River breeder reactor.

Mr. Chairman, for over 4 years now, I have been involved in the debate to terminate the Clinch River breeder reactor project (CRBR) in Tennessee. I feel compelled once again to speak in opposition to the construction of this project. In spite of the multitude of reasons to put Clinch River behind us, this multibillion-dollar mistake is still alive in the pending legislation.

While I feel that the arguments made during the past several years are valid and reason enough to terminate CRBR, the particular circumstances surrounding this year's vote overwhelm any possible justification for continuing support of the project. The Science and Technology Committee earlier this year voted to terminate Clinch River. But authorization for CRBR was slipped through in Gramm-Latta II under the guise of so-called fiscal restraint despite the fact that the estimated cost before groundbreaking is over $3 billion.

Mr. Chairman, I would like to make it clear that I am strongly in favor of federally supported research efforts of various energy technologies including nuclear, solar, conservation, and alternative sources. However, and I think my colleagues would have to agree, this support should not be indiscriminate. Unfortunately for this country, and for the Federal budget, the Clinch River project has come to symbolize our support for nuclear power and serve as an indicator of our commitment to resolving this Nation's energy problems. The reality, however, is that the commitment of the industry itself to the project is questionable. Although this project started as a 50–50 Government-industry venture, the Federal Government is now expected to bear 95 percent of the costs with industry contributing only 5 percent. It is no wonder, I suppose, that CRBR is considered a symbol by its proponents, as it hardly hurts their purses. And yet they want the Government to carry the major burden of the costs.

As for solving this country's energy needs, as a producer of electricity, Clinch River will hardly contribute to alleviating our liquid fuels problem.

Construction of Clinch River is another, less positive symbol as well. This reactor would be the first step to the development of a plutonium economy. We cannot pretend that our own country's entry into the commercial breeder era is not a nuclear proliferation threat. If anyone believes that the present generation of light water reactors, with their relatively low-grade nuclear fuels, are nuclear weapon proliferation threats, they can only be terrified at the prospect of a plutonium economy.

When the Joint Committee on Atomic Energy, of which I was a member, approved a timetable for acceleration of the development of breeder reactors, the assumptions under which the committee operated were significantly different than they are today. Simply stated, changes in energy demand, uranium supply, and governmental policy have rendered the original assumptions outdated. The Republicans who led the fight against this project in the Science and Technology Committee won because the CRBR no longer makes economic sense, if it ever did. Furthermore, the technology is now hopelessly obsolete; 12 years after the original plans were completed for the project, ground has yet to be broken.

Mr. Chairman, this country underwent significant disruptions under the oil embargo of 1973 and has felt the repercussions since then of higher energy prices and the effect of this on inflation. Can any Member of this body honestly say that the construction of this project and the development of this technology will alleviate any of our problems? As one who has long been involved in solving our energy needs, and as one concerned with safe and economical energy technologies, I believe that the Clinch River breeder reactor is an unreasonable proposal. I urge my colleagues to adopt the Coughlin amendment.

Mr. COUGHLIN. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois (Mr. PORTER), a member of the Appropriations Committee.

Mr. PORTER. Mr. Chairman, the Clinch River breeder reactor project has outlived its usefulness and not one more cent should be expended on it. Although it once offered the great hope of unlimited electrical power at low cost, the enormously expensive breeder program has run hard into the realities of lower projected electricity demands and an expansion of the world's known uranium base.

These changed circumstances have undercut the very reason for Clinch River's existence, while its cost explosion has made continued funding not only unwise but thoroughly wasteful.

In the early 1970's Clinch River was proposed because it apparently provided the answer to two troubling aspects of atomic power: the projected shortage of uranium fuel for nuclear reactors, and the concomitant inability of nuclear power to meet the projected demand for electricity by the year 2000.

The breeder uses low grade uranium and plutonium fuels and generates still more plutonium as a byproduct—which, in turn, can be consumed by other reactors to generate even greater power. It was a magic pyramid of energy that stimulated the imagination of an energy-hungry world and that whetted the appetite of decision-makers for its rapid development.

The on-again off-again history of the project over the course of four administrations is well known to the Congress. Through the distracting recriminations and acrimonious exchanges over who is to blame for the delays and exponential cost overruns, some significant factors have crystallized in the last decade:

First, electricity demand has dropped as the price has risen, actually creating excess capacity. According to the Edison Electric Institute, electrical demand growth rates dropped to 1.9 percent in 1980 and could range from zero to minus 1 percent in the near future.

Additionally, the known reserves of uranium in the world have grown dramatically, reaching the point where the need for any fuel reprocessing or plutonium fuel generation is doubtful.

All of this has occurred against a background of reduced role expectations for nuclear power. In the early 1970's Government and industry studies projected 1,000 operating nuclear plants by the year 2000. Current DOE estimates are closer to 170.

Mr. Chairman, if we are to proceed with development of a new and expensive technology no longer essential to meeting electrical demand, it must at least be justifiable for sound economic reasons.

Unfortunately, this has not proven to be the case with Clinch River. At a now estimated $3.2 billion price tag for the breeder—up from the original 1969 estimate of $400 million and the 1973 figure of $649 million—Clinch River's electricity is going to be the most costly in American history. Over $1,100 million has already gone into this project and construction has not yet begun.

No; economic factors do not weigh in favor of continued support for this enterprise. A generator that will need to sell its product at below cost of production is a poor investment. The business community, which understands the bottom line, has lost its enthusiasm for Clinch River. Private utilities' contribution to the breeder has fallen from 61 percent in 1973 to only 9 percent today.

In addition to the changed circumstances that have undercut the need for the breeder, there have been other factors which have undercut the value of the program itself: There are safety concerns that may make NRC licensing impossible without a site relocation at an additional cost of $1½ billion, and there are experts who claim that the technology itself is fast becoming obsolete—among them Edward Teller, a nuclear pioneer—and the wrong path toward continued nuclear energy development. These doubts are reflected worldwide as the French and other European boosters of the breeder have themselves backed away from it.

Finally, there remains the agonizing question of whether or not we would, in any case, want to pursue a system that generates unwieldy amounts of plutonium—the most toxic substance known to man and the material of nuclear weaponry. We have discouraged others from doing so; can we really afford to contradict ourselves?

Mr. Chairman, it is rare for this House to face such an obviously avoidable expenditure as continued funding for Clinch River. The movement to purge is a bipartisan one that originated with our very able colleagues in the Science and Technology Committee after a lengthy review that reevaluates years of prior support.

Surely these dollars would be better spent on productive energy research. Speaking as a Member who has supported the safe use of nuclear power, let me say that this is not a vote against atomic energy; it is a vote for fiscal sanity and prudent public policy.

There has been no better assessment of this question than that of our esteemed former colleague from Michigan, and now Director of the Office of Management and Budget, who said in 1977: "(Clinch River) is totally incompatible with our free market approach to energy policy."

Mr. Chairman, this project has become an indefensible white elephant, and every Member of Congress knows it. If private industry wants to pursue it, fine. But the American taxpayers should not have to foot this exorbitant bill any longer.

I yield back the balance of my time.

Mr. BEVILL. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, the Clinch River breeder reactor project and the U.S. LMFBR program have the support of a wide variety of individuals and groups throughout this country, from the nontechnical laymen and women who urge U.S. energy independence to the distinguished scientists whose technical

knowledge of the program is testimony to its correctness.

Many of the most respected scientists in the United States stand firmly behind our breeder program and CRBRP. Representing the group Scientists and Engineers for Secure Energy, Inc., known as SE2, several of these renowned technical experts have felt compelled to speak out again recently to counter opponents who want to delay or terminate our breeder program by cancelling Clinch River. Notable experts, such as Alvin Weinberg, Norman Rasmussen, Dixy Lee Ray, and Manson Benedict as well as four Nobel laureates including Hans Bethe, are some of the 17 SE2 members whose recent concensus in favor of the breeder bears repeating.

These distinguished scientists summarized their support by four key points: First, that the LMFBR is the only already proven technology which can serve as guaranteed insurance against possible, future energy crises;

Second:

At the time of possible, future deployment, LMFBR's will be a secure, and most probably economical way by which to convert nuclear power technology into a truly renewable energy resource of unlimited potential;

Third:

In many respects, the CRBRP is the most advanced development project of its kind. If promptly pursued and properly followed up, it may open the way for the United States and the world to acquire, by the turn of the century, a fully commercially applicable, advanced breeder technology at precisely the time when a massive introduction of such a resource may become necessary.

Their fourth point states:

In view of recent political developments in certain Western Countries, particularly, France, the Clinch River Breeder Reactor Project may become the only reliable technological undertaking of its kind in the Free World.

These four points carry powerful significance since they come from such a respected group. In their wisdom, these scientists further state:

Our support for the steady development of the LMFBR technology in this country does not in any way reduce our enthusiasm for the search for, and development of, alternative sources for the secure generation of nuclear power. In particular, we fully endorse the call by Edward Teller for an ongoing assessment by a national body of technological experts of various known and promising technical options . . . Nevertheless, we strongly believe that such an assessment of additional alternatives should proceed concurrently with the vigorous, and rapid, development of the Clinch River Plant.

These eminent scientists clearly recognize that the United States cannot turn its back on any potential future energy resource and that no one source by itself is sufficient to meet our energy needs. Dependence on one or two sources to the exclusion of others with promise is indefensibly poor stewardship. Let us return to better management of our resources by completing the Clinch River project which we can only do by voting against this amendment.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Chairman, this is the fourth year of controversy in Congress over the Clinch River breeder reactor project, and I have heard a lot of arguments on the subject. There have been endless paper studies, reports, investigations, and hearings. There have been a lot of misconceptions. I would like to address several of the key areas of misconception.

One basis of arguments by CRBR opponents is that the design is obsolete. This would be an effective criticism since very few Members of Congress are technical experts in breeder design areas. However, the design of the Clinch River plant has been continually updated as it has proceeded. R. & D. and proof test programs as well as requirements indentified in the course of NRC licensing proceedings have been the basis of upgrading. New features, such as the most advanced core design in the world, have been incorporated. We are leading the world in our ability to analyze the core activity. A recent comprehensive study has confirmed that the loop-type design of Clinch River is also the correct design for U.S. breeder reactors. The French would like to incorporate many of our design features in their superPhenix.

At the Science and Technology Committee hearings, we heard representatives of the previous administration; they could not identify one single obsolete system or component; they could not suggest one feature that could be modernized. At least 13 independent Government reviews since 1975 have confirmed that the Clinch River is not technically obsolete. In addition, unique features to meet U.S. safety and licensing requirements, not contained in foreign design, have been incorporated. If we were to rely on buying a breeder design from a foreign country, as has been suggested by some opponents, these designs would be unlikely to meet U.S. safety and environmental requirements.

The CRBR has been opposed on economic grounds. Stopping the CRBR now would not save money. Ending the breeder would also mean a heavy cost. With close to $1 billion already spent, the General Accounting Office has estimated that it would cost as much as $350 million more to terminate the project. This means that even if it is halted now, nearly half the cost of completing it would be spent anyway—without benefits to the taxpayers. In addition, we could incur the eventual cost of $3 billion to build another demonstration reactor if we don't continue to support this option.

On the contrary to arguments that stopping the CRBR would save money, the breeder offers society positive economic benefits. In his 1979 American Society of Mechanical Engineers paper, "Perceptions of Risks and Timing in Breeder Development Decisions," C. Braun, research manager of the Electric Power Research Institute, states:

The conclusion of this section is that breeders introduction into the generation mix offers the potential for significant reduction in electricity cost and beyond the confines of the electric sector-increase in total personal consumption. Foregoing or delaying the FBR option will result in an economic penalty. The magnitude of the unexpected FBR introduction savings cannot be exactly computed due to our inability to foresee the future evolution of all the relevant parameters. A reasonable range of the economic risk of delayed FBR commercialization is up to 300 billion discounted 1978 dollars or up to 10 percent of generation costs.

Critics have pointed to cost increases since the CRBR was first conceived. We all have seen cost increases since then. But the overwhelming majority of cost increases for the CRBR are due to changes and cost factors imposed on the project by external factors—continuing indecision attributable to the national policy debate over the breeder, licensing changes, the impact of delays and escalating inflation. Critics of the project claim that the cost increases demonstrate that the CRBR is not cost beneficial and is no longer justified. However, we all know that much of the cost increases are attributable to factors beyond the control of the project management.

Finally, the project can be completed, by 1990, for about $2.2 billion—about what 10 days' worth of imported oil currently costs the United States, and less than what only one synthetic fuel plant will cost.

We have heard a great deal of debate about the need for the CRBR. This country has indeed many energy options, but there is a concurrence among the experts in energy policy that no one option will satisfy all of our future national energy needs—not solar, not nuclear, not geothermal, not coal, not conservation, and certainly not oil. We need each and every one of these energy options. The breeder technology is a crucial piece of our nuclear option and to foreclose that option now is to restrict the flexibility this country will have in responding to energy problems in the future. In summary, I believe the Clinch River breeder reactor project is not only needed but that this country cannot afford to foreclose the option that the CRBR project offers. I urge my fellow Members to support this appropriation and to vote against the Coughlin amendment.

□ 1120

Mr. COUGHLIN. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. GREEN).

Mr. GREEN. Mr. Chairman, I rise in support of the amendment offered by my distinguished colleague from Pennsylvania (Mr. COUGHLIN) which deletes the fiscal year 1982 funds appropriated for the Clinch River breeder reactor.

I have always supported the reactor in the past, because I believe that we must pursue all available means of energy development if we are ever to solve our energy crisis. I continue to believe that breeder technology is an important option in our energy future. However, my general support for breeders does not now extend to the Clinch River project for several reasons.

Most importantly, this year we are considering Clinch River under circumstances of unprecedented budgetary stringency. The difficult choices that we have made this year necessarily put Clinch River's funding on a different footing. After making cuts in a wide array of Government programs, keeping Clinch River in the Federal budget would be irresponsible. Budgetary economies require priorities, and Clinch River, with its $3.2 billion price tag, its lack of commercial viability, and its progressively more dated technology, cannot be considered a priority.

Time is simply passing this project by. Clinch River was established on the basis of two energy assumptions: A great rise in the demand for energy, and a great drop in the supply of uranium, and neither assumption has proven correct. The economic environment in which Clinch River was intended to operate has never materialized, and probably will not until sometime between the years 2030 and 2050. While I believe that someday we will have to spend money on a breeder project of at least Clinch River's scope, that day is some years away. Furthermore, when we do spend that money, it will be for a project that is the up-to-date product of the breeder research then being done, rather than on Clinch River, which is rooted in assumptions and technology that are over 10 years old.

Clinch River is also not commercially viable—the generally gloomy economic outlook of our allies' breeder programs, and the falling percentage of our utilities' contribution to Clinch River's costs are evidence of this. The new administration has claimed it will only support commercially viable programs, yet it continues to support Clinch River. Clinch River cannot compete economically with other forms of energy generation, so that its continued Federal support represents a subsidy for nuclear interests that is inconsistent with the administration's stated policies. Furthermore, Clinch River is funded at a disproportionately high level compared to other alternative sources of energy. This funding bias works to the disadvantage of solar and conservation programs, for example, and is also contrary to the administration's stated objective of getting the Government out of the business of determining the optimal mix of the Nation's energy sources.

No program can be immune from budget scrutiny, and I believe that such scrutiny bears out deleting Clinch River's funding at a time of Federal spending cutbacks. Cutting this project's funding will not harm our energy situation, and will save a good deal of money. Considering all the cuts that we have made this year, Clinch River should also go. I urge my colleagues to vote "yes" on this amendment.

Mr. COUGHLIN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. PHILIP M. CRANE. Mr. Chairman, the Clinch River breeder project has been with us for a long time now. Since 1970, when the project was originally authorized, it has suffered the fate of many Government-run, bureaucratically managed projects—its costs have skyrocketed, its schedule has slipped, its management and contractual problems have multiplied.

After 10 years of this type of Government management—what do we have?

We have a project that is running 450 percent over cost.

We have a project that is not an economical source of power.

And, worst of all, we have a project for which the American taxpayer will be picking up 91 percent of the tab.

All this is before construction has even begun.

After 10 more years of this kind of management—what will we have?

We will have a project that will cost the American people billions more in precious Federal dollars—it is unclear how much the costs will escalate when construction actually begins.

We will have a 375-megawatt powerplant that is not needed by the region for which its power is intended.

And we will have a demonstration breeder which cannot be marketed or commercialized by anyone in the private sector.

The current Director of OMB, when he was my colleague in the House, made this point very clear. Let me quote him:

> Development of energy technology options should not be confused with their marketing and commercial introduction * * * therefore, the only justification for any continued funding of the Clinch River project is the hard economic judgment that the market would select the breeder during the 1990's as the lowest cost form of nuclear electric power production. (The Market Case against the Clinch River Breeder Project, Sept. 17, 1977)

David Stockman did not think it very likely that the private markets would justify this lavish funding for a breeder demonstration.

So the question is clearly one of whether the Government should step in and make this decision for the private sector.

Whether we in the Congress should substitute our judgment for the wisdom of the market.

Whether we should commit untold billions of dollars of taxpayers' money to a project which the market will not support.

I think it is time we stopped making these decisions for the market. That was one of the meanings of the election last November. I intend to vote against further funding of this project, because it is apparent to me that it is unnecessary and, in a true sense, out of control.

If we are ever to control the Federal budget, if we hope to achieve a balanced budget by 1984, we must have the discipline to oppose such runaway ventures as the Clinch River breeder reactor.

I urge support of the gentleman's amendment.

Mr. BEVILL. Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. YOUNG).

Mr. YOUNG of Missouri. Mr. Chairman, in the breeder reactor, our Nation has a technology which will allow us to use our domestic energy sources more thoroughly than ever before. Breeder reactors will renew our unrenewable uranium supplies which cannot be used in today's reactors by converting them into plutonium fuel. This fuel can then be used in both conventional nuclear plants and in breeders.

Nuclear power, along with coal, will become increasingly important to a more balanced U.S. energy supply mix. These sources can displace the burning of precious oil and natural gas for electricity generation. Currently, the oil U.S. utilities burn to generate electricity is equal to nearly half of the petroleum imported from the Middle East. A single nuclear plant can replace 10 million barrels of oil annually. The oil burned for electrical generation can thus be freed for essential transportation uses.

Even at the lower electrical growth rate expected in the United States—estimated to be roughly 3 percent—our electricity needs will double in only 23 years. That means twice as many powerplants. While new technologies such as solar will help, they cannot make the contribution of proven technologies such as nuclear and coal.

To insure that the nuclear option remains open, utilities must be assured of future fuel availability. The breeder

reactor can help to provide this assurance. Conventional nuclear plants now supply approximately 12 percent of the Nation's electricity, but they do not derive the maximum benefit from our natural uranium resources because they can use only a fraction of the energy value that the uranium resources contain. In the process of making fuel for today's light water reactors (LWR's) the abundant portion of uranium (U^{238}) is removed. Millions of tons of this presently useless material represent an energy resource equivalent to 100 times the total energy now being consumed annually in the United States.

Uncertainties over future electrical growth rates and fuel availability demand prudent planning. If we halt the Clinch River breeder demonstration plant, we retard the breeder option and invite continued dependence on costly and unreliable foreign oil.

The United States needs energy made in America. In our breeder program, the Clinch River plant is the next prudent step to demonstrate breeder technology in a time frame which will allow private enterprise to make confident decisions about future breeder use.

France, Japan, the Soviet Union, Great Britain, and West Germany are all ahead of us in actual breeder operation. The commercial-size Super Phoenix in France is scheduled for 1983 operation under joint European sponsorship. These nations have recognized the breeder's potential value as a necessary future energy source. Our technical base, however, still surpasses theirs. If we want to retain our leadership in breeder technology, Clinch River must be completed. We hold the promise of this technology in our grasp today. We must not again lose our leadership in an important technical area.

I strongly support the continuation of Clinch River, and I urge my colleagues to support it as well by voting against this amendment.

Mr. SAM B. HALL, JR. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Missouri. I yield to the gentleman from Texas.

Mr. SAM B. HALL, JR. I thank the gentleman for yielding.

I would like to associate myself with the remarks of the gentleman from Missouri in support of the Clinch River breeder project.

Mr. COUGHLIN. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. LUNDINE).

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

Mr. LUNDINE. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I rise in support of the Coughlin amendment.

Mr. LUNDINE. Mr. Chairman, I rise in support of the amendment of the gentleman from Pennsylvania (Mr. COUGHLIN).

We have, as my colleagues know, a very tight research and development budget situation this year. This is too large an allocation of Federal research and development dollars to one project possibly to be justified. This investment cannot be justified because demand for electricity has been reduced.

We have enough uranium to produce electrical energy from light water reactors for the next 50 years. We have much more promising research and development under way which can address the 21st century energy needs of this country.

This takes valuable resources away from our research and development programs for fusion, for advanced breeder research, and for nuclear safety.

Now I favor the generation of electricity by nuclear energy and I want to make it very clear this is not an argument between the pronukes and the antinukes. I really believe that in order to accomplish the transition to a renewable source of energy in the next century we are going to need nuclear energy and we are going to need more of it.

However, if we examine objectively the Clinch River project, neither is it high enough priority to be included to this extent in our research and development activity, nor is it a prudent investment in our energy future.

This is a simple question. It is a question of cost, a question of priorities, a question of market conditions.

This project will cost upward of $3 billion. Today, the utility contribution is less than $100 million. That is less than 10 percent of the total amount spent to this date. There is a reason for this lack of support. It is not just that there have been cost overruns. It is clearly that the project will not suffice in market analysis today. The Stockman memorandum has been already widely discussed and it goes, I think, even though 4 years old, very incisively to the point that utilities are not investing because utilities realize that this is a poor investment.

The total amount spent today, $1 billion, is an investment, there is no question about that, but we can save well over $1.7 billion by terminating this project today.

So, in conclusion, I would say whether one is for nuclear energy or one is opposed, look at it from the standpoint of the priorities of our research and development activities, look at it from the standpoint that our resources are by no means unlimited and I urge my colleagues to support the amendment of the gentleman from Pennsylvania (Mr. COUGHLIN) and defeat the further waste of these funds on this project.

Mr. BEVILL. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. RUDD).

Mr. RUDD. Mr. Chairman, I rise in opposition to the amendment. The opponents of Clinch River try to tell us that the energy policy of this country is a free market energy policy. I assume they consider OPEC a figment of one's imagination. They believe that the Nuclear Regulatory Commission has not been overly cautious in delaying the licenses of a dozen nuclear plants which are costing the consumers hundreds of millions of dollars in construction loans and other financing costs each year.

Now these same people want to throw away the $1 billion already invested in this project which is the focal point of over 20 years of breeder reactor research and development. Add to that over $300 million in unsettled claims and termination costs that the Government will have to pay to close down the project and you come out with a net loss of $1.3 billion as a minimum.

If you proceed in building the plant you will soon have a facility which will generate over $2.6 billion in revenue in its first 5 years of operation—while providing important operating experience. In the 30-year lifetime of the plant you will generate revenue of more than six times that amount for a total of close to $14 billion.

If it is really a case of economics, I think that would make good sense to these opponents. On top of that benefit is the engineering and fabrication experience which would be gained in building this plant in the United States to our safety standards.

President Reagan supports Clinch River. The scientific and engineering communities support Clinch River. Even Dr. Teller has changed his position and supports Clinch River. Let us build this research and development project and get our domestic energy program moving forward again. Let us be able to use our uranium resources 60 times more efficiently. And let us bring to an end the misstatements in the media about an energy program that can provide us with an energy source equal to all the oil in the free world.

□ 1130

Mr. COUGHLIN. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. DUNN), a member of the authorizing committee.

Mr. DUNN. Mr. Chairman, I rise as a supporter, a strong supporter, of nuclear energy. However, I also rise in support of this amendment. I rise in support of utility companies across this Nation, utility companies that are facing regulatory problems, that

cannot get decisions from the NRC, while the attention of this Congress and a great deal of the taxpayers' money is being spent on the Clinch River reactor, an uneconomical and ill-advised project.

I rise in support of utility companies that cannot find adequate funding for many technologies due to money being spent on projects like Clinch River, utility companies that say there are increased sources of uranium, utility companies that are facing problems of lesser demand for electrical energy. Until we solve important problems of transportation and disposal of nuclear waste, and until we solve some public perception problems, there certainly is no need for Clinch River and other projects of huge expense and questionable value.

I rise in support of an administration that has continually said to our committee, "We support basic research. We are against funding near-term commercialization that better belongs in the hands of free enterprise."

Finally, I rise in support of the American taxpayers. The administration has urged that we cut wasteful Government spending. The Clinch River breeder reactor is an excellent example of it.

Mr. COUGHLIN. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman has 27 minutes remaining.

Mr. COUGHLIN. Mr. Chairman, I yield 4 minutes to the gentleman from New Hampshire (Mr. GREGG), a member of the authorizing committee.

Mr. GREGG. Mr. Chairman, I do come from New Hampshire. I think that is an important fact in this debate because New Hampshire has the Seabrook powerplant which is, and unfortunately has become, the lightning rod of the issue of nuclear energy in this country.

I am a strong supporter of Seabrook. I am a strong supporter of completing Seabrook. I am a strong supporter of nuclear power, but I do not support the Clinch River breeder reactor. The simple fact is that this is not a referendum on nuclear power, as some would have the Members believe. This is a referendum of economics. This is a referendum on the question of how one is going to justify in today's economy a project which is clearly not economically viable.

No matter how one looks at this project, it is not a commercial technology within this century. That is the important point.

We are asked here to build a plant which, for it to be commercially viable, must have a uranium cost of at least $100 per pound. Today uranium does not cost $100 per pound. It is not projected it will cost $100 per pound in this century.

The result of that is that we are building a plant which cannot compete—simply cannot compete—with light-water technology as a commercially viable entity in this time or in the time of its life.

We are told by many that the reason to build this plant is so we will be ready for the time when commercial technology breeder reactors will be available. We are told to build this plant because it is needed to design and prepare for that time which will occur some time around the year 2020 if one is optimistic, but most likely later.

What we are really doing is, we are forcing this technology on the marketplace by building this plant today. We are artificially taking the assets of the country and directing them toward a technology which simply cannot compete. We are not planning for the future; we are creating a situation which today will demand a nationalization basically of the nuclear industry, because we will have created a technology which is not viable without huge Government subsidy. Once you have that huge subsidy supporting the industries which build that plant, the $3 billion to $4 billion in industries which have been built up around the construction of that plant, we will have basically nationalized those industries, because they cannot survive in the marketplace without Federal support.

We have also heard that the termination costs are going to outweigh the benefits of terminating. That is simply not true. In our committee it was made very clear. That termination argument simply does not work. The facts are the termination costs, as our committee found them, were somewhere between $45 million and $50 million and they are still going up and nothing has been put in the ground.

I ask that the Members support nuclear energy in the free marketplace by voting for this amendment.

Mr. BEVILL. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Chairman, as the ranking member on the Science and Technology Committee, I rise in opposition to the Coughlin amendment to delete funding for the Clinch River breeder reactor.

Rising in support of this CRBR project is something that I have often done in the past. I must admit that almost all that can be said has been said in those past debates, to support the idea of building the Clinch River plant, and it is being repeated here today for us. But there are some issues that have not been answered. Nowhere in the debate today have I heard a reasonable answer to some disturbing questions:

What is to follow if Clinch River is terminated? Will the large plant visualized in the recently completed contractual design study be constructed? If not, what will substitute for Clinch River as the focus of the Nation's breeder reactor program, and what form will the program take?

Will the domestic industrial infrastructure be available when needed to design, fabricate components, and build the large plant at some future time?

Is it prudent to construct and operate on a utility grid a large breeder reactor without benefit of intermediate scale up?

What effect will termination of the Clinch River project have on utility confidence in the Federal Government's commitment to fast breeder reactor development and on possible utility financial participation in any future project?

What will be the effect on our position as a leader in the world for nuclear energy policy?

What are the answers to these questions? What do we have left if we decide to kill the CRBR? The General Accounting Office was equally concerned about the result of a lack of focus for the breeder program. They stated in a September 1980 report on the overall fast breeder research and development program that if the Congress wished to maintain a nuclear option or if it wishes to commit to nuclear power as a long-term energy source, a breeder reactor should be constructed and operated to demonstrate the technology. If Congress is unable to agree on an approach for preserving the breeder option, or if it does not wish to do so, then the GAO believes we should consider terminating the breeder program. But, once terminated, any future decision to restart the program would cost many years of development time and leave the United States with the possible alternative of purchasing breeder reactors from foreign sources if future energy developments indicate a need for the technology.

So the Coughlin amendment would leave us in this worst of all possible worlds: Spending over $300 million on liquid metal breeder reactor research, with no focus to the program. This is the truly fiscally irresponsible thing to do.

I would like to shift my discussion to the latest investigation effort concerning the CRBR. On July 20, 1981, the House Committee on Energy and Commerce held a hearing on the Clinch River breeder reactor (CRBR) project, called by the Investigations and Oversight Subcommittee. The purpose of the hearing, according to headlines in the Washington press prior to the hearing, was to expose the CRBR project as "a management fiasco and a growing financial disaster."

The hearing produced no significant new information. There were no new charges. Similar subjective comments

have been made in the past that the project is grossly mismanaged and that the Federal Government is being ripped off. However, after something in excess of 400 investigations, none of these charges have been substantiated. As a consequence, I do not know how an individual of apparent "folk hero" status could provide a more indepth review of the project in just 2 months' time.

At this time, I wish to insert a partial list of the reviews and investigations that have been made of the LMFBR demonstration program, stretching back to November 1962 and continuing up to February of this year:

REPORTS ON CRBR PROJECT BY THE OFFICE OF THE INSPECTOR GENERAL AND ITS PREDECESSORS, JULY 20, 1981

Jun. 1975 (44-2-356): "Allegations of Conflict of Interest on Part of Acting Assistant Director, CRBRP."

Oct. 1976: "Inspection of Clinch River Breeder Reactor Plant Project Office."

Nov. 1976: "Audit of ERDA's Administration of the Westinghouse Procurement Function."

Dec. 1976: "Audit of Employee Relocation Costs."

Jan. 1977: "Audit of CRBRP Project Office Unpaid Obligations and Other Financial Matters."

Mar. 1977: "Payroll and Travel Support Services Provided for the CRBR Project Office."

Apr. 1977: "Review of CRBR Project Office Audit of TVA Costs During fiscal year 1976."

Jul. 1977: "Review of Budget Administration"

Oct. 1977: "Evaluation of CRBR Audit of Project Management Corporation's Accounts and Records."

Oct. 1977: "Review of CRBR Financial and Accounting Reporting System."

Oct. 1977: "Annual Audit Statement—CRBRP Project Office."

Nov. 1977: "Review of CRBRP Contracting and Procurement Activity."

Feb. 1978 (26-2-197): "Allegation of Loan to and Attempted Bribe of an Employee of Atomics International."

Feb. 1978: "Audit of CRBRP Project Office Unpaid Obligations and Other Financial Matters."

Apr. 1980 (OIG-9-12): "Allegation of Procurement Irregularities on Part of Two Employees of Rockwell International."

Feb. 1981 (PI-71): "Allegation of Misuse of CRBRP Computer Resources."

A BIBLIOGRAPHY OF MAJOR LMFBR AND/OR CRBRP PROGRAM REVIEWS—DEPARTMENT OF ENERGY, JULY 20, 1981

Nov. 1962: A Report to the President, USAEC.

Feb. 1967: The 1967 Supplement to the 1962 Report to the President, U.S. AEC.

July 11, 1969, and June 2, 1970: Congressional debate on the merits of the proposed program resulted in Authorizing Legislation for the First U.S. LMFBR Demonstration Plant: Public Law 91-44, Project Definition Phase (PDP); and Public Law 91-273; Definitive Cooperative Arrangement Phase (DCA).

Mar. 1972: LMFBR Demonstration Plant Program: Proceedings of the Senior Utility Steering Committee and Senior Utility Technical Advisory Panel, WASH-1201, U.S. AEC.

Aug. 7, 1972: Memorandum of Understanding signed by PMC, BRC, TVA, CE, and U.S. AEC; Resulting from a review to establish the intent and needs to be fulfilled by the Project. Presented to and approved by the U.S. JCAE following public hearings before the Committee on September 8, 9, and 12, 1972.

Sept. 25 through Oct. 17, 1972: Contractor Selection Evaluation Panels, PMC/U.S. AEC/CE. Convened to evaluate contractor proposals for accomplishing the objectives of the Project, including technical ideas.

Annually from 1973 to present: PMC Annual Reports to the BRC Project Review Committee, R. Jortberg and D. Keeton, PMC.

Dec. 1973 LMFBR Program Plan—2nd Edition, WASH 1101-1110.

Dec. 1973: Report of the Cornell Workshops on the Major Issues of a National Energy R&D Program. Included: Workshop on the Short-Term Nuclear Option, A. M. Weinberg, Chairman, and the Workshop on Advanced Nuclear Power, H. Bethe, Chairman.

June 1974: CRBRP Reference Design Report (Vols. 1 & 2), Baseline Cost Estimate (Vols. 1 & 2, the "White Book"), and Baseline Schedule; compiled for PMC as part of the U.S. ERDA LMFBR program with input from the Contractors. In support of these documents, the following reviews transpired:

Oct. through Dec. 1973: Review of Initial Conceptual Design, Cost, and Schedule Estimates by U.S. AEC, PMC, Contractors.

Jan. through Mar. 1974: CRBRP Re-Design and Cost Reduction Task Forces, a total of eight groups including the short-shaft pump and steam generator building task forces.

Apr. through May 1974: Independent Cost Review by U.S. ERDA (other than RDT), including the Comptroller, Construction, and Contracts Divisions, and the Project Cost Review by U.S. ERDA/RDT.

Apr.-Aug. 1974: Reactor Manufacturer/Utility Co./National Lab Recommendations on the LMFBR Program ("Tampa Meeting" Reports, consisting of ten letter reports and U.S. AEC summary).

June 1974: Operation Genesis, A Comprehensive Report of the CRBRP Project, U.S. AEC and PMC.

Aug. 7-9, 1974: Procurement Review of WARD, Chicago Operations Office.

Sept. 1974: Revised Cost Estimate for CRBRP, U.S. AEC (SECY-75-244).

Fall 1974: Blackwell Committee Review (reviewed FFTF at Richland, than CRBRP at Germantown with Riley, Ross, et al.).

Jan. 1975: Report of the LMFBR Program Review Group (Klein/Culler Report).

Apr. 4, 1975: Comments on Energy Research and Development Administration's Proposed Arrangement for the Clinch River Breeder Reactor Demonstration Plant Project, RED-75-361, U.S. GAO.

Apr. 10, 1975: CRBRP Environmental Report docketed by the U.S. NRC following extensive acceptance review.

Apr. 28, 1975: The Liquid Metal Fast Breeder Reactor Program—Past, Present, Future, RED-75-752, U.S. GAO.

May 22, 1975: Cost and Schedule Estimates for the Nation's First LMFBR Demonstration Power Plant, RED-75-358, U.S. GAO.

May 1975: Independent Reactor Development Program Review, Manson Benedict et al., review convened at Tampa Airport.

June 5, 1975: CRBRP PSAR docketed by the U.S. NRC following extensive acceptance review.

July 31, 1975: The Liquid Metal Fast Breeder Reactor: Promises and Uncertainties, OSP-76-1, U.S. GAO.

Aug. 1975: CRBRP Current Cost Estimate (Blue Book), PMC.

Aug. 1975: CRBRP Revised Cost Estimate (Green Book), PMC.

Nov. 1975: The LMRBR—Decision Process and Issues, EPRI SR-20.

Dec. 15, 1975: The LMFBR Program later designated ERDA-67, U.S. AEC.

Dec. 1975: Final Environmental Statement for the LMFBR Program, 3 Volumes, ERDA-1535.

Dec. 1975: Alternative LMFBR Program Plans—A Preliminary Examination of the Scope and Timing of LMFBR Plants and Test Facility Projects, ERDA.

1975: Analysis of the ERDA Energy Plan, Office of Technology Assessment, ERDA 48, U.S. Congress.

1975: Hans Bethe Committee Review, Nemzek, Kintner, Riley, Cunningham, et al., held at the Key Bridge Marriott Hotel.

1975: Review of the LMFBR Program and the Role of CRBRP, Review convened by Commissioner Anders with about 20 participants including Levenson, Van Nort, Taylor, Iacobellis, Nemzek, et al., at H Street.

Jan. 1976: Review of National Breeder Reactor Program, U.S. JCAE.

May 6, 1976: Can the U.S. Breeder Reactor Development Program be Accelerated by Using Foreign Technology, RED-76-93, U.S. GAO.

Aug. 1976: Final Generic Environmental Statement on the Use of Recycle Plutonium in Mixed Oxide Fuel in Light Water Cooled Reactors (GESMO), NUREG-0002, 5 Volumes, U.S. NRC.

Nov. 29, 1976: Considerations for Commercializing the LMFBR, EMD-77-5, U.S. GAO.

Dec. 1976: Liquid Metal Fast Breeder Reactor Program—Overall Plan, ERDA 67.

Jan. 1977: Report of the Task Force on CRBRP Scope, Status, and Design (the Rizzo Report), U.S. ERDA.

Feb. 1977: Final Environmental Statement Related to Construction and Operation of the CRBRP, NUREG-0139, U.S. NRC Office of Nuclear Reactor Regulation.

Apr. 5, 1977: CRBRP Cost Estimate Review Team; Final report to the LMFBR Steering Committee (the Passman Review), U.S. ERDA.

Apr. 5, 1977: The Fission Breeder—Why and When, U.S. ERDA.

Apr. 6, 1977: LMFBR Review Steering Committee, U.S. ERDA, Convened by President Carter. Majority Opinion by Culler, Ayers, Benedict, Everett, Laney, Starr, Walske.

July 25, 1977: An Evaluation of the National Energy Plan, EMD-77-48, U.S. GAO.

Oct. 1978: Alternative Breeding Cycles for Nuclear Power: An Analysis, Congressional Research Service, Library of Congress.

May 7, 1979: The Clinch River Breeder—Should the Congress Continue to Fund It? EMD-79-62, U.S. GAO.

May 11, 1979: The Clinch River Breeder Reactor Project—An End to the Impasse, (White House White Paper).

May 23, 1979: Nuclear Reactor Options to Reduce the Risk of Proliferation and to Succeed Current LWR Technology, EMD-79-15, U.S. GAO.

July 10, 1979: Comments on the Administration's White Paper—"The CRBR Project; An End to the Impasse," EMD-79-89, U.S. GAO.

Dec. 1979: Nuclear Proliferation and Civilian Nuclear Power Report, DOE/NE-001, U.S. DOE. This is the final report of the Non-Proliferation Alternative Systems Assessment Program (NASAP).

Dec. 25, 1979: Final Report of the Committee on Nuclear and Alternative Energy Systems (CONAES); Energy in Transition 1985-2010.

Mar. 1980: Assessment of the Status of the CRBRP Project and Update of the Total Estimated Cost to Complete the Project (the Rizzo Task Team Review), U.S. DOE.

Feb. 25, 1980: Final Report of the International Nuclear Fuel Cycle Evaluation (INFCE). Summary Volume published by the IAEA, Vienna Austria, March 1980.

Sept. 22, 1980: Report to the Congress; the U.S. Fast Breeder Reactor Program Needs Direction, EMD-80-81, U.S. GAO.

Perhaps the saddest mistake made in this investigation is this obsession to rehash, retrench, and renounce. We should be addressing this challenge of designing, constructing, and operating breeder technology which has the ability to use our own resources, to utilize our own expertise, to strengthen our energy arsenal, to expand our national capabilities, and to spend our money at home.

Therefore, I urge my colleagues to oppose the Coughlin amendment and support the wise use of our uranium resources, by developing the breeder technology.

□ 1140

Mr. Chairman, with my remarks today I wish to include a letter from the Secretary of Energy, dated July 21, 1981, and addressed to me. The letter is as follows:

THE SECRETARY OF ENERGY,
Washington, D.C., July 21, 1981.

Hon. LARRY WINN, Jr.,
House of Representatives,
Washington, D.C.

DEAR MR. WINN: As we approach a probable vote in the House of Representatives on funding of the Clinch River Breeder Reactor (CRBR), I want to reaffirm the strong support that the President and those of us in the Department of Energy have for this project.

We believe that in order to resolve the technical uncertainties associated with the breeder—which at present preclude the private sector from determining its commercial feasibility—it is necessary for us to move ahead with the basic research and development work in order to lower risks and uncertainties to levels consistent with normal commercial ventures.

The CRBR offers an opportunity to demonstrate a technology which would enable a 60-fold increase in the amount of energy which can be extracted from our domestic uranium resources. It is an ongoing project in which a one-third down payment on estimated completion costs has already been made.

Thus, I urge you to vote to provide funds for this most important and ongoing project.

With best wishes,
Sincerely,

JAMES B. EDWARDS.

Mr. COUGHLIN. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, there will be a lot of whispers around the floors and the corridors of this body that a vote against this amendment is a vote against nuclear power. Nothing could be further from the truth.

Members can believe the Clinch River breeder reactor is a bad idea and still support nuclear power in general. They can support Seabrook, they can support Diablo Canyon, they can support Indian Point, they can support Three Mile Island, they can support any existing conventional light water reactor and at the same time come to the same conclusion the Wall Street Journal has come to. Their conclusion is that they think a seven times increase in the price of uranium is necessary for the breeder reactor to become economical; second, that 450-percent cost increases are unjustified in terms of the allocation of limited economic resources in our society; and third, it unnecessarily enhances the likelihood that we will spread nuclear bombs throughout our society.

Those three reasons combined are the reasons the Wall Street Journal reached this conclusion, and this does not come from the granola-chomping people of Vermont. They are opposed to the breeder reactor because it does not meet the tests of economics, and if we do not vote to slam the door on the Clinch River today, we cannot with conviction face the rest of the world. We cannot discuss with credibility with the French President Mitterrand, who has begun to turn his administration around on the question of the breeder reactor, on the implications of spreading this plutonium technology around the world, and on having a worldwide conference on the question.

We should oppose this technology because of economics, but, more importantly, we should oppose it because the plutonium material we are discussing in this particular technology is the stuff of atom bombs. It is the stuff of Armageddon, and it is our responsibility at this point in time to reject it, to reject it upon the grounds of economics and also to reject it upon the grounds of world peace and nonproliferation, which ought to be the goals that guide this body today.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. CORCORAN).

Mr. CORCORAN. Mr. Chairman, the eyes of the world are again focused on international nuclear policy as a result of events in Iraq last June. This administration most recently reaffirmed its commitment to assure that nuclear nonproliferation goals are met worldwide, and instructed appropriate Government agencies to expedite these efforts.

For the United States to influence other nations in the peaceful uses of nuclear energy, we must maintain a strong position domestically. Our continued rapid development of the U.S. LMFBR program and Clinch River enhance international nonproliferation objectives. The DOE nonproliferation alternative systems assessment program has concluded that if the United States wants to influence foreign programs, we must show leadership as an LMFBR developer.

The Carter administration's attempt to restructure the U.S. breeder program by terminating Clinch River was viewed as a sign of weakness by those nation's with fluid breeder programs who recognize the vast potential benefits LMFBR's promise. In fact this and related pious but unrealistic changes in our nuclear policies reduced our nonproliferation goals rather than strengthened them.

The United States must maintain its technical position among foreign nations rapidly moving ahead with large-scale breeder plants. This is mandatory, since it allows us to speak with authority on any foreign developments which could threaten nonproliferation principles.

Additionally, from an economic standpoint, if and when a commercial LMFBR market develops internationally, U.S. industry should be in a position to compete for a fair market share. We must proceed with Clinch River because it is an integral part of our program to retain our strong leadership role and membership in the breeder technology community. We cannot continue our dependence on foreign energy sources, or permit the future import of LMFBR whose safety and licensability are uncertain. What is more, such counterproductive action would further erode our already negative balance of trade.

A strong U.S. breeder program that includes Clinch River construction will increase our Nation's ability to have a voice in international safeguards and controls over the sale and use of peaceful nuclear energy sources, including breeder reactors. Furthermore, we need the Clinch River project in order to keep the nuclear option open for the United States and our allies in the free world who need the energy security to which the nuclear option contributes. Therefore, I urge your support to assure that Clinch River moves ahead by voting against this amendment.

Mr. Chairman, I have enjoyed the debate up to this point, because one of the arguments that those who are in support of the Coughlin amendment continue to use is that the proponents of this project try to justify it on the basis of economics.

This is not a commercial project we are discussing today. This is a research and development project, and with respect to the economic arguments, we are looking several years down the road. It seems to me that nobody has the clairvoyance to know at this point just what the economic market opportunities might be in the next century but there is one thing that we do know, and that is that in this country we have some productivity problems and we have some problems with respect to our influence over the international control of the nuclear technology. Those are the two issues that I want to address.

I find it very interesting that many of those who are in support of the amendment offered by my friend, the gentleman from Pennsylvania (Mr. COUGHLIN), come from the Midwest and the Northeast. One of the interesting things about the Frost Belt States in comparison to the Sun Belt States is that we are net energy importers. If we want to revitalize our economies, if we want to deal with the migration of business and industry away from the Frost Belt to the Sun Belt, I think we have to recognize that we need to deal decisively and with vision with respect to our lack of energy.

It seems to me that the productivity potential that is involved in this kind of project, the need to invest the basic research in this project, and the need to put our Midwestern and Northeastern States back into the position of having control of our energy future, are critical to the arguments in behalf of this project.

Second, with respect to the nuclear nonproliferation issue, when we look back to 1977, when the previous administration made its ill-advised decision with respect to Clinch River and with respect to reprocessing on behalf of the goals of nonproliferation, we need to examine what the effect of that has been. The effect of that has been that the United States is further behind in our control over the use of the advanced technologies in nuclear power.

Just recently we had the occasion, to the consternation of so many people around the world and particularly in the United States, of the Israeli bombing of Iraq. Now, what does that indicate? It indicates the United States does not have control over advanced nuclear technology as we once did, and the breeder project is part of this technology so we should continue the development of this important energy source for reasons beyond our domestic energy considerations.

I know the gentleman does not intend to do this, but the gentleman from Pennsylvania (Mr. COUGHLIN) by his amendment will have the effect, if the amendment should prevail, of driving more and more countries into the hands of other nuclear technology exporters, particularly the Soviet Union.

So, Mr. Chairman, I would suggest that we examine this issue as President Reagan has examined it. I would suggest we examine this issue as the President and the Office of Management and Budget have examined it and conclude that the overall policy of the United States, not just for energy but also in terms of our relationship with other countries around the world, particularly our allies, should be that we need to keep the nuclear option open, particularly because we may want to exercise it at the turn of the next century for both ourselves and our allies. Therefore, I urge the defeat of this shortsighted amendment.

Mr. COUGHLIN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. MCGRATH) a member of the authorizing committee.

Mr. McGRATH. Mr. Chairman, I rise in support of the amendment to delete funding for the Clinch River breeder reactor project.

I have studied this issue carefully when we were considering it in the Science and Technology Committee, and the conclusion I reached is that the project simply does not make good economic sense at this time.

I am sure we have all heard the arguments against the Clinch River project, so I will not go into great detail here. Briefly, they are these:

First. Our projected energy demand is lower than was anticipated when the project was undertaken. Electrical growth rates since this project was undertaken have dropped from a high of 9 percent in 1969 to 1.9 percent in 1980.

Second. The slowdown in conventional reactor construction means uranium fuel supplies will last much longer than expected, so there is no particular need for the breeder at this time.

Third. Electricity from a breeder reactor is more expensive than that from light-water reactors. Experience from the world's first and only commercial breeder reactor reflects electricity costs twice that of conventional reactors.

Fourth. Clinch River would probably have little relevance to our immediate oil import problem in this country. Coal is proving to be an economic competitor for the large central power stations that use oil. Consequently, it may be well into the 21st century before breeder reactors may be needed.

In addition to these points, we cannot afford to ignore the facts presented in the Energy and Commerce Committee's report. This project is a management fiasco.

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

Mr. McGRATH. Certainly, I yield to the gentleman from Tennessee.

Mr. GORE. Mr. Chairman, there was no report from the Energy and Commerce Committee. I will address that later.

There was a staff draft which was thoroughly and completely discredited in the hearing held based on the staff draft. So I would caution the gentleman on that if he intends to base his argument on that staff draft.

Mr. McGRATH. Mr. Chairman, I thank the gentleman for his comments.

Certainly further funding of this project would simply be throwing good money after bad.

American taxpayers have invested close to $1 billion in this project over the last 10 years. In spite of this tremendous expenditure, not one spadeful of dirt has been overturned to begin this project. When all of our citizens are being asked to make sacrifices, I cannot justify additional funding for a project whose necessity is questionable at this time.

For all these reasons, Mr. Chairman, I support the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

□ 1150

Mr. BEVILL. Mr. Chairman, I yield 1 minute to our distinguished colleague, the gentleman from New York (Mr. CARNEY).

Mr. CARNEY. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN). I believe that we must press forward vigorously with the development of all of our domestic energy resources if we are to reach our goal of energy independence. The breeder option can play a major role in satisfying our future energy needs.

Our Nation's energy problems are certainly unsettling, if not downright dangerous. I am afraid that our energy future could be much worse than our energy present if we do not make the proper adjustments now. We are all aware of the fact that both oil and natural gas are versatile energy resources, but that their supply will not last indefinitely. Someday we will have to turn to other options to provide our needed energy reserves. Many, if not most, experts agree that coal and uranium will be the most appropriate domestic fuels for the generation of electricity in the future.

The breeder will help our Nation insure that nuclear power will be a useful long-term energy option. Breeder reactors have the capability to extend our uranium resources for hundreds of years. If our existing uranium resources are totally utilized, they would supply almost 3,000 times more than the total energy consumed in our

country each year, or the equivalent of almost 50 trillion barrels of oil.

The Clinch River program is one of vital importance. We must insure in this legislation that its construction goes ahead without any further delay. Testimony before my Committee on Science and Technology has clearly indicated that the United States has fallen far behind in the development of the breeder technology. This is a very disturbing trend, one which must be reversed as soon as possible. The French are now proceeding with the development of a 1,200 megawatt-electric super Phenix plant, and the Soviet Union is progressing with its BN 600 project. Several other countries, most notably the United Kingdom, Japan, and West Germany, have mounted aggressive development and construction programs to commercialize the breeder.

To abandon the Clinch River project now would be a crippling blow to our Nation's breeder program. It would freeze our technological base, and weaken our technical capability to continue to pursue breeder development. It would also signal to the world that our Nation is no longer serious about maintaining a key role in technical advancement in the nuclear field.

A recent GAO report indicates that a breeder demonstration project was an essential step in the development of this technology. Without a demonstration project, GAO found that the program would become hopelessly mired. For the benefits of my colleagues, I would just like to quote one significant finding from this report:

> Consequently, if this country wants to rely on nuclear power as a long-term energy source or even if it chooses only to preserve a future energy supply option for possible use if other energy technologies cannot carry the load, the information gathered by GAO supports the position that fast breeder technology should move forward to the construction and operation of an LMFBR demonstration plant.

Many recognized energy experts have indicated that it is imperative that our Nation go ahead with the breeder. The International Nuclear Fuel Cycle Evaluation, a 2-year study initiated by the previous administration and endorsed by 66 nations and 5 international organizations, concluded that the early development of fast breeder reactors is necessary to provide an assured supply of electricity from our nuclear resources in the future. A recent study by a distinguished panel of scientists under the auspices of the National Academy of Sciences also recommended the continued development of the breeder reactor.

Mr. Chairman, the single most important objective for our breeder program is to build Clinch River as soon as possible. Killing Clinch River will be saying to the world that we are really not serious about solving our energy problem, that we really do not care. We cannot ignore the fact that nuclear is one of the only two important energy resources we have to solve our problems in the present century, as well as the next. We cannot ignore the great fuel resources promised by this technology. A decision to go ahead will be a long overdue signal to the world that we are once again serious about nuclear energy and solving our energy problems.

Mr. COUGHLIN. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Chairman, I rise in support of the Coughlin amendment.

I rise in support of nuclear power and I rise especially in support of those who 10 years ago this month had the courage to cut off the funds for another very, very similar project, because 10 years ago this month the Congress of the United States voted to cut off the funding for the supersonic transport.

Now, let us think what would have happened if we had listened to those who said, "Well, we have spent hundreds of millions of dollars on developing an SST, so we have got to keep pushing forward."

Well, we would be in the same position that the French and the British are now in. We would have a bunch of them sitting on the ground unused because the economic assumptions of the SST proved invalid.

There are four SST's on the ground in France that cannot be sold. There are going to be a lot of breeder reactors in this country and elsewhere in the world that will also prove economically unfeasible.

A consortium of the French, the Germans, the English and the Dutch, have tested and demonstrated breeder reactor technology in Phenix. They are now underway with super Phenix.

It is not a question of whether or not this technology exists, just like it was not a question of whether or not an SST would fly. The French and the British have proved it; but the question is whether America's resources are best devoted to the development of a technology utilizing fission rather than fusion.

Even the experts will tell you that fission technology will always carry with it a high degree of risk.

Let us look where the smart money is putting its money. Where are Texaco and Sohio spending their research dollars? It is not in nuclear fission. It is in nuclear fusion. In a world of finite resources, let us take the billions of dollars that we would devote to a technology that is already being exploited and devoted to fusion technology, not fission technology, because some day we will have safe, efficient fusion plants, utilizing lasers, utilizing a technology that does not carry with it the risk of fission technology.

We will do it because we acknowledge that the economic assumptions of Clinch River are no longer true. In 1973 we were projecting Yellow Cake at $50 or $60 a pound in the 1980's going up to $100 a pound. The Nuclear Regulatory Commission told us that 1,000 light water reactors would be operational by the year 2000. Now they are telling us maybe 170.

Our problem is not technology. Our problem is the NRC, because the only reason we cannot use the French and the German technology is because of our own rules and regulations. If we ever need it, all we have to do is get control of the NRC and we can license the Phenix technology and construct a breeder reactor in the United States.

I beg my colleagues, let us not devote billions of the taxpayers' dollars to a technology we now know enough about to know that it does not represent the solution on the long range basis to our energy requirements.

I am totally in favor of the atomic energy program, but let us go for the real opportunity fusion, not fission.

Mr. BEVILL. Mr. Chairman, I yield 1 minute to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Chairman, I rise in strong opposition to this amendment, an amendment which may be better called a turn back the clock amendment, or an amendment which may make our country further dependent upon foreign nations for energy.

We are challenged once again by critics of Clinch River, many who for years have had a general antinuclear sentiment.

At a time when other industrialized nations are proceeding with their breeder program, it is certainly no time to curtail our program. Attempts to terminate Clinch River directly opposes a consensus of opinion in its favor as clearly demonstrated by congressional action during the previous administration efforts to stop it. Moreover, the current administration fully endorses this project, intending that it move ahead without further jeopardy.

Clinch River is not only the cornerstone of our current breeder program, but also a milestone project for continued domestic nuclear power development and growth. Among others, the GAO has indicated that a decision not to develop breeders implies the phasing out of nuclear fission as an energy source. A decision to stop Clinch River will have the same result. Without breeder reactors to assure long-term fuel supplies, nuclear power becomes a relatively short-term energy resource. It is for this reason that breeder foes are so determined and why we must

not be misled by their flawed reasoning.

Breeders promise to use our natural uranium at least 50 times more efficiently than current light water reactors. The respected National Academy of Sciences in its "Energy in Transition" report concluded that we need all our resources, especially coal and nuclear. The Academy has said that breeders would make uranium a potential source of energy for thousands of years.

We need not even look to the future to recognize nuclear power's economic benefits. They exist today. For example, the Commonwealth Edison Co. uses coal, oil and nuclear fuel to make electricity. Because of its heavy use of nuclear, Commonwealth's customers saved $460 million during 1980 over what they would have paid if these nuclear units had been coal-fired plants.

Regulatory uncertainty and financing limitations already place a heavy burden on nuclear power viability. If Clinch River is terminated, the nuclear option will be even more in peril. I firmly believe Clinch River is an opportunity for greater energy independence that we cannot afford to ignore. This amendment should not be accepted by the Congress.

Mr. COUGHLIN. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ERTEL).

Mr. ERTEL. Mr. Chairman, I rise in support of the amendment. The reason is, we have to establish our priorities in energy. We have to start looking at the priorities among solar, coal, conservation, oil shale, and fusion energy and a lot of other technologies.

I look at Clinch River and it does not fit into any kind of energy scheme that I see for America. Clinch River to me is a waste of our money, but abandoning Clinch River does not mean we are abandoning breeder technology. We are going to be spending over $400 million on breeder technology without Clinch River.

So then why spend $3.2 billion on this reactor, especially when the noted physicist, Edward Teller wrote in a telegram to one of the Members of Congress:

> Clinch River is technically obsolescent, its small size and large cost make it thoroughly inconsistent with badly needed economy in Government.

Now, some people will say that Edward Teller backed away from that position in later letters. I would suggest if you look at the context of those letters, the first telegram he sent was unsolicited, the later letter was solicited, and I would suggest to you that Edward Teller was heavily lobbied to change his position for this solicited letter comprises what was unsolicited and what he was lobbied to do.

This is the same thing we saw once before with one of our noted physicists, Hans Bethe, noted Cornell physicist, who came before the Science and Technology Committee about 3 years ago. I was sitting there, when the Nobel Prize winner stated the same thing as Edward Teller said—that Clinch River was outdated. Then a couple of months later, when I had pointed this out to one of the contractors that was working the Clinch River project, they said, "We will come back with a letter showing you where Hans Bethe is." And they did. The contractor came back with a letter that changed Bethe's position and was signed by Bethe.

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

Mr. BEVILL. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. ERTEL. So what has happened, we have seen a very effective lobbying effort; but really, what is the truth? Do they really believe it is obsolescent? Do they really believe it is too small? I would suggest that is exactly what they believe.

It seems to me it is time we get our priorities straight in this country especially when we are cutting back on coal development, when we are cutting back on other types of development of energy sources, the priorities leave no room for $3.2 billion to be spent on a Clinch River project which is obsolete and does not fit into our energy program.

Mr. Chairman, I would suggest that we approve this amendment to delete Clinch River.

□ 1200

Mr. COUGHLIN. Mr. Chairman, I yield 5½ minutes to the gentleman from Michigan (Mr. WOLPE), a member of the authorizing committee.

Mr. WOLPE. Mr. Chairman, it is not uncommon up here to find many lobbyists and many special interests playing what is termed, "hardball." But in this particular issue I think someone is out there playing with pistols and tommyguns.

The gentleman from Pennsylvania (Mr. ERTEL) a moment ago referred to the position of Dr. Edward Teller, one of the most prestigious and prominent nuclear scientists in the country, who not long ago observed that Clinch River is technically obsolete and its small scale and large costs make it thoroughly inconsistent with badly needed economy in government.

That was not the only time Dr. Teller spoke to that issue. On another occasion he wrote:

> In 36 years of development, in which billions of dollars have been spent in the United States and even more worldwide, and in which the best nuclear engineers have been involved, a fast breeder reactor still remains years away from a practical economical possibility. * * * The Clinch River Breeder Reactor might well be considered a symbol for the renewed support of the nuclear industry. However, a symbol that cost three or four billion dollars might well be considered too expensive.

Then Dr. Teller only this week sent another letter out—this time to Martin Anderson over in the White House saying, and I quote:

> I have sent you a copy of my recent letter to all Members of Congress in connection with the Clinch River Breeder Reactor, about which I had serious doubts.

He goes on to state:

> I have agreed to the request of people from Oak Ridge to give a talk generally supporting the Clinch River project.

The gentleman from Pennsylvania indicated that Dr. Teller is not alone in doing an about-face on his position. So has Dr. Hans Bethe, another leading American nuclear scientist who, in testimony before our Science and Technology Committee last year, acknowledged that while he, too, was very concerned with the development of an effective breeder program in this country, that the particular breeder design, the particular Clinch River project in question, was already obsolete.

Then only this very week we had still another turnaround. This time it was Bob Staker, Department of Energy Director of the Office of Reactor Research and Technology, the office in charge of the breeder project. A few years ago Mr. Staker said, and I quote:

> If we proceed with the Clinch River, by 1988 we'll have a 350 megawatt plant. That would be 15 years after the French and the Soviets have the same thing. We must leapfrog if we want to maintain our position.

Then, in the hearing that occurred under the chairmanship of the gentleman from Michigan (Mr. DINGELL), this past week, Mr. Staker interestingly also changed his position, saying that he has had to rethink this whole question in the context of new realities.

Finally, David Stockman. As Congressman, Mr. Stockman declared in 1977:

> After a careful in-depth review of the economics of the project, I have come to the conclusion that it is totally incompatible with our free-market approach to energy.

Now, as OMB Director, Mr. Stockman has suddenly found himself to be in support of the Clinch River breeder reactor project.

Do we need any more evidence of the extent to which this project continues to be motivated by heavy-handed special interest pressure, rather than by an analysis of energy crisis that faces this country and of the most effective solutions to that crisis. Let there be no mistake. When Dr. Teller felt free to speak his mind, he was opposed to the Clinch River breeder reactor. When Dr. Bethe felt free to speak his mind, he was opposed

to the Clinch River project. When Bob Staker of the DOE felt free to speak his mind, he was opposed to the Clinch River project. And when David Stockman felt free to speak his mind, he was opposed to the Clinch River project.

The issue that is facing the Congress today is whether this Congress will feel free to speak its mind—and record its opposition to a project that should have been terminated long, long ago. We do ourselves and we do the American taxpayers no favor when we throw wholly unjustified subsidies to every energy technology and every energy interest that comes before this Congress.

The reality is that some technologies represent a sound taxpayer investment because they will displace petroleum and they will do so at the lowest possible cost. But there are other technologies and projects—and the Clinch River project is perhaps the classic example—that are nothing but a huge drain upon taxpayer resources and a drain upon private sector capital. And investments in technologies that do not represent an effective displacement of petroleum are only prolonging our dependence upon imported petroleum and thereby weakening our national security.

Mr. Chairman, I urge this House to support the Coughlin amendment and terminate funding for the Clinch River breeder reactor.

Mr. BEVILL. Mr. Chairman, I yield 5 minutes to our distinguished colleague from Tennessee (Mr. GORE).

Mr. GORE. Mr. Chairman, I rise in opposition to this amendment.

I want to speak briefly about some of the arguments we have heard and some of the arguments we have not heard.

First of all, with respect to our future energy needs in the United States, some would have us believe perhaps that they have a crystal ball at their disposal and can predict the future. The country has seen in the recent past that the energy picture is the most unpredictable, and the fact remains that the United States faces massive uncertainties with respect to energy supply and demand in the coming decades.

It is true that energy demand is going down compared to what it was expected to be. It is also true that electricity demand is a special case. We have seen people switching to electricity from other sources of energy.

It is also true that we have difficult problems and massive uncertainties with respect to the continued use of fossil fuels in the large quantities in which we are now using them, and in the quantities we expect now to use them in the future. Acid rain, the air problems, the greenhouse effect, these problems could lead our civilization to need nuclear power in the future. If we decide that we do need nuclear power, then we will need breeder technology.

This project is not a commercialization project, it is a research, development and demonstration project to answer the questions that must be answered if we are to develop this technology.

I would like to address in the time I have remaining some of the arguments that we have not heard during this debate today. For the past several weeks Members have read in their hometown newspapers and in the Washington press about allegations of waste, fraud and abuse and mismanagement at the Clinch River project. It is interesting that no one from the subcommittee who participated in the hearings on those allegations has spoken out during this debate to refer to those allegations. Let me tell my colleagues why.

These allegations were based upon a staff draft that did not stand up to the scrutiny applied to it during the hearings we held. There were three alleged cases of waste, fraud and abuse. All three of them were extremely minor in nature, immediately caught and identified by the management of the project, immediately referred to the Inspector General and the FBI, and immediately stopped. In fact, before the hearing was over the managers of this project were being commended for having caught these allegations and for having seen to it that the project was managed tightly, and that money was not wasted.

□ 1210

The hearing, in fact, backfired, Mr. Chairman. It demonstrated that the managers of this project have kept a close eye on the taxpayers' funds.

Now, what has happened during the past 10 years? We have seen 10 tumultuous years over the lifetime of this project. This project has lasted through four presidents, through the OPEC revolution, through the national energy debate and through the bitter struggle between the Congress and the executive branch in the last administration about whether or not this project would be continued.

It is not surprising that there has been a stop-and-start, a stop-and-go approach, when the executive branch orders a halt to it and unilaterally asks that it be stopped. That causes problems. And it has caused an escalation in many of the costs.

Before yielding, I would simply ask my colleagues to vote no on this amendment, and I said I would yield to my colleague, the gentlewoman from New Jersey.

Mrs. ROUKEMA. I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the remarks that the gentleman from Tennessee (Mr. GORE) has made here today. I think the gentleman has made an eloquent and persuasive case behalf of the need for a nuclear option and the uncertainty of our energy future.

Mr. Chairman, I rise in opposition to the amendment offered by Mr. Coughlin that would delete funding for the Clinch River breeder reactor. I am rising in support of our energy future and a continued commitment toward keeping our long-term options open.

Every Member in this room knows the consequences of failing to make progress toward our goal of energy independence. We have already paid a high price because of an uncertain energy supply. We know that we cannot rely upon one source of energy, and that we should be doing all we can to lessen our dependence upon imported oil.

The issue is, Do we take a chance, as critics would have us do, that we will not need the breeder technology in the future—or do we take the conservative, sensible approach and develop this demonstration project now, in case we do need this energy option later on? We all know that past predictions of energy trends have caught the United States virtually unprepared. I, for one, prefer to opt for preparedness in this case.

We spend billions to subsidize research for war; surely it is prudent for this small expenditure on behalf of the peaceable use of nuclear power.

In 1980, a GAO report on Clinch River concluded:

> If a long-term future for nuclear power is desired, or even if the future role of nuclear power is viewed as uncertain but a nuclear option is to be maintained, constructing and operating a fast breeder demonstration plant is needed now to determine the actual costs and operating performance.

Mr. GORE. I thank the gentlewoman for her remarks.

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

Mr. GORE. I yield to the gentleman from Tennessee.

Mr. BEARD. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment. There are many reasons why we need the Clinch River breeder reactor program.

CRBR is needed to help confirm and demonstrate the potential value and environmental desirability of the LMFBR concept as a practical and economic future option for generating electric power.

CRBR is needed as a key element of the U.S. breeder reactor development program for assuring nuclear fuel resources in the 21st century. This technology will permit the use of already mined uranium resources greater in energy equivalence than either the U.S. coal reserves or the estimated oil reserves of the entire world. Also, since breeders consume plutonium,

they will actually reduce the inventory of stored plutonium that is generated in conventional nuclear powerplants.

CRBR should be built so the United States can be ready to commercially deploy breeder reactors by the end of the century when we most likely will begin to need them.

CRBR is needed to provide the design, construction, and operation experience necessary for the development of large-scale breeder reactors.

CRBR is needed to help to verify certain key characteristics of breeder powerplants for operation in utility systems; that is, licensability and safety, operability, reliability, availability, maintainability, flexibility, and prospects for economy.

CRBR is needed to develop technological and economic data for the benefit of Government, industry, and the public, and to provide the broad basis of experience and information necessary for commercial and industrial application of the LMFBR concept.

CRBR is needed to achieve the intended benefit from $1 billion already spent on the project. These funds as well as the Nation's multibillion investment in breeder technology will be mostly wasted unless the project is completed.

CRBR is needed to demonstrate Government support for the continued development of nuclear power. Long-term uncertainties in fuel supplies will preclude further development of conventional nuclear power if breeder development is not continued.

A national commitment to an orderly breeder development program is urgently needed now as an essential part of proceeding with the nuclear option, and CRBR is a key part of that program.

The CRBR design is current, incorporating many U.S. and foreign technological advances.

The CRBR size is also an appropriate scale up from the Fast Flux Test Facility and represents a prudent balance of risk, cost, and schedule.

Finally, completion of the CRBR will provide the comprehensive sound technical base needed to move breeder technology forward toward the goal of breeder deployment early in the next century.

These conclusions are supported by a broad consensus of scientists, engineers, and even foreign governments, and form the basis for the U.S. breeder development program. As you can see, there is ample justification for proceeding with this project.

I urge you to carefully consider the need for CRBR as well as the facts dealing with the criticisms of the project. I am confident that these facts will lead you to vote against the amendment offered by the gentleman from Pennsylvania which would delete funding for the project.

Mr. COUGHLIN. Mr. Chairman, I yield 4½ minutes to the gentleman from Minnesota (Mr. WEBER).

Mr. WEBER of Minnesota. Mr. Chairman, it is hard, after having been through all of the debate and the discussion in the Science and Technology Committee prior to our deauthorization vote on this issue, and now having listened to all of the debate today, much of which is rather repetitive, to find many points to make that are new at this stage of the debate. And in fact that is because the most compelling arguments against this project are relatively simple; yet, compelling nonetheless.

The fact is that this project is not economically sensible. And you can only say that so many different ways and so many different times. It is not economically sensible because of the short-term cost, in terms of the direct fiscal impact on the fiscal year 1982 budget, and it is not economically sensible because of the long-term energy picture that our country faces.

Let us review once again, before we conclude this debate, those very simple, compelling arguments so that Members will be fully and precisely aware of what they are voting for when they vote on this amendment and on this project.

In the short run, we are talking about a very expensive project, $228 million in actual appropriations in this year, $3.5 billion additionally required to complete this project under present estimates, and those are estimates before construction has even begun. The likely completion cost of this project will certainly be much higher once we break ground and actually start building the project. That is likely to mean that year after year after year we will be appropriating in the neighborhood of $300 to $400 million annually, while at the same time we attempt to approach the goal of a balanced budget by the year 1984.

Members of this body are going to be asked to make additional difficult economic decisions to reduce the Federal budget, more difficult than those we have made with great difficulty in this Congress, if we are to achieve a balanced budget by 1984. And if we are going to fund this project at still higher levels in additional years, where are other additional cuts to be made? We have already cut virtually every other program in the energy budget to the bone. It is going to be exceedingly difficult to find additional places to cut within the energy budget, and Members are going to have to make some very, very tough decisions, or we are going to have to forsake the goal of a balanced budget by 1984. I do not believe our country can afford the economic consequences of such excessive Federal spending much longer.

But let us also look at the long-term economics of this project. The basic economics of this country's energy situation and of breeder technology mean that this facility will not be commercially viable today. And no one argues that. Other Members have pointed out that that is not relevent to this argument, that this is not meant to be a commercially viable facility, that this is an R. & D. project. While I would dispute the fact that this is purely an R. & D. facility, as would other members of the scientific and energy community, leaving that aside for the moment, I would point out that point is largely irrelevant to the discussion we are having today because many Members will be voting on this amendment with the presumption that after we construct the Clinch River breeder reactor, then breeder technology will become commercially viable.

We are told that this is the next logical step in the development of our overall nuclear power program. It may be the next step, but it is not a logical step. It is, however, the next step on a virtually endless ladder of Government subsidizations that are going to be required to foist this technology on an unwilling and an unwanting energy market.

Members who believe that this project will yield us commercially viable breeders over the short term are mistaken.

OMB Director Stockman made this point compellingly when as a Member of Congress he argued against the continued subsidization of the Clinch River breeder reactor. He stated, and I quote:

> The CRBR will generate a vast industrial support and supply infrastructure among private companies engaged in all phases of reactor design, component manufacture and plutonium fuel cycle support. The development of this infrastructure is in fact one of the central goals of the project. What will happen is that the breeder will develop still greater institutional momentum.

And that institutional momentum will pressure us as a body to vote to fund still additional breeder reactors with additional multibillion-dollar price tags. This means that financial support of this particular technology will remain largely a public sector responsibility for the next 50 years.

Edison Electric Institute, one of the chief proponents of breeder technology, is quick to concede this point. They do not argue that this is going to be the last vote that we have to cast to spend billions of dollars of taxpayer's money on breeders. No; they say that after we complete Clinch River, we will have to construct a near-size prototype at Government expense. So we build the fast flux facility at Government expense, we build Clinch River at Government expense, we build the near-size prototype at Government ex-

pense; and then at some point in the far distant future perhaps in the second or third decade of the 21st century, when virtually everyone here is no longer a Member of Congress, and half the people alive today are probably no longer with us, then we are told we will have commercially viable breeders.

Simply put though, support for continued Federal subsidization of Clinch River represents a rejection of significant new efforts to foster a free market in energy technology. A truly market-oriented approach should reject massive, long-term subsidization of any one energy technology, and should instead center around a cost-effective response to the energy problem—that is, arriving at a competitively derived energy mix that will provide maximum productivity at the least possible cost to both the energy consumer and the taxpayer. This, in my opinion, will inherently exclude a project like Clinch River, which most energy experts agree is one of the least cost-effective energy alternatives available given the enormous capital investment requirements and the likelihood of reduced electrical demand over the next several decades.

The figures before us today make a compelling point—that there is a fundamental and irreconcilable conflict between the administration's oftenstated commitment to reducing unnecessary and inefficient Federal subsidization of energy technologies and the continued development of a nuclear white elephant such as Clinch River.

In fact, past statements by both Secretary of Energy Edwards and Budget Director Stockman essentially indicate acceptance of the fact that breeder technology could not possibly survive when subjected to the rigors of the marketplace.

Mr. Chairman, Clinch River is an ineffective and poorly devised approach to our Nation's critical energy problems, which both the taxpayers and energy consumers of this country can ill afford. It has been my hope that the free market premises of the new administration could be applied equitably and without bias to all areas of Federal involvement in the energy field. With Clinch River, however, this has not been the case. As Mr. Stockman has put it:

* * * early commercialization of the breeder will result in large economic losses to society * * * Therefore, no futher subsidization of the Clinch River project, an integral step in the early commercialization program, can be justified.

I can find no legitimate reason why a program whose sole merit and support rests on institutional momentum and narrow financial interests should receive an extraordinary amount of Federal largesse at a time when far worthier programs are being sacrificed in the name of budget restraint.

I urge the adoption of the Coughlin amendment.

Mr. BEVILL. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, we have been funding this project now for 10 years. The two Houses of Congress have overwhelmingly supported this project. Countries such as Great Britain, France, and Russia are moving on with their breeder program. And here we have to go through this continuing debate. We have been doing this every year since 1977. I think this is a matter that we should move on with. I do not think that there is any Member of this House who would question the fact that this country does have limited energy supplies. This is what we are talking about. I do not believe that there is any Member in this House who would question the fact that we must have nuclear power to produce electricity. We know that the world supply of oil is running out and we know that this country cannot afford the luxury of not having the use of nuclear power.

So we are talking about fuel for nuclear power, and this breeder project is a very important project. The Secretary of Energy and witnesses from the U.S. Department of Energy, who testify before out committee each year, point out the importance of continuing this project. We hear all of these figures this project now is going to cost, and, of course, it depends on what dollars you use, but we have $3.2 billion as the cost now, including inflation. We have spent $1.1 billion.

The public utilities will invest $360 million into this project. Are we just going to stop the project now?

My good friend, the gentleman from Pennsylvania (Mr. COUGHLIN), has offered this amendment that would delete the funds in the bill for the project. As you know, it is going to take money to terminate the project. You cannot do it for nothing. It is just not practical. You have the utilities. What are we going to do about the utilities? Are we going to pay them back? There are going to be claims filed. We are going to set off some fireworks here with this amendment.

□ 1220

I think that this House will defeat this amendment. I urge my colleagues to defeat this amendment. I think that one of the best statements that I have heard about this project came from President Reagan. He recently made this statement about the Clinch River breeder project that we are talking about right now. Here is what he said:

Nuclear energy could supply electricity for thousands of industries and millions of jobs and homes. It must not be thwarted by a tiny minority opposed to economic growth which often finds friendly ears in regulatory agencies for its obstructionist campaigns.

I urge my colleagues to vote against this amendment.

PREFERENTIAL MOTION OFFERED BY MR. OTTINGER

Mr. OTTINGER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. OTTINGER moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. OTTINGER. Mr. Chairman, I take this time because there was not adequate time on the other side to read this letter from a distinguished scientist all of us who work in the energy field know very well, who has not been co-opted by pressures by the administration or by other scientists. He is Dr. John Deutch, who was formerly Under Secretary of Energy and Assistant Secretary of Energy in charge of all energy research and development, including this project.

Yesterday, because he felt so strongly about this he wrote me a handwritten letter which I will read to the Members at the present time:

DEAR CONGRESSMAN OTTINGER: This letter confirms public and private remarks that I have made concerning the inadvisability of continuing with the Clinch River breeder reactor (CRBR) project. As you know, I am in favor of nuclear energy and breeder research and development, but I believe that the date when breeders might be economically deployed is well into the future, quite likely beyond the year 2020; the CRBR project is, therefore, not needed. It is technically obsolete and wastes precious research and development resources.

A much better course of action would be to plan ahead for a new breeder R. & D. plant that would incorporate technical advances that have taken place within the United States breeder program since 1968 and to cancel the obsolete CRBR plant.

It seems to me that the recent debate has raised some issues that deserve comment. First, the CRBR has not incorporated new technology, as some of its advocates claim. For example, it is still based on FFTF fuel design, an outdated fuel transfer system and a questionable steam generation design.

Second, some argue that money spent on CRBR will be recovered from operational revenues that would be raised during operation of the plant. This view, in my opinion, is misinformed.

The CRBR is a 350 megawatt (electric) plant whose operating cost, when waste management and reprocessing costs are included, is certainly larger than the total cost including operation, plus investment of electricity from a light water nuclear plant that would be available in the region.

Under no circumstances, when inflation is taken into account, could revenues from CRBR operation ever repay the $3 billion plus Federal investment.

Third, most informed observers of the nuclear industry recognize that near term needs to support this important energy source are: regulatory reform, reactor safety, waste management and utility financial strength not proceeding at great expense with the CRBR project.

I hope the House terminates this project.

Sincerely yours,

JOHN DEUTCH.

I hope that this House will follow Mr. Deutch's very wise advice.

Mr. COUGHLIN. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, we have heard a lot of argument today, and the distinguished chairman of the subcommittee just referred to a letter from President Reagan. I hasten to add that letter, of course, is not directed toward the Clinch River breeder reactor in favor of or against; it was directed to the broad question of nuclear energy which many of us who oppose the Clinch River breeder reactor also support the broad development of nuclear energy.

Through all the argument we have had today, Mr. Chairman, one thing has become clear, that no matter how we look at the Clinch River breeder reactor, no matter how we look at it, it cannot be justified.

Mr. Chairman, it was originally justified as a commercialization demonstration project, but with escalation of costs that have taken place, my colleagues, there is no way, there is no way we are going to recoup the costs of this project through the sale of electricity at commercial rates, and indeed, the plant is being built in an area where there is a surplus of electricity at the present time.

Costs will continue to escalate. Not a single allegation in the study that indicates that the whole project is a management disaster, has been refuted.

Now, having found we cannot justify this as a commercialization demonstration project, some people say that this is a breeder research and development project.

But, my friends, it is unnecessary to have this project, if we are talking about it as research and development, because the research and development of the breeder program can go on at the fast flux test facility in Hanford, Wash., and at other places in the country without Clinch River.

In fact, in this bill, without Clinch River, there is almost a half billion dollars for breeder research—without Clinch River. In this bill, more is spent for breeder research than in any other country in the world.

My distinguished chairman talked about other countries going ahead with their programs. The United States is going ahead and spending more money on breeder research than any other country in the world. Clinch River is not necessary for research and development.

Finally, then, having said it is not a commercialization demonstration project and it is not an R. & D. project, they say, well, it is a technology demonstration project, to demonstrate the technological capability of adapting a breeder to electrical generation.

But by all the best estimates that we have, by all the best estimates, the breeder technology will not become economical until sometime around the year 2030—50 years from now.

At today's uranium prices, there is no way that a breeder can compete with a light water reactor until that time frame and produce energy more cheaply. So why do we build a technology demonstration project when the need is 50 years or so away and the technology is still developing?

It is not a technology demonstration project. What we are really talking about is a single reactor that is going to be built out there, that is going to—sure as heaven made apples—be a white elephant. It will not produce economical electricity. Its cost will not be recouped. It will be technologically obsolescent and will have been a massive extraordinary expenditure of taxpayers' dollars that is totally unwarranted.

My colleagues, in your heart of hearts, and maybe better in your stomach of stomachs, there is no way we can support this project.

□ 1230

Mr. OTTINGER. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. COUGHLIN), who has 2 minutes remaining.

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

Mr. BEVILL. Mr. Chairman, I yield 1 minute to our distinguished colleague from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, I just wanted to point out that in 1970, when the Atomic Energy Commission came to Congress for this project, they asked Congress for $50 million. In 1971, they came back and asked to increase that to $100 million. Congress agreed with that, but only after Mr. Hosmer, the ranking minority member on the Joint Committee at that time, a Republican from California, offered an amendment which was adopted by the House limiting the Government's total involvement to this project at no more than 50 percent of the cost of that $100 million.

What has happened since then? The cost has gone up from $100 million to $700 million to $1.5 billion to $2 billion to maybe $3 billion, and yet the Government's costs have increased year after year after year.

What we have here is another one of those situations where we start out very small. The Government gets involved. The need for it has long since passed, and yet the project continues.

I ask that the Members of this body for once and for all put an end to this project and vote for the Coughlin amendment.

Mr. BEVILL. Mr. Chairman, I yield such time as he may consume to our distinguished majority leader, Mr. WRIGHT.

The CHAIRMAN. The gentleman from Texas, the distinguished majority leader, is recognized for no more than 11 minutes.

Mr. WRIGHT. Mr. Chairman, I am not a scientist. There is a great deal about nuclear energy I do not pretend to understand. It would be foolish of me to enter into the presumption of a knowing discourse with some of the other Members about the feasibility of techniques that are here being employed; but I think I know something about history. I believe I understand something about the needs of this Nation of ours for a continued commitment to energy independence. I believe I know something about where we are in the world. I think I know something about the continued need of any nation that is to be a leader of the world to maintain its commitment to scientific pursuit.

Ever since the beginning of time, there have been people who wanted to turn back having committed themselves to a goal and then having discovered that the goal was difficult of achievement, they were willing to turn back.

The children of Israel, we are told, in the Old Testament times, left Egypt to flee from bondage. They wearied of the costs of wandering in the desert and in the wilderness and some of them wanted to return to the fleshpots of Egypt, the comfort, the convenience.

Some today want to return to the idea of the comfortable notion that we do not have to do expensive and costly things in order to achieve energy independence. When Copernicus and Gallileo were speaking of the world being round, there being galaxies and firmaments, they were persecuted by people who saw apostasy in some of the things that they were teaching because they wanted to return to the comforts of doing things as usual. I am sure when Christopher Columbus set sail for a new world, he did not know exactly where he was going, but he knew there was a world to be sought, There were those among his crew who wanted to turn back when, after a little while, they had not sighted land.

I know this is not the time to turn back. Seven different times the Congress has voted to go forward with this project, seven times in the last three Congresses. We have already spent $1 billion on it. That is an investment the American people have made in this phase of energy security for the United States and energy supremacy.

If we stop now, we have wasted that $1 billion and we have wasted the time, the effort, and the energy that has been put into it. I am told by those who have studied the economics of the project that it will, in the course of its lifetime, pay back that billion and the remainder that we have proposed to put into it to its completion seven different times. The Government will get back $7 for every $1 it has put into it from the sale of electrical energy.

I guess it really comes down to a question of whether we are really committed to the idea and whether we are willing to pay for energy independence. How short our memories can be. How short a time ago it was that we had gas lines here in the United States and people were willing, for a very brief while, to do just almost anything it took to make this Nation energy supreme again. We are still spending $60 billion or $70 billion for foreign oil, even though we have, by means of many devices—and some of them heroic—curtailed our consumption of foreign oil. The energy crisis is far from over. We need to pursue it will diligence.

I am reminded of two contrasting reactions experienced by men who viewed the first blinding flash of light which accompanied the world's first nuclear explosion. Out there on the sand flats of the New Mexico desert, a physicist said, "I am sure that on doomsday, in the last millisecond, the last man on Earth will see what we have just seen."

But William L. Lawrence of the New York Times said he felt as though he had been present at the dawn of creation when God has said, "Let there be light."

At every step up the path of man's increasing physical knowledge, we have had the same choice. Either we cringe before the future in fear or we could look it in the eye with faith. Either we could want to return to the fleshpots of Egypt, back to the more comfortable, less costly ways, seek some solace in the belief that we have an oil glut now, and sure enough, we do not have an energy problem, will not have one; or we can look the future in the eye with faith and determine that this will continue to be not only the greatest nation on Earth, but it will become an even greater nation.

Our future is not behind us. It would be foolhardy for us now to turn our backs upon what we thus far so nobly have advanced.

So I say to the Members, let us vote down this amendment as we have done on the previous occasions and let us demonstrate once again that the Congress of the United States is indeed committed to the proposition that this Nation of ours will become energy independent, that we will discover and master all of those means that are made available to us by science and by He who put the electricity in the storm cloud in the first place, who locked the Promethean quality of the Sun in the tiniest of atoms, there to lie until man was given the knowledge of how to unlock them and how to use them for the benefit of the future of mankind.

I yield back the balance of my time.

Mr. BEVILL. Mr. Chairman, I yield such time as he may consume to my colleague, the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I do rise in opposition to the amendment, and I would compliment the majority leader. He truly is a spokesman for the future.

I can remember back just a few years ago when we were all crying for energy independence. I think the majority leader has pointed out quite well that here is an opportunity for the future.

Did you know we can make energy from our wastes and cut our environmental impact as well? I am not talking about municipal wastes. I am talking about the wastes from uranium enrichment. I am talking about the breeder reactor. All of the wastes, of tailings from the enrichment process for light water reactors are a resource for the breeder reactor. Thousands of canisters of this material are sitting in storage yards at enrichment plants in Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio, just waiting to be used in a breeder reactor.

We can use this already mined uranium to produce literally hundreds of years' worth of electrical energy at our present consumption rate. Right now we are mining uranium ore in this country, with some associated health and environmental hazards. The fast breeder reactor option would roughly cut in half our need for uranium mining and milling. Since our uranium, like fossil fuels, is a limited resource, we buy uranium from other countries. A deal was recently made with Russia to buy uranium for U.S. needs. The breeder's ability to make energy from enrichment tails is certainly to our country's strategic advantage.

There are other environmental benefits as well. The ecological effects for the enrichment processes are avoided. There should be less radiological impact, less thermal impact, and less waste disposal problems.

The Clinch River breeder reactor project offers us an opporunity to make energy from present wastes and reduce the environmental impacts. This is a valuable form of conservation.

Did you know that the Clinch River breeder reactor project represents the largest utility commitment ever made to a single research and development project? A total of 753 utilities agreed to pay $257 million of the breeder's cost for the learning experience. But already, because of the opposition to the CRBR, industry's confidence in Government in large projects has been severely damaged. The cancellation of the CRBR will only strengthen the image of Government as an entity that has too little regard for the sanctity of contracts. This will have negative effects on technology transfer for other energy technologies as well.

Synfuel, solar, geothermal, ocean thermal, and wind technologies will be received skeptically by industry when the Government wants to encourage industrial takeover of the development of those options.

There is a similar effect on this country's image overseas. France, the United Kingdom, West Germany, and Japan all have breeder programs; and Russia started operating its fourth breeder last year.

Leaders abroad are aware of the inconsistencies in the U.S. nuclear programs, and have been urging our Government to restore its credibility in nuclear power and proliferation matters. The less-developed countries that must use oil disapprove of a nuclear power slowdown in the United States. Cancellation of the CRBR will clearly aggravate the issue.

Use of nuclear power in the future depends on reasonable assurance that nuclear fuel will be available at reasonable prices. The fast breeder reactor provides that assurance. If we turn our backs on the breeder, we are turning our backs on decades of scientific research, analysis, and careful planning. Billions of taxpayers' dollars and private risk capital have gone into the fission energy program.

This was done with the full understanding of the commitment of the Government to push development of the whole technology; there was faith in that commitment.

Fission energy, with breeder technology, offers the option of expanding our energy resource base. It is not prudent to stop 30 years of effort and stop current development. To do so with the present fast breeder reactor program is to throw away the option and go back to square one. To start now on a new concept in a new breeder project is to embark on a project that will not reach the CRBR's present status for 10 or more years. In addition, for every year the Clinch River project is set back, the project's total cost goes up by at least 10 percent, or about $300 million.

There is a very good chance that the Nation does not have this much time to get the answers it needs.

In the name of our past commitments and our energy future, I urge my colleagues in the strongest possible way to support continuation of this essential technology development.

Thank you.

Mr. AuCOIN. Mr. Chairman, as chairman of the House Task Force on Industrial Innovation, I spend a lot of time trying to convince people that it makes sense to spend Federal tax dollars on research and development of new technologies.

But it is pretty tough to sell that idea to anybody who has heard about the Clinch River breeder reactor.

Clinch River is the kind of project that gives research and development a bad name.

It is a textbook example of a project run amok: Poorly conceived, fraught with waste and cost overruns, gobbling up tax dollars at an alarming pace while producing no tangible benefits.

It would take days to catalog the problems surrounding Clinch River, but as I see it, they boil down to three basic questions:

Is the project worthy of public investment—that is, will it deliver a technology that meets a genuine need?

Do we know what the project will cost, and if so, are the results worth the price?

What are the implications for nuclear proliferation?

No prudent agency should embark on a research and development project without having answers to those questions at the outset. Yet in the case of Clinch River, we have been pouring money down the drain for 10 years, and still do not have answers.

Scientists, engineers, and economists are debating whether the project is obsolete, given changing economic assumptions and technological advances. The price tag has escalated from $500 million to over $3 billion and shows no signs of stopping there. And we still do not know how the breeder fuel will be reprocessed, let alone what kind of safeguards there will be against theft and loss.

Clinch River is especially troubling to me because I know we can make good use of our tax dollars in energy research and development. A good example is the Federal research effort in photovoltaics—silicon cells which convert the Sun's rays directly into electricity. Only a few years ago, this technology was prohibitively expensive, with a price per kilowatt-hour more than 100 times greater than conventional fuels.

But in the 6 years that the Federal Government has been involved in photovoltaic research and development, the price per kilowatt-hour has dropped by more than 200 percent, and is now within shooting distance of the conventional fuels. Thirteen U.S. companies are now manufacturing and marketing photovoltaic arrays.

Here is a technology that is needed, that has proven its worth and is rapidly moving toward commercialization.

The research has not been cheap—about $600 million has been spent so far—but we have something to show for the dollars we have spent. We have already spent $1 billion on Clinch River, and construction has not even started.

Mr. Chairman, Clinch River is a mistake—an expensive, embarrassing, shameful mistake.

It is time we acknowledged the mistake, and corrected it—today—by deleting funds for Clinch River.

When we talk about Clinch River, we are talking about priorities. If we reward obsolete, overpriced technology at the expense of innovation and ingenuity, if we bail out a wasteful program while cost-effective programs go begging, if we empty our pockets today without investing in tomorrow—then we abandon the traditions on which this Nation was built, and jeopardize our future as a world leader.

I do not accept this shortsighted thinking, and I do not think the American people do, either.

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

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. COUGHLIN).

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

RECORDED VOTE

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

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 186, noes 206, answered "present" 1, not voting 40, as follows:

[Roll No. 161]

AYES—186

Albosta	DeNardis	Heckler
Applegate	Dingell	Heftel
Aspin	Dixon	Hertel
AuCoin	Donnelly	Hiler
Barnes	Dorgan	Hopkins
Bedell	Dornan	Howard
Beilenson	Dunn	Hoyer
Benedict	Early	Hughes
Bethune	Eckart	Hunter
Bingham	Edgar	Hyde
Blanchard	Edwards (OK)	Jacobs
Boland	Emery	Jeffords
Bonior	Erdahl	Johnston
Bonker	Ertel	Kastenmeier
Brinkley	Evans (DE)	Kildee
Brodhead	Fascell	LaFalce
Broomfield	Fazio	Lantos
Brown (CA)	Fenwick	Leach
Brown (CO)	Ferraro	Lehman
Burton, John	Findley	Leland
Burton, Phillip	Fish	Levitas
Carman	Fithian	Lowry (WA)
Chisholm	Foglietta	Luken
Clay	Fowler	Lundine
Clinger	Frank	Lungren
Collins (TX)	Gejdenson	Markey
Conte	Gephardt	Marlenee
Conyers	Gilman	Matsui
Coughlin	Glickman	McCloskey
Crane, Daniel	Goodling	McCurdy
Crane, Philip	Gradison	McDade
Crockett	Green	McGrath
D'Amours	Gregg	McHugh
Daniel, R. W.	Guarini	McKinney
Danielson	Gunderson	Mikulski
Daschle	Hall (OH)	Miller (CA)
Deckard	Hamilton	Mineta
Dellums	Harkin	Minish
Mitchell (MD)	Rodino	Staton
Mitchell (NY)	Roybal	Studds
Moakley	Sabo	Swift
Moffett	Sawyer	Synar
Molinari	Scheuer	Tauke
Moore	Schneider	Traxler
Neal	Schroeder	Trible
Nowak	Schumer	Udall
Oakar	Seiberling	Walgren
Oberstar	Sensenbrenner	Washington
Obey	Shamansky	Waxman
Ottinger	Shannon	Weaver
Panetta	Sharp	Weber (MN)
Paul	Shaw	Weber (OH)
Pease	Siljander	Weiss
Petri	Simon	Williams (MT)
Peyser	Smith (NJ)	Williams (OH)
Porter	Smith (OR)	Wirth
Pursell	Snowe	Wolpe
Rahall	Snyder	Wortley
Railsback	Solarz	Wyden
Rangel	St Germain	Wylie
Ratchford	Stanton	Yates
Ritter	Stark	Yatron

NOES—206

Addabbo	Foley	Murtha
Akaka	Ford (MI)	Myers
Alexander	Ford (TN)	Napier
Anderson	Forsythe	Natcher
Andrews	Fountain	Nelligan
Annunzio	Fuqua	Nelson
Anthony	Gingrich	Nichols
Archer	Ginn	O'Brien
Ashbrook	Goldwater	Oxley
Atkinson	Gore	Parris
Badham	Gramm	Pashayan
Bafalis	Grisham	Patman
Bailey (MO)	Hagedorn	Pepper
Bailey (PA)	Hall, Ralph	Perkins
Barnard	Hall, Sam	Pickle
Beard	Hammerschmidt	Price
Benjamin	Hance	Regula
Bennett	Hansen (ID)	Rhodes
Bereuter	Hartnett	Rinaldo
Bevill	Hatcher	Roberts (KS)
Bliley	Hawkins	Robinson
Boggs	Hefner	Roe
Boner	Hightower	Roemer
Bouquard	Hillis	Rogers
Bowen	Holland	Rose
Breaux	Hollenbeck	Rostenkowski
Brooks	Holt	Roth
Broyhill	Hubbard	Roukema
Butler	Huckaby	Rudd
Byron	Hutto	Russo
Campbell	Ireland	Schulze
Carney	Jeffries	Shelby
Chappell	Jones (NC)	Shumway
Clausen	Jones (OK)	Shuster
Coats	Jones (TN)	Skeen
Coelho	Kazen	Skelton
Coleman	Kindness	Smith (AL)
Collins (IL)	Kogovsek	Smith (IA)
Conable	Kramer	Smith (NE)
Corcoran	Lagomarsino	Solomon
Courter	Latta	Spence
Coyne, James	Leath	Stangeland
Coyne, William	LeBoutillier	Stenholm
Craig	Lee	Stokes
Daniel, Dan	Lent	Stratton
Dannemeyer	Livingston	Stump
Daub	Loeffler	Tauzin
Davis	Long (LA)	Taylor
de la Garza	Long (MD)	Thomas
Derrick	Lott	Vander Jagt
Derwinski	Lowery (CA)	Volkmer
Dickinson	Lujan	Walker
Dicks	Madigan	Wampler
Dougherty	Marks	Watkins
Dowdy	Marriott	White
Dreier	Mavroules	Whitehurst
Duncan	Mazzoli	Whitley
Dwyer	McClory	Whittaker
Dyson	McCollum	Whitten
Edwards (AL)	McDonald	Wilson
Emerson	McEwen	Winn
English	Mica	Wolf
Erlenborn	Michel	Wright
Evans (GA)	Miller (OH)	Young (AK)
Evans (IA)	Mollohan	Young (FL)
Evans (IN)	Montgomery	Young (MO)
Fary	Moorhead	Zablocki
Fiedler	Morrison	Zeferetti
Fields	Murphy	

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—40

Biaggi	Garcia	Mottl
Bolling	Gaydos	Patterson
Brown (OH)	Gibbons	Pritchard
Burgener	Gray	Quillen
Chappie	Hansen (UT)	Reuss
Cheney	Hendon	Richmond
Cotter	Horton	Roberts (SD)
Downey	Jenkins	Rosenthal
Dymally	Kemp	Rousselot
Edwards (CA)	Lewis	Santini
Flippo	Martin (IL)	Savage
Florio	Martin (NC)	Vento
Frenzel	Martin (NY)	
Frost	Mattox	

□ 1250

The Clerk announced the following pairs:

On this vote:

Mr. Richmond for, with Mr. Biaggi against.

Mr. Mattox for, with Mr. Cheney against.

Mr. Florio for, with Mr. Quillen against.

Mr. Vento for, with Mr. Lewis against.

Mr. Edwards of California for, with Mr. Burgener against.

Mr. FORD of Tennessee changed his votes from "aye" to "no."

Messrs. GILMAN, HUNTER, FORD of Tennessee, and DANIELSON changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

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

Mr. Chairman, I take this time just to indicate that I realize we must move ahead in nuclear energy whether we like it or not, but I take this time just to indicate that we as the Federal Government should not be doing anything in the nuclear energy field until we make a decision about what we are going to do about Three Mile Island. Three Mile Island has been sitting there for 2 years and no one knows when it is going to blow. The Federal Government refuses to allow the company to produce energy in order to generate money in order to clean it up, and at the same time the Federal Government refuses to do anything about helping to clean it up.

We have no idea what could happen. We do know that my constituents are now paying $14 million a month more every month because that company must purchase energy. They are not allowed by the Federal Government to produce it.

So let us not move ahead in the area of nuclear energy, until we take care of our responsibilities at Three Mile Island, an area as I said where we have no idea when it could blow. That could be any day.

Two weeks ago they could not even open the doors to get in to investigate. The Federal Government is responsible for that area. If we are not allowed as a company to produce energy, then we cannot get any resources in order to pay for it. If the Federal Government does not help a little bit, then the Federal Government has the alternative which means they will be stuck with the entire $1 billion amount, because there is no other entity to pick it up when the company goes bankrupt.

So I merely am calling on the Congress of the United States to meet its responsibilities before we have a total disaster in that area. All scientists say it should be cleaned up and it should be cleaned up promptly. They do not know how much time we have.

So again I say, please, Congress, meet your responsibilities before it is too late.

□ 1300

RECONCILIATION UPDATE

(By unanimous consent, Mr. JONES of Oklahoma was allowed to speak out of order for 5 minutes.)

Mr. JONES of Oklahoma. Mr. Chairman, I take the time of the committee to give a progress report on the conference on reconciliation. We had hoped to complete as much of this conference as possible by today with the hopes that we could vote on the conference report by the end of next week.

I am pleased to report that we have made considerable progress to date. Of 58 subconferences involving approximately 260 Members of this body and the other body, so far 40 of those subconferences have reached agreement with a total savings of approximately $33 billion of the $35-plus billion that the reconciliation bill called for. We hope that another 7 of those subconferences will complete agreement by the end of the day, leaving just about 10 or 11 subconferences to complete their work.

It is the hope of this chairman that the chairmen involved in the other committees will meet over the weekend and try to complete their subconferences. The majority leader, Mr. WRIGHT, has urged, and will continue to urge the chairmen involved to meet this weekend in order to complete this conference.

On the Senate side, the majority leader, Mr. BAKER, is also urging his chairmen to meet this weekend.

We hope that if the conferences are completed over the weekend or early next week that the bills can be drafted and printed and given to the Members in enough time so that we could vote on this toward the end of next week.

I particularly want to pay tribute to the gentleman from California (Mr. PANETTA), the distinguished chairman of the Reconciliation Task Force, who has done an even more superb job this year in moving these conferences along than he did last year.

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

Mr. JONES of Oklahoma. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

Just to follow up on the gentleman's comments, we have had 58 subconferences. We expect as of the close of business today to have 47 completed. Committees are still working. We have 40 completed and we expect the remaining 7 to be completed, and that will leave 11 conferences that still need to be focused on, 10 of which I might say are energy related.

I understand the chairman of the Energy and Commerce Committee is prepared to meet this weekend to try and complete the work on those pieces.

We have 17 committee jurisdictions involved here. It is extremely complicated to begin with to try to assemble the reconciliation package, but we want to do it in enough time to give the Members the opportunity to read the reports and know what is contained in this obviously very large and complex package. For that reason we need to try to complete work on all conferences, hopefully by Sunday evening or Monday.

Mr. JONES of Oklahoma. So I would urge that particularly the conferees from the Budget, Ways and Means, and Energy and Commerce Committees make plans to be here this weekend to carry on these conferences until they are completed.

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

Mr. JONES of Oklahoma. I am happy to yield to the gentleman.

Mr. MICHEL. I just want to take this opportunity to commend both the gentleman from Oklahoma but particularly the gentleman from California for heading up this task force group and the monumental job that has been done up to this point. There were those skeptics who said that it could not be done, and it would get ensnarled, and bogged down, and as the gentleman well knows, we have been meeting every morning regularly to monitor the progress.

It has been good, and I would simply like to admonish those Members who are yet to get their final resolutions to heed the chairman's suggestion here and work over the weekend so that next week we can have it all put in place.

The chairman of the Ways and Means Committee just asked me a little bit ago whether we would be amenable for coming in, for example, at 9 o'clock on Wednesday and we might dispose of the entire tax bill on Wednesday. That is agreeable with me.

I would like to think that immediately following the tax bill resolution that if we could not do it before, certainly by Thursday then we could wrap up reconciliation, and then we will be in a position of simply resolving

the differences on the tax bill before having that August recess. We are toeing the mark very well. If we continue to do so we can meet that target date next week.

I thank the gentleman for all of the cooperation and I yield back.

Mr. JONES of Oklahoma. I thank the gentleman for his comments and yield back the balance of my time.

Mr. BEVILL. Mr. Chairman, I ask unanimous consent that the debate on the amendments of the gentleman from South Carolina (Mr. DERRICK) and all amendments thereto be limited to 1 hour, the time to be controlled equally by the gentleman from South Carolina and myself.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

AMENDMENTS OFFERED BY MR. DERRICK

Mr. DERRICK. Mr. Chairman, I offer two amendments.

The CHAIRMAN. Pursuant to the rule, it shall be in order to consider en bloc amendments printed in the CONGRESSIONAL RECORD of July 17, 1981, by Representative DERRICK, and said amendments shall not be subject to demand for a division of the question.

The Clerk read as follows:

Amendments offered by Mr. DERRICK: Page 16, line 15, strike out "$2,115,499,000" and insert in lieu thereof "$2,105,499,000".

Page 21, line 14, strike out "$1,063,453,000" and insert in lieu thereof "$1,073,453,000".

The CHAIRMAN. The gentleman from South Carolina (Mr. DERRICK), pursuant to the unanimous-consent agreement, will be recognized for 30 minutes.

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

The amendment I am offering with Representative CORCORAN does two things. The first thing it does is transfer $10 million from the privately-owned Barnwell nuclear fuel plant to the defense waste processing facility at the adjoining Department of Energy's Savannah River plant, both located in South Carolina. The Savanna River plant is located in my district. The Barnwell nuclear fuel plant is located adjacent to my district. There is a 95-percent chance that it will be in my district under reapportionment.

First I want to state that I do support commercial nuclear reprocessing as long as it is carried on by the private sector. Back in the early 1970's a consortium went to South Carolina to reprocess spent nuclear fuel rods that come from these nuclear reactors. They went down there with the intent of spending around $70 million, $80 million, or $90 million, and in the course of the next several years spent somewhere between $250 million and $300 million.

As a result of some regulatory problems, and as a result, in my opinion, of some bad mismanagement, they really have done very little since 1974-75 to bring about the licensing of this facility. They came to the Congress in 1977 and asked that the Congress provide them with research and development funds to be used to give them an opportunity to look for alternate uses for this facility.

The Congress did provide these funds, and over the next 4 years the Congress provided in research and development grants, the sum of some $54 to $55 million. Last year, the 4th year that they came before the Congress, they indicated that this would be the last year that they would require our funding. I would think that a number of Members supported them on this basis. I know that was the basis on which I supported the 4th-year funding.

However, they approached the Congress for fiscal year 1982 again asking for $11.5 million, of which $10 million was put in this bill.

□ 1310

This was $10 million to be used for research and development, admittedly some of it very worthwhile research and development, but in my opinion, research and development that could be carried out at Federal installations at probably less expense to the Federal Government.

They also came to the Congress in March of this year with an ultimatum, and that ultimatum was that the Federal Government must purchase this facility. Either the Federal Government purchase this facility, or they were going to close it down and take a writeoff.

So they are the ones who created the bottom line in the ultimatum.

According to figures of the Corps of Engineers and DOE, it is estimated to buy this plant, this privately owned plant, and to put it on line would cost about $1.04 billion. At a time when everything in this Government is directed to getting the Federal Government out of the private sector, we would be committing $1.04 billion to becoming involved in the private sector.

I do not think that it is proper for the Federal Government to become involved in commercial nuclear reprocessing. I think it would preclude in the future the private sector from adding the ingenuity, the creativity, that they have available to them in this particular area.

I suggest that the $10 million will accomplish some research, that is true. But it will also help them to keep this facility limping along so that the Federal Government might be lobbied over the next year for a Federal takeover or a Federal bailout.

True, this company has had some problems, and they have some legitimate gripes when it comes to the Federal Government, about the regulatory procedure; but, after all, we provided them with some $54-$55 million of taxpayers' money, and this should well compensate for that.

So I have offered this amendment that takes the $10 million from this facility and lets the private sector do it and transfer it to the Savannah River plant.

This $10 million that goes to the Savannah River plant will be used as a part of a solidifying high-level nuclear waste, a vitrification process. As all of us understand, I hope, the solidification and the final disposal of high-level nuclear waste is one of the great environmental problems that we face in this country today and it is going to be one of the great environmental and economic problems that we face as we go into the next century if we do not begin now to solve this problem. We have taken the advantages of the nuclear industry, both from a military standpoint and the commercial standpoint over the last 35 or 40 years, but we have not dealt with the disposal of high-level nuclear waste.

The Savannah River plant requested this $20 million. The committee gave them $10 million. This will give them what they requested. And by giving the Savannah River this additional $10 million, it will mean that this project will be on line 6 or 8 months ahead of schedule if they do not have it and will save, according to the Department of Energy, an additional $40 million.

Now, in closing, let me say that if we really believe and the business community really believes that we want to get the Federal Govenment off the backs of the free enterprise system and give the free enterprise system an opportunity to act and to use the creativity and the forcefulness that they have, then I ask the Members to support this amendment.

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

Mr. DERRICK. I yield to the gentleman from Georgia.

Mr. BARNARD. Mr. Chairman, I rise in support of the Derrick-Corcoran amendment. This amendment is deserving of support by my colleagues because it will transfer $10 million from the Barnwell nuclear fuel plant to fund the solidification work on high level radioactive wastes at the Department of Energy's Savannah River plant. These high level wastes are produced under DOE's nuclear weapons programs carried out at the Savannah River plant.

President Reagan rejected and actively opposed funding for the AGNS reprocessing plant. In a March 20 memo to DOE Secretary James Edwards, the President stated that it was not appropriate for the Federal Government to continue to fund this commercial enterprise.

It would require more than $1 billion to acquire and complete the Barnwell plant. These are funds we simply do not have if we are to reach our goal of a balanced budget by 1984. The commercial reprocessing of spent nuclear fuel is best left to the private sector—it is not a proper role for the Federal Government.

This amendment would transfer the $10 million targeted for the Barnwell plant to the defense waste processing facility at the Savannah River plant. This waste project, when complete, will solidify liquid high level radioactive wastes left over from the production of plutonium for nuclear weapons. Solidification is the first and absolutely essential step toward final disposal of this waste. The $10 million will bring the total appropriation up to the $20 million level approved by the Armed Services Committee and the full House of Representatives in the fiscal year 1982 authorization to complete design work for the project.

Mr. Chairman, this amendment will not broach the overall budget request for the Savannah River plant put forth by the administration and I would urge my colleagues to join with me in support of this amendment.

Mr. BEVILL. Mr. Chairman, I yield 5 minutes to the gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Chairman, I oppose the amendment offered by Congressman DERRICK to cut the Barnwell funds from the fiscal year 1981 budget.

My distinguished colleague has always been a staunch supporter of nuclear energy as a viable energy alternative.

I also want to compliment him on his excellent white paper titled "Nuclear Energy," dated July 1981—I found it well written and more importantly understandable. I also understand his concern about storage of waste in his State of South Carolina.

However, I must disagree with his amendment cutting out the funds for continuation of R. & D. work at the Barnwell plant. Right at the time when many see the early valuable role Barnwell can play in this country's commercial nuclear power planning, an amendment is offered that would set the national nuclear program back years.

I would hope that during the hearings on my bill to set up Barnwell as a private commercial activity, convincing facts would be developed that would justify passage of my bill. It would in my opinion be a disservice to this Nation's commercial nuclear programs, to consider an amendment to shut down Barnwell, until my bill to set up a privately owned commercial fuel reprocessing operation has been debated. I believe the amendment is a step backward, in our attempt to set up a commercial plant to reprocess nuclear spent fuels, store spent fuels and demonstrate high-level waste solidification and volume reduction and to demonstrate the proper handling of nuclear waste.

There are many telling arguments as to why, we must not lose the "Barnwell option."

Early activation of the Barnwell nuclear fuel plant under private ownership will provide many benefits. It represents the most cost-effective way to achieve several important national objectives; such as, early reprocessing of power reactor fuel on an industrial scale, maintaining control of the plutonium and other special nuclear materials which is supportive to the national nonproliferation policy, and the development of a national waste management program that is cost effective and consistent with our goal to provide a safe method to store nuclear wastes.

If the Barnwell operation is brought to a halt Allied General Nuclear Services (AGNS) will be forced to plan and initiate decommissioning procedures. Such a move would be a terrible setback to several civilian nuclear power programs, as I pointed out in my statement when I introduced my Nuclear Fuel Management Corporation bill.

Not to use the Barnwell facility for early commercial reprocessing, fuel storage and waste preparation is ill-advised. If the Barnwell option is lost we may later have to initiate a Greenfield program—starting from scratch—which will cost much more and be very time-consuming.

The technology for both reprocessing and even waste vitrification and stabilization is reasonably well known, but needs to be quickly implemented, in anticipation of the availability of the permanent or long-term national waste repositories—I do not envision the permanent storage of solidified nuclear waste at Barnwell.

As I have stated earlier, my bill provides that Barnwell is to be operated as a commercial facility subject only to expressed national policy and laws on safety, environmental impacts and nonproliferation of nuclear technology. I would hope that this body would reject the amendment offered by my colleague Congressman DERRICK.

□ 1320

Mr. CORCORAN. Mr. Chairman, will the gentleman from South Carolina (Mr. DERRICK) yield me 2 or 3 minutes so I might engage the gentleman from New Mexico (Mr. LUJAN) in colloquy?

Mr. DERRICK. I yield 5 minutes to the gentleman from Illinois.

Mr. CORCORAN. I thank the gentleman for yielding.

I would like to ask the gentleman from New Mexico (Mr. LUJAN) a question. I want to congratulate the gentleman from New Mexico for his initiative in introducing the legislation dealing with commercial reprocessing because I think, as the House knows, I have a very long-term interest in commercial reprocessing and I am unhappy with the progress of our Government up to this point in order to provide the appropriate regulatory framework within which, in my judgment, commercial reprocessing ought to be examined and ultimately allowed to go forward if acceptable from environmental and safety standpoints.

But there is an inconsistency or perhaps a misunderstanding on my part I would like to get clarified. It is my understanding that the company that presently owns the Barnwell facility has made it absolutely clear in testimony before the House of Representatives and I would judge the Senate of the United States as well, that under no circumstances do they want to resume the option of either commercial reprocessing or federally owned reprocessing. And so, I have a question about the legislation the gentleman has introduced as it would impact on Barnwell. The gentleman said that the legislation that he introduced would facilitate the development of commercial reprocessing and that the facility that would be involved under the gentleman's legislation in this reprocessing would be the facility at Barnwell, but yet as I said, there is this inconsistency in terms of what AGNS has already said, and that is they are not interested. So I wonder how the gentleman's legislation could promote private sector commercial reprocessing involving Barnwell?

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

Mr. CORCORAN. I yield to the gentleman from New Mexico.

Mr. LUJAN. As the gentleman very well knows, the reason that AGNS decided not to go on ahead and add the reprocessing facilities to Barnwell is because they have been burned by the Federal Government. They spent, what, $300 million to build it, and all of a sudden the Nuclear Regulatory Commission imposes so many additional requirements that they have decided not to go.

That is why they do not want to go, simply because of the rigmarole they have to go through and all the expense they had to go through and then finally the Government says, "You can't do it."

We are beginning to form a private corporation that would not have the inhibitions that AGNS has. Perhaps AGNS might want to be part of it, I do not know, but that really is not the point. It is somebody new coming in with a fresh approach and we are in different times today.

I think we can convince the Nuclear Regulatory Commission to move on

ahead with licensing. After all, there has been a change in policy.

Mr. CORCORAN. I understand that. I would like to further this colloquy because I do not understand how Barnwell could be involved in the gentleman's legislation when the only condition on which Barnwell would ever resume its interest in reprocessing would be if there would be a Federal takeover, and yet the gentleman is telling us that legislation is needed to permit a private corporation to go into this business.

One of the reasons that the gentleman from South Carolina and I have involved ourselves in this amendment is because we want to clarify the situation so that private industry can come forward on reprocessing as was the original intention, as the gentleman well knows.

I just wondered, what is the magic formula? Is there going to be Federal money involved in the gentleman's legislation?

Mr. LUJAN. No. The Federal Government would start the corporation and then eventually as stock is purchased and as fees come in for either temporary storage or for reprocessing, those moneys would be used to enlarge the facility.

In this particular case, if we take this money out, what AGNS has said is they will have to start decommissioning Barnwell. I do not want to see that happen. I think the research that is now going on at Barnwell is very necessary from two standpoints. One is, of course, the results of research and what we can learn in the safeguards programs that we have research work going on and second, it provides the option of leaving Barnwell intact, and that serves the national interest.

Mr. CORCORAN. I would remind the gentleman that the President of the United States, Ronald Reagan, examined that option and he concluded that we should not put one penny of taxpayers' money into that project.

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

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

Mr. GOLDWATER. I thank the gentleman for yielding.

I think the point that has to be made here is that the amendment of the gentleman from South Carolina (Mr. DERRICK) does not offer a solution to the question of what do we do with Barnwell.

All we are trying to do is find a solution.

Mr. BEVILL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from South Carolina (Mr. SPENCE).

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment offered by my colleague from South Carolina (Mr. DERRICK). I regret that I find it necessary to do this and I sincerely trust that none of my colleagues has ever had to do what I have to do, because this facility is located in my district and I hope my colleagues never have someone from their State get involved in a facility in their particular district and find themselves in this situation.

I have here letters, telegrams, editorials in newspapers, from people in South Carolina. I have letters from 120 senators and members of the house of representatives in South Carolina in support of Barnwell and its continuation.

I think when someone says that we should keep the Federal Government out of this business of reprocessing, that is partly true, but I think at the same time we in the Federal Government owe a responsibility to Barnwell, the reprocessing facility there, because after all in 1967 the U.S. Government, then the old AEC, encouraged private industry to start and operate this facility. As a matter of fact, they wanted three of them throughout the United States, regional reprocessing facilities.

As a matter of fact, Congress carved out, according to the report of the gentleman from South Carolina (Mr. DERRICK), 1,730 acres from the Savannah River plant owned by the Government and deeded this property to Barnwell County and Barnwell County in turn leased the property to Allied Gulf nuclear facility.

The South Carolina Legislature even had to pass legislation for this facility to operate. Since that time, private industry has spent $362 million and assembled an expert staff of 340 people to operate this facility.

Everything was going along on schedule until the last administration held up the licensing of Barnwell.

Since that time, this Congress, each fiscal year, has appropriated for research and development and other grants and contracts to Barnwell $67 million to keep research going at Barnwell.

The research has developed the best nuclear safeguard system that we have in this world today and is presently being used—research in the waste disposal and also further reprocessing research.

□ 1330

Why reprocessing in the first place? It has not even been touched on yet. If people are truly concerned about nuclear waste and nuclear waste disposal, reprocessing retrieves the good, reusable fuel from the waste and reduces by a factor of 7 the amount of the waste we have to deal with. So after all, it helps to dispose of the waste. Also, it retrieves the good from the bad and keeps it under Government control to prevent the problem of proliferation.

As to the Government buying Barnwell, the administration has said that they did not want to buy Barnwell. That is true. I agree. But they still want reprocessing to continue and we need reprocessing to continue. As a matter of fact, right now private talks are going on, as another Congressman alluded to, in an effort to form a consortium to take over this facility and to operate it as a reprocessing facility.

We need this $10 million to keep open this facility long enough for these private interests to conclude their talks and to take over this facility.

Mr. BAILEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

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

Mr. BAILEY of Pennsylvania. Mr. Chairman, I would just like to associate myself with the gentleman's remarks and his analysis of this amendment. I think the gentleman is right. I sincerely hope that the House will support the gentleman in his stand on this issue. I think the gentleman's position is absolutely correct.

Mr. SPENCE. I thank the gentleman for those remarks.

I would like to say finally, in conclusion, that I am not opposed to the additional funds for the Savannah River plant. As a matter of fact, that facility is located in my district, too. I am in favor of those funds, but there are separate funds that can be used.

Mr. DERRICK. Mr. Chairman, how much time has been consumed?

The CHAIRMAN. The gentleman from South Carolina has 16 minutes remaining.

Mr. DERRICK. I yield 5 minutes to the gentleman from Michigan, (Mr. DINGELL).

Mr. DINGELL. Mr. Chairman, I rise in support of the amendment offered by my colleague, the gentleman from South Carolina (Mr. DERRICK). I commend the gentleman for offering the amendment.

Mr. Chairman, we have here a very interesting set of circumstances. A private facility has received in the last few years something on the order of about $50 million in taxpayers' funds to keep open a facility for the reprocessing of spent nuclear materials. During that time, that was in part justified by the fact that the Carter administration had said that there would be no reprocessing privately. That ban has now been removed by the Reagan administration. So a private facility which desires to reprocess can do so. I think that is appropriate.

In addition to that, the art and the technology of reprocessing is not new. It is well understood. For some 10 years it was done at the West Valley facility in New York. The technology is understood. It is known.

What is really at stake here? The question here is: Is there any impediment to private citizens and the marketplace permitting technology to go forward and permitting reprocessing to go forward? The answer is: There is none. If there is a market demand for this to take place, then the facility will be able to function and the market should carry it.

But if there is no market, then there is no reason why we should be spending $10 million a year to keep the facility going, which is ultimately going to probably cost the taxpayers a great deal of money. We probably are going to have to buy this if we do not sever the umbilical cord pretty soon. It could cost something on the order of about $1 billion. We are probably going to be paying $10 million a year to buy ourselves $1 billion white elephant at some time in the not too distant future. I do not think that makes good economics.

I would point out to the Members that if there is a market for private reprocessing, the Barnwell plant can be a success. If there is not, it will not be. The technology is understood. We have just the problem of finally saying, "Fellows, the free market should function and you should be able to reprocess, if you so desire, or you should get out of the business if you find there is no market for it."

There is a real question about whether we ought to go ahead and stuff an additional $10 million down the throat of the administration when they say it is not needed. President Reagan has indicated in a March 20 memo that he does not believe that it would be appropriate for the Federal Government to acquire the Barnwell plant or to finance construction or operation of any of its facilities. It appears to me rather clear the administration does not feel they need the money; they do not feel they want the money; they do not feel we ought to be financing it. In a time when we have budgetary structures, when we are cutting everything from EDA to school lunches to social security to education to health to FAA to navigation safety to the Coast Guard and all of the other programs we are cutting, when we are eliminating money for water and air pollution, and we are eliminating programs which would benefit every age and economic class in this society, then it strikes me that maybe, just maybe, this is $10 million that we can well dispense with in the public interest.

I would urge my colleagues to support the amendment. Let us sever the umbilical cord. Let us let these people move out into the private sector; and if they can do business, let them then do business. Let them profit and prosper according to that.

If they cannot, let us not continue them as a potential supplicant for the Federal Government to spend $10 million on a project which is apparently not even near completion.

For the last few years, I have been deeply involved in the energy problems confronting the Nation, and I fully recognize the importance of preserving all of our present and potential energy options. Certainly, nuclear power is one energy option which should be preserved. Given our finite fossil fuel resources, it is essential for not only our generation but for future generations that we pursue policies which preserve and conserve energy resources. The energy that remains in spent nuclear fuel is a potential resource that should not be lightly discarded, and reprocessing is the technology that can extract that energy for subsequent use. And so I do not speak to you today as one who is opposed to reprocessing.

The question presently before the House is not one of whether this Nation should or should not pursue a policy of reprocessing spent nuclear fuel. Instead the question is whether the Federal Government should continue to financially support the maintenance of the reprocessing technology. I support the gentleman's amendment because I believe that reprocessing of spent nuclear fuel is an activity which should be performed by the private sector.

We are not talking about supporting the development of a new technology, for reprocessing is a known technology which for years was employed by the private sector. For 10 years spent fuel was commercially reprocessed at the West Valley facility. This facility was closed not for technical reasons, but for economic reasons, when the operators determined that they could not continue to operate the plant profitably. The decision was based upon economics, and not technology.

The West Valley experience did not deter the owners of Barnwell from undertaking this project. Work on the project was terminated when the Carter administration announced that it was the administration's policy to "indefinitely defer" commercial reprocessing. However, despite the previous administration's policy, the Congress provided funds to maintain this technology. During the last 4 years, the Congress has appropriated over $54 million to preserve this technology. The new administration has now changed the Nation's policy toward reprocessing, and the private sector is free to pursue this economic activity. The Congress has fulfilled its obligation to the owners of this facility by providing funds to them to preserve this technology. There are now no legal or administrative impediments preventing the private sector from engaging the commercial reprocessing of spent nuclear fuel. It is now simply a question of economics, and, in this instance, I believe that is a question that should be left to the private sector to decide.

This is the position of the Reagan administration. In a March 20, 1981, memorandum to Secretary of Energy Edwards, President Reagan stated:

> I have disapproved the Department's request for additional funds for use in connection with activities at the Barnwell, South Carolina reprocessing plant. I do not believe it would be appropriate for the federal government to acquire the Barnwell plant or to finance the construction or operation of any of its facilities.

Thus, this amendment is consistent with the administration's budget request to the Congress.

In closing, I should like to note that during the last few days much of the discussion in this Chamber has focused on the question of whether the Federal Government should continue to support some very costly projects of dubious technical merit. To date, the Federal Government has invested only a relatively small amount in the Barnwell facility. However, we must realize that the owners of the Barnwell facility are aggressively supporting a bailout in the form of Federal acquisition. The report of the Senate authorizing committee directs the Department of Energy to submit a study on the feasibility of Federal acquisition of this facility. Unless we terminate Federal funding for this project now, we will fall into a quagmire of continuing and escalating Federal expenditures.

The Congress has fulfilled its obligation to the owners of this facility by providing over $54 million during the last 4 years to preserve this technology. The new administration has now removed all impediments to commercial development of reprocessing. Thus, the question before the House is one of economics, and I submit that as a question which should be addressed by the private sector.

I urge my colleagues to join with me in supporting this amendment.

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

Mr. DINGELL. I yield to the gentleman from North Carolina.

Mr. ANDREWS. Mr. Chairman, I understand the learned gentleman to be saying the Federal Government should not be expending further moneys for purposes such as are being carried out at Barnwell. I understand the amendment not to be in that nature but, rather, to say to still spend the $10 million, just shift it from Barnwell to Savannah.

Mr. DINGELL. That is right. That makes excellent good sense.

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

Mr. DINGELL. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Chairman, I do not think the gentleman wished to mislead

the House into believing that this has been some kind of boondoggle.

Mr. DINGELL. I did not say it was a boondoggle. I said it was money that does not need to be spent. If the private sector wants to spend it, fine. Why should we pay $10 million a year for something that apparently is uneconomic at this time?

Mr. LUJAN. If the gentleman would continue to yield, there have been great advances at Barnwell with the moneys we have put in for research like this money is.

Mr. DINGELL. I applaud that. If they are that good, Barnwell should be a financial success.

Mr. LUJAN. It is doing the research for the Federal Government.

Mr. DINGELL. That is why we have the NRC.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman form New York (Mr. CARNEY).

Mr. CARNEY. Mr. Chairman, I wish to address the issue of the Barnwell reprocessing plant. There has been some discussion about this administration's policy regarding Barnwell and the relative roles of the Government and industry in the future of reprocessing. President Reagan in his letter of March 20 emphasized that the Department of Energy should consult with industry and develop recommendations for his further review on how to create a more favorable climate for reprocessing efforts. It is my understanding that the administration fully recognizes that it will take some time to work out the details for commercial reprocessing. The funding for Barnwell for this year gives us the right amount of time to do this and it is fully consistant with the administration's policy. I fully support and encourage the concept of commercial reprocessing, but this needs to be done carefully. It is important that we keep alive the capabilities at Barnwell as we carefully consider what the relative roles of industry and government should be.

Therefore, I oppose the Derrick-Corcoran amendment and urge my colleagues to vote against the amendment and in favor of the Barnwell project and our reprocessing options.

The letter of President Reagan says:

THE WHITE HOUSE,
Washington, March 20, 1981.

Memorandum for the Secretary of Energy.

Subject: Decisions on Department of Energy budget appeal.

As you know, I have approved the Department of Energy's request to add $27 million to its civilian nuclear budget in FY 1982 for the purpose of conducting research and development at the damaged Three Mile Island nuclear plant. As noted in the Department's request, the use of these funds is contingent upon an agreement between the Department, General Public Utilities, the Pennsylvania Utility Commission, and the U.S. Nuclear Regulatory Commission that will limit the Federal role to necessary research activities in support of private-cleanup efforts.

Further, I have disapproved the Department's request for additional funds for use in connection with activities at the Barnwell, South Carolina reprocessing plant. I do not believe it would be appropriate for the Federal Government to acquire the Barnwell plant or to finance construction or operation of any of its facilities.

I wish to emphasize that the Department of Energy should consult with industry to determine which regulatory barriers are of greatest concern to it and, working with the Vice President's Task Force on Regulatory Relief, should develop recommendations for my further review on how to create a more favorable climate for private reprocessing efforts.

RONALD REAGAN.

Mr. DERRICK. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. WEBER).

Mr. WEBER of Minnesota. Mr. Chairman, I rise in support of the amendment of my colleague from South Carolina. The facts I have seen to date make a compelling case for terminating Federal involvement in the Barnwell reprocessing facility. Although the $10 million at question for this project is a relatively small amount in comparison to some of the other white elephants that have been funded in this bill, continued Federal funding this year raises the distinct possibility of locking the taxpayers into a $1 billion-plus commitment to a project which Allied General, the industrial partner, has itself stated is uneconomic to complete or operate. In fact, President Reagan, in a March 20 memorandum to Secretary of Energy Edwards, said, and I quote:

I do not believe it would be appropriate for the Federal Government to acquire the Barnwell plant or to finance construction or operation of any of its facilities.

It is the administration's belief, and it is my belief, that the Federal Government should not invest public moneys in research and development efforts at private facilities of this sort, particularly when comparable Government research programs already exist.

The owners of the plant have made it clear that they do not intend to bear the financial burden of completing and operating the Barnwell plant, and have asked the Government to purchase it. President Reagan, however, has stated that reprocessing is a responsibility of the private sector, and that is a decision I intend to support.

The Federal Government should not be involved in or forced to bear the financial burden of bailing out every research effort which private industry finds uneconomical. Congress should not establish itself as a benefactor of last resort for projects of this sort, and we have the opportunity of putting that on record today by adopting this amendment. If the Barnwell reprocessing facility can indeed make a contribution to this Nation's energy picture, and can do so on a cost-effective basis, then it should go forward. However, the gentleman from South Carolina and the gentleman from Illinois do not believe this to be the case, the President does not, nor do I. Barnwell promises to be an unnecessarily expensive Federal investment, and I would urge the adoption of the amendment to delete the funding from this bill.

□ 1340

Mr. BEVILL. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. Mr. Chairman, I rise in opposition to the amendment which would delete all funding for the Barnwell nuclear fuels plant and transfer $10 million in additional funding for the defense waste processing facility at Savannah River.

For 4 long years, the Federal Government has seen fit to leave the only nuclear fuel reprocessing plant available in the United States—Barnwell—in limbo while the rest of the world forges ahead with continued development of their nuclear technology. We have seen the leadership role in the peaceful production of nuclear power slip from our fingers while France and other Western European nations take the lead.

Due to the Government's indefinite deferral of commercial reprocessing and the previous administration's foot-dragging, Barnwell has never been operated as a reprocessing plant. The facility—and the reprocessing option—have been kept barely alive by minimal funding for research and development. That R. & D. funding, by the way, has allowed Barnwell to provide valuable research which has contributed to the nonproliferation objectives of the Nation as well as transportation safety and waste management technologies.

Now, however, the new administration through DOE has given the private companies which own Barnwell assurances that they will receive some indication of Government intent with regard to Barnwell and reprocessing by the end of this year. It only makes sense to keep the reprocessing option open during this interim period by approving the $10 million bridge for Barnwell, as the Appropriations Committee did by unanimous vote.

Mr. Chairman, this amendment has been touted as a budget-cutting amendment. It is not. It is a simple transfer of funds from one project to another, and does not cut the energy and water appropriations bill by a dollar. Let me emphasize that the Office of Management and Budget does not support this amendment. The Department of Energy does not support this amendment. While the President in a much-circulated memorandum dated March 20 opposed Federal

acquisition of the Barnwell plant, he did not speak to the reprocessing option and, in fact, he has supported nuclear energy as an essential element in our energy mix. The minimal funding providing in the committee bill is simply designed to keep the reprocessing—and the nuclear—options open. The fact is that the decision not to support the pending amendment was made in OMB's daily policy meeting Wednesday, with Dave Stockman in attendance. The Department of Energy's position was reaffirmed Wednesday by Energy Secretary Jim Edwards.

Those who support this amendment contend that we have wasted enough of the Government's money on Barnwell in the last several years. If we fail, however, to continue the research program now underway, then we have indeed wasted the money already spent on these programs without having produced a result. And, if we force Barnwell to shut down—which it will do without this funding—and then decide that we should pursue the capability for reprocessing spent nuclear fuel, it will cost us a minimum of 5 years and $500 million and probably as much as 10 years and $1.2 billion. With studies on Barnwell scheduled to be completed by the end of the year, it seems clear to me that the economic approach is to maintain Barnwell in a research mode while optional uses for Barnwell are explored.

Mr. Chairman, I would also like to address the other aspect of the pending amendment—adding $10 million in funding for the defense waste processing facility at DOE's Savannah River plant. It is my understanding that the Armed Services Committee doubled its authorization for this facility from $10 million in fiscal year 1981 to $20 million in fiscal year 1982 on the assumption that the construction plan called for $20 million this year. DOE testimony before the Energy and Water Development Subcommittee on Appropriations, under the leadership of our able colleague from Alabama, however, showed that the $10 million requested by the administration is entirely adequate to maintain the Department's schedules for beginning construction in late 1983 or early 1984. No data has been submitted to that subcommittee, I am told, to indicate that any additional money is required. Rather it is a complex design and engineering process that controls the length of time leading to construction. I am assured, moreover, by the gentleman from Alabama that the subcommittee supports the Savannah River facility and would, if it should become necessary, give every consideration to providing additional funding if the need is shown.

The whole question of nuclear power is a knotty one. Very frankly, I share the concerns raised by the authors of this amendment that reprocessing plants could be converted at some point to away-from-reactor storage sites. One of the reasons I oppose this amendment is because I think it would encourage such a result, by diverting Barnwell from its intended purpose of reprocessing spent nuclear fuel.

Transferring the modest $10 million appropriation from Barnwell will not save the taxpayers of this country a dime, Mr. Chairman, but it would cost them dearly in the years ahead as the United States sees the last of its nuclear technology lead evaporate.

I submit that the question is a simple one: Do we or do we not support retaining the nuclear option? Members who cast a vote for this amendment must know that its effect will be to foreclose the option to move ahead with reprocessing of spent nuclear fuel, our best hope of closing the nuclear cycle. In the long run, that will severely limit or eliminate the use of nuclear power.

Mr. DERRICK. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. CORCORAN).

Mr. CORCORAN. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, this is a knotty issue, as my friend, the gentleman from South Carolina (Mr. CAMPBELL), has pointed out. It does cause us some political strain perhaps, but I think there have been a number of misunderstandings about what the authors of these amendments propose to do.

First of all, I think we need to look at the merits of the issue, and the merits of the issue suggest that in order to deal in a rational, sensible way with the nuclear waste management program of the United States, we should be moving toward research and development at the demonstration scale level, and testing the long-term, permanent disposal of nuclear waste. Moreover in order to get to that point we need to be moving ahead, as I have argued in previous sessions of Congress, to have a framework to get the regulatory environment within which private companies can develop reprocessing facilities on a commercial basis.

I would cite no less an authority than President Reagan in support of that view. My friend and colleague, the gentleman from South Carolina (Mr. CAMPBELL), has referred to the fact that the President disapproved the money that some people wanted, particularly that DOE Secretary Edwards wanted, for the Federal ownership of the Barnwell facility in order to take it off the hands of Allied General Nuclear Services. But he failed to mention that in that memorandum the President did address the question of reprocessing, and I quote from it:

> I wish to emphasize that the Department of Energy should consult with industry to determine which regulatory barriers are of greatest concern to it and, working with the Vice President's Task Force on Regulatory Relief, should develop recomendations for my further review on how to create a more favorable climate for private reprocessing efforts.

In other words, Mr. Chairman, this administration has made a judgment on whether or not we ought to have public ownership of reprocessing or whether we ought to go back to what we had originally planned when we embarked on the effort to use the atom for peaceful commercial purposes.

So I think it would be a mistake to do as the committee recommends, and that is to put the $10 million into the Barnwell facility. That door has been closed; that issue is over. As my friend, the gentleman from Michigan (Mr. DINGELL), has pointed out, if the private companies want to come forward, they can come forward, and we need to take some steps, as I attempted to do in the last Congress, to move ahead on the so-called GESMO proceedings so we have a regulatory proceeding or a regulatory framework in which the private companies can develop reprocessing.

Mr. Chairman, certainly we ought to look at what happens in the private sector as we make some of our public policy decisions. Yesterday everybody saw with regret the major banner headline in the Washington Star, "Star To Cease Publishing." Now I suppose that we can expect, as with Chrysler and many other entities, that there is the possibility that they will come forward asking for a Federal bailout. That is precisely what is happening in this case.

□ 1350

I would suggest that if the people who are asking for this $10 million are thwarted, as my colleague, the gentleman from South Carolina (Mr. DERRICK) and I would do with the effect of this amendment, they will have plenty of opportunity to find employment. They are very capable lobbyists who for 4 years in a row have come to this Congress and sold us a bill of goods, and they have kept that option alive; so they can go over to Time, Inc., and go to work and maybe they could get employment as lobbyists for Time, Inc., in order to get a Federal bailout for the Washington Star.

Mr. Chairman, the money that we transfer from this ill-advised proposal would go to a very sensible, desirable public interest activity, and that is the part of the nuclear waste management program that we need research and development on. It is the effort to solidify the nuclear wastes, to test on an engineering scale the work that needs to be done in order to get that waste into a solid form, the borsilicate process, the solidification process, so that we can put the nuclear waste in a safe

inert form, underground, so that it can be protected for generations to come.

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

Mr. CORCORAN. I yield to my friend, the gentleman from South Carolina.

Mr. CAMPBELL. Mr. Chairman, I thank the gentleman for yielding.

I would pose two questions, and I know that the gentleman did not mean it this way, but certainly the gentleman does not mean to suggest that the Washington Star has been banned from publishing for a 4-year period by the Federal Government, as had Barnwell for a period of time.

Mr. CORCORAN. Well, if I may reclaim my time, that is simply not true. What happened with respect to Barnwell is that 4 years ago the previous administration made the decision to stop reprocessing and unfortunately the consequences were painful in many respects.

Now, lots of companies can come forward and develop the reprocessing option on a private basis as the Reagan administration reverses this and other past mistakes. I support this new policy and our pending amendment is helpful in this regard.

Mr. BEVILL. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, the problem with this amendment is that it does not offer a solution to a very, very difficult problem. The problem is, what do we do about reprocessing?

Now, let us go back. Back in the 1960's it was determined that the Federal Government had put up most of the money for the front end of the fuel cycle, the enrichment process. Now, it was in our national interest to encourage private investment, so under this national policy of encouraging private involvement, these companies, Gulf and Allied General came along in 1968 and got a permit. They started construction in 1970. Then all of a sudden about 1974 we began to see some change of national policy at the Federal level. We had the Nuclear Regulatory Commission issue some requirements. Then came President Ford who further put a slowdown on reprocessing and then, of course, in 1977 President Carter terminated any reprocessing and here was the private sector, Allied General, under good faith, trying to proceed along and capitalize on their investment and complete the fuel cycle.

So this is not a question of whether the private sector is involved. This is a question of a national policy; a question of what we are going to do with completing the fuel cycle.

I am sure that the private sector is totally disillusioned, totally turned off from participating in this process because of the on-again, off-again statements coming from the Federal Government.

We have to make up our minds what we are going to do. That is what this money has been spent for over the past several years. It was, in essence, to put it into a holding pattern until we in the Congress and the administration make up our minds.

It is irresponsible, in my opinion, to take this $10 million and put it someplace else, because it does not offer a solution to the problem that we have to address.

I would vote down this amendment.

Mr. DERRICK. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Chairman, I thank the gentleman.

I rise in support of this amendment. I think it is a good one.

I think it is important for us to remember here that we are not talking about transferring money from one public function to another public function or one private to another private. It is from a private function to a public function.

In April of this year, AGNS, those people who run Barnwell, said in a letter to the Department of Energy that there is no realistic combination of circumstances that could make private reprocessing practicable.

What we are doing is taking that money from a process which cannot be made practicable and putting it into an area that has to be dealt with as a national matter of public policy and that is to deal with defense wastes in this country.

It is a good amendment. It is a solid amendment. It is one which makes a wise expenditure of a limited national resource in our country.

Barnwell is no longer economical. By pulling the money out, we would end subsidization of the private sector. We are taking that money, though, and putting it into a problem that has to be solved, the national nuclear waste disposal question.

Mr. BEVILL. Mr. Chairman, I yield such time as she may consume to the distinguished gentlewoman from Tennessee (Mrs. BOUQUARD).

Mrs. BOUQUARD. Mr. Chairman: I am rising to oppose the Derrick amendment. Reprocessing of spent nuclear fuel is essential to provide the necessary plutonium for our breeder reactor program and for more effective waste management. The Barnwell Nulear Fuel Plant (BNFP) in South Carolina, which is capable of fulfilling these roles, is the only large scale reprocessing facility in the United States.

In 1977, President Carter indefinitely deferred commercial reprocessing. The Nuclear Regulatory Commission (NRC) subsequently terminated all licensing of the Barnwell facility. Because of policy and regulatory uncertainties and delays, and the prospect of history repeating itself, there is no prospect at this time for Barnwell to operate on a commercial basis.

Since 1977, Congress has maintained Barnwell in a research mode while optional uses for Barnwell are explored. The R. & D. conducted at the Barnwell Plant has developed what many believe to be the most sophisticated nuclear safeguards system in the world. This system is being used for safeguards training under provisions of the Nuclear Non-Proliferation Act of 1978. This important R. & D. will allow the Nation to retain the invaluable expertise to bridge the gap of time until other important uses of the facility can be facilitated. These possible uses include storage and reprocessing of utility spent fuel and use as a safeguards research, development, and training center.

The Energy Research and Production Subcommitee, which I chair, authorized a continuation of the Barnwell program through fiscal year 1982 for a number of very good reasons.

First, it will allow Secretary Edwards a chance to complete his current evaluation and discussions with industry leaders on how Barnwell might be started up. Second, it will allow us to continue to collect the valuable information coming from the safeguards program at Barnwell. And third, it will keep alive a facility that we vitally need to support our breeder reactor and nuclear waste management programs in this country.

While the administration's budget request did not contain funds for continued research and development activities at Barnwell or for acquisition of the Barnwell reprocessing plant, the President nevertheless directed DOE to encourage a more favorable climate than presently exists for the resumption of private reprocessing activities.

The actions of the President and of the Department in meeting with and encouraging corporations in pursuing private reprocessing efforts clearly indicate a reversal of the policy regarding commercial reprocessing of spent fuel. It will take time for private commitments to materialize. In the interim continuation of research, development and demonstration activities at Barnwell can further advance our ability to safeguard special nuclear materials.

Contracting with Barnwell for research and development does not imply a commitment to acquire the plant for Federal operation. This contracting will be considered on its merits. Current administration policy prohibits Federal acquisition of Barnwell, but does not prohibit DOE-sponsored research and development there.

Fear of Federal purchasing of Barnwell is a misdirected and invalid basis

for deleting R. & D. funding at this facility and I urge my colleagues to oppose this amendment.

Mr. BEVILL. Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Committee on Science and Technology, the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Chairman, I rise in opposition to the amendment offered by my very good friend, the gentleman from South Carolina (Mr. DERRICK) to eliminate the funding for this R. & D. program.

I do this with great reluctance, because I have worked with the gentleman from South Carolina (Mr. DERRICK) in previous Congresses to include money for this project. The Committee on Science and Technology has the jurisdiction over this project and all during the time of our hearings and markup of our bill, we were unaware of the position of the gentleman from South Carolina (Mr. DERRICK) about Barnwell. They asked for $13 million and we included $10 million in the budget for this project. I have been to Barnwell.

Mr. DERRICK. Mr. Chairman, will the gentleman yield? The gentleman mentioned my name. I think I have a right to respond.

Mr. FUQUA. Well, I have a very limited amount of time.

Mr. DERRICK. I understand that, but the gentleman has mentioned my name and and I want to tell the gentleman that I did advise the gentleman from Alabama (Mr. BEVILL). I assumed that meant advising the gentleman from Florida as well.

Mr. FUQUA. Well, the gentleman did not communicate to me until this week when I found out about this.

But I had been to Barnwell. I have been through that facility. I spent a Saturday there along with my colleague, the gentleman from New Mexico (Mr. LUJAN).

Some people wonder why we do need this. Well, we do need to keep the plant available in case there is some decision to use it. There is a study going on now and, hopefully, it will be completed by the end of the year, at least by the time of the 1983 budget, so that we can decide what to do with this facility.

It is premature at this time and I do not think you will see me in the well next year asking for any more money for Barnwell, because I have asked them to conclude some final disposition of this project; but this amendment is premature at this time. They are developing some very sophisticated safeguards at this plant that have been the idol of the world as far as nuclear safeguards that are being used in the enforcement of the Nuclear Nonproliferation Act of 1978.

They are doing many other very worthwhile things in research and development at this facility.

I would urge my colleagues at this time to reject this amendment so that we can continue this for this last year, so that this administration, who has a different policy regarding the processing than the previous administration, that some ultimate resolution can be made of this program.

I urge defeat of the amendment offered by my good friend, the gentleman from South Carolina.

Mr. DERRICK. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, as chairman of one of the committees which has jurisdiction over this very difficult area, we have studied it at some length. I come down on the side of a close and interesting question.

I support Congressman DERRICK's proposal to move the Barnwell funding into a more productive effort for waste solidification at Savannah River.

The Interior Committee has been investigating the possible public and private uses for the Barnwell plant over the past several years. During this time, we have recognized substantial barriers to operation of the plant and significant questions about its economic viability.

This year, Congressman LUJAN has introduced legislation which would turn the plant over to a private corporation to see whether sufficient private financing can be put together to get it onto operation. I believe this legislation could be a positive approach to resolving the Barnwell issue. But continued funding of Federal activities at the site will not contribute to a reasonable private-sector approach.

Transfer of the funds to keep waste disposal activities on track is a more urgent and more productive priority. The defense wastes at Savannah River should not be put on a back burner. We should have facilities constructed to get the liquids removed from the tanks at the site and put into a safe solid form ready for permanent disposal.

My colleague's amendment is wise; I believe he is doing the best thing for the citizens of South Carolina and that his amendment is in keeping with the priorities of our national nuclear program.

□ 1400

So I asked my colleagues to vote and suggest they are voting in the best interests of our pocketbook and the pocketbook of our constituents and the best interests of the environment.

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

I rise in opposition to this amendment and urge everyone to vote against the amendment.

I endorse the statement by the distinguished chairman of the Science and Technology Committee, the gentleman from Florida (Mr. FUQUA). He has covered this matter well and I urge the defeat of this amendment.

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

Mr. BEVILL. I yield to my good friend and colleague, the ranking minority member of the subcommittee, Mr. MYERS.

Mr. MYERS. Mr. Chairman, I join my chairman in opposing this amendment. I have heard no argument this afternoon that this type of research need not be done. All recognize that we are getting pretty deep in wastes, so the decision has to be made.

In order to make the proper decision, first on the process to be used, and even more importantly how it shall be handled, the safety factors, research must be conducted. The only place where it is being done today is at Barnwell. To transfer this money today would start the process all over again and would not be wise. It certainly would not save the taxpayers any money.

This is the only place this very badly needed research is being done.

Our colleague from the Three Mile Island area this afternoon was critical of the Government and the fact the decision had not been made and was not handled properly. Do we want to create another catastrophe like this in the handling of wastes? I think not.

The proper way to do this is to fund this research where it is being done today. I urge a "no" vote.

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

Mr. BEVILL. I yield to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Chairman, I have a large nuclear generating plant in my congressional district. Disposing of the spent fuel is a problem for us. What is the best way to go: To support the amendment which would apparently move us toward vitrification of the materials? Is the reprocessing route the best?

As I understand, if we defeat the amendment the reprocessing process is apt to move forward more expeditiously. Would the gentleman help to resolve my dilemma for me?

Mr. BEVILL. The committee has provided $10 million for this, after hearing the testimony and discussing this matter with the Department of Energy, because this option should be kept open. This is an important project. It is one that does take spent fuel, and it helps solve our waste problem. It can help in solving the waste problem.

As far as transferring this money to the Defense waste processing facility, our committee would consider whatever is needed there. We put in the amount the administration requested, $10 million. If they need another $10 million, we will consider it. We do not

have to take the money from this project to do that.

So I hope that answers the gentleman's question.

Mr. McCLORY. I thank the gentleman.

Mr. BEVILL. I urge my colleagues to vote against this amendment and yield back the balance of my time.

The CHAIRMAN. The question is on the amendments offered by the gentleman from South Carolina (Mr. DERRICK).

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

RECORDED VOTE

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

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 157, noes 213, answered "present" 1, not voting 62, as follows:

[Roll No. 162]

AYES—157

Addabbo	Ford (MI)	Neal
Albosta	Ford (TN)	Nowak
Alexander	Fowler	Oakar
Anderson	Frank	Oberstar
Aspin	Gejdenson	Obey
AuCoin	Gephardt	Ottinger
Barnes	Gilman	Panetta
Bedell	Ginn	Pease
Beilenson	Glickman	Petri
Bingham	Goodling	Peyser
Blanchard	Gore	Porter
Bonior	Gradison	Rangel
Bonker	Gregg	Ratchford
Breaux	Guarini	Rodino
Brinkley	Hall (OH)	Roemer
Brodhead	Hamilton	Roybal
Broomfield	Harkin	Russo
Burton, John	Hatcher	Sabo
Burton, Phillip	Hawkins	Scheuer
Chisholm	Heftel	Schneider
Clay	Hertel	Schroeder
Collins (IL)	Holland	Schumer
Conyers	Hoyer	Seiberling
Corcoran	Hughes	Shamansky
Coyne, James	Jacobs	Shannon
D'Amours	Jeffords	Sharp
Danielson	Jones (NC)	Siljander
Daschle	Jones (OK)	Simon
de la Garza	Kastenmeier	Skelton
Deckard	Kildee	Smith (NJ)
Dellums	Kogovsek	Solarz
DeNardis	LaFalce	Stark
Derrick	Leach	Studds
Dicks	Lehman	Swift
Dingell	Leland	Synar
Donnelly	Levitas	Traxler
Dorgan	Long (LA)	Udall
Dunn	Lowry (WA)	Volkmer
Eckart	Lundine	Walgren
Edgar	Madigan	Washington
Edwards (CA)	Markey	Waxman
Erdahl	Matsui	Weaver
Erlenborn	Mavroules	Weber (MN)
Evans (GA)	Mazzoli	Weber (OH)
Evans (IN)	McDade	Weiss
Fascell	McHugh	Williams (MT)
Fenwick	McKinney	Wirth
Ferraro	Mikulski	Wolpe
Findley	Miller (CA)	Wyden
Fish	Minish	Yates
Fithian	Mitchell (MD)	Zeferetti
Foglietta	Moffett	
Foley	Moore	

NOES—213

Akaka	Ashbrook	Bailey (PA)
Andrews	Atkinson	Benjamin
Annunzio	Badham	Bennett
Applegate	Bafalis	Bereuter
Archer	Bailey (MO)	Bethune
Bevill	Hansen (ID)	Paul
Bliley	Hartnett	Perkins
Boggs	Heckler	Pickle
Boner	Hefner	Price
Bouquard	Hightower	Pursell
Bowen	Hiler	Rahall
Brooks	Hillis	Railsback
Brown (CA)	Hollenbeck	Regula
Brown (CO)	Holt	Rhodes
Broyhill	Hopkins	Rinaldo
Butler	Howard	Ritter
Byron	Hubbard	Roberts (KS)
Campbell	Huckaby	Robinson
Carman	Hunter	Roe
Carney	Hutto	Rogers
Clausen	Hyde	Rose
Clinger	Ireland	Rostenkowski
Coats	Jeffries	Roth
Coelho	Johnston	Roukema
Collins (TX)	Jones (TN)	Rudd
Conable	Kazen	Sawyer
Conte	Kindness	Schulze
Coughlin	Kramer	Sensenbrenner
Courter	Lagomarsino	Shaw
Coyne, William	Lantos	Shelby
Craig	Latta	Shumway
Crane, Daniel	Lee	Shuster
Crane, Philip	Lent	Skeen
Daniel, Dan	Livingston	Smith (AL)
Daniel, R. W.	Loeffler	Smith (IA)
Dannemeyer	Long (MD)	Smith (NE)
Daub	Lott	Smith (OR)
Derwinski	Lujan	Snowe
Dickinson	Luken	Snyder
Dornan	Lungren	Solomon
Dougherty	Marks	Spence
Dreier	Marlenee	Stangeland
Duncan	Marriott	Stanton
Dwyer	McClory	Staton
Dyson	McCloskey	Stenholm
Edwards (AL)	McCollum	Stokes
Edwards (OK)	McCurdy	Stratton
Emerson	McDonald	Stump
Emery	McEwen	Tauzin
English	McGrath	Thomas
Ertel	Mica	Trible
Evans (DE)	Michel	Vander Jagt
Evans (IA)	Miller (OH)	Walker
Fary	Mineta	Wampler
Fazio	Molinari	Watkins
Fiedler	Mollohan	White
Fields	Montgomery	Whitehurst
Forsythe	Moorhead	Whitley
Fountain	Morrison	Whittaker
Fuqua	Murphy	Whitten
Gingrich	Murtha	Williams (OH)
Goldwater	Myers	Wilson
Gramm	Napier	Winn
Green	Natcher	Wolf
Grisham	Nelligan	Wortley
Gunderson	Nichols	Wright
Hagedorn	O'Brien	Wylie
Hall, Ralph	Oxley	Yatron
Hall, Sam	Parris	Young (AK)
Hammerschmidt	Pashayan	Young (FL)
Hance	Patman	Zablocki

ANSWERED "PRESENT"—1

Gonzalez

NOT VOTING—62

Anthony	Flippo	Mitchell (NY)
Barnard	Florio	Moakley
Beard	Frenzel	Mottl
Benedict	Frost	Nelson
Biaggi	Garcia	Patterson
Boland	Gaydos	Pepper
Bolling	Gibbons	Pritchard
Brown (OH)	Gray	Quillen
Burgener	Hansen (UT)	Reuss
Chappell	Hendon	Richmond
Chappie	Horton	Roberts (SD)
Cheney	Jenkins	Rosenthal
Coleman	Kemp	Rousselot
Cotter	Leath	Santini
Crockett	LeBoutillier	Savage
Davis	Lewis	St Germain
Dixon	Lowery (CA)	Tauke
Dowdy	Martin (IL)	Taylor
Downey	Martin (NC)	Vento
Dymally	Martin (NY)	Young (MO)
Early	Mattox	

□ 1410

The Clerk announced the following pairs:

On this vote:

Mr. Moakley for, with Mr. Anthony against.

Mr. Barnard for, with Mr. Biaggi against.

Mr. Vento for, with Mr. Cheney against.

Mr. Garcia for, with Mr. Quillen against.

Mr. Richmond for, with Mr. Beard against.

Mr. Mattox for, with Mr. Taylor against.

Mr. MICA changed his vote from "aye" to "no."

Mr. GONZALEZ changed his vote from "no" to "present."

So the amendments were rejected.

The result of the vote was announced as above recorded.

Mr. BEVILL. Mr. Chairman, I move to strike the last word and I yield 1 minute to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. I thank the gentleman for yielding.

Mr. Chairman, I had originally planned to offer a floor amendment today to reduce the nuclear energy appropriations for the Department of Energy to its fiscal year 1981 levels. However, in view of the short time and in view of the Clinch River vote, I have agreed to accede to the chairman's request and not offer the amendment. Nevertheless, I would like my colleagues to be aware of the reasons behind such an amendment.

President Reagan's request for the Department of Energy budget for fiscal year 1982 singled out the nuclear fission budget for special treatment. At a time when the administration was proposing that the budgets for all other energy technologies be slashed, nuclear fission was to receive a 30-percent increase over last year's budget for a total of $1.2 billion.

At the same time, the President proposed to cut energy conservation, our most cost-effective energy source, by 79 percent over last year's spending. Solar energy and other renewables were to suffer a 65-percent cut from last year's spending. Fossil energy was to be reduced 71 percent.

I find this special treatment for the nuclear industry most curious, especially coming from an administration that claims to put so much faith in the free market to test out reliable technologies. For some reason, solar energy, one of our youngest sources of energy, is expected to prove itself in the cold world of the marketplace. Yet nuclear energy, which is presumably an already commercial energy source—and on which the Federal Government has lavished some $21 billion in subsidies over the last 30 years—is to continue to receive special favors at the expense of the taxpayers of this Nation.

The imbalance in Mr. Reagan's budget becomes even more outrageous

once we study which sectors of the economy are most dependent on petroleum use. Our oil dependence in the electricity sector is minimal. Electricity accounts for only 9 percent of our petroleum use, and nuclear energy provides only 11 percent of our electricity.

Our biggest oil users are transportation, accounting for 53 percent of national oil use; industry, accounting for 26 percent; and the residential/commercial sector, accounting for 13 percent. How are we to rid ourselves of this national security threatening oil dependence? Studies by the Harvard Business School, the Mellon Institute, the Ford Foundation, and the Solar Energy Research Institute unanimously conclude that energy conservation is our most cost-effective energy source. According to a recent SERI report, energy conservation in existing and new buildings could save more than the equivalent of our total annual imports at half the cost of providing that same energy from oil, gas or electricity.

In the transportation sector, if the average American car were to increase its mileage to 55 miles per gallon by the year 2000, the Nation would consume nearly 3 million barrels per day less gasoline than it does today.

Yet the Nation's programs aimed at improving efficiency in all these sectors of the economy will be decimated under President Reagan's budget.

Mr. Chairman, I can only conclude that my amendment was too generous in proposing to keep the nuclear budget at its fiscal year 1981 level, for if energy conservation had been treated so well, it would receive a 79-percent increase over President Reagan's proposed levels. While the appropriations committee made significant improvements on the administration's sorry proposals for conservation, it is indeed regrettable that they have increased the taxpayers' subsidy to the nuclear industry.

Mr. BEVILL. Mr. Chairman, I ask unanimous consent that the remainder to title III be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. Are there any points of order on any of the provisions of title III?

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Page 16, line 19, insert immediately before the period the following: ", and *Provided further,* That $5,000,000 of the funds provided herein shall be made available to the Secretary of Agriculture for the establishment of pilot wood utilization projects and demonstrations as authorized by the Wood Residue Utilization Act of 1980, Public Law 96-544.".

POINT OF ORDER

Mr. BEVILL. Mr. Chairman, I make a point of order against the gentleman's amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. BEVILL. The amendment is not germane to this paragraph of the bill nor to the bill as a whole. The wood residue program is authorized by Public Law 96-554, and clearly is to be administered by the Forest Service, Department of Agriculture, which is funded under the Interior appropriations bill.

This program was not authorized to be administered or funded by the Department of Energy, which is where the gentleman's amendment applies.

Under clause 7, rule XVI, it is stated that it is not in order during consideration in the House to introduce a new subject by way of amendment, and an amendment inserting an additional section should be germane to the portion of the bill to which it is offered.

I contend this amendment is not germane to this paragraph or this bill and is in violation of clause 7, rule XVI.

I ask for a ruling by the Chairman.

The CHAIRMAN. Does the gentleman from Oregon (Mr. WEAVER) wish to respond to the gentleman from Alabama (Mr. BEVILL) with respect to the gentleman's point of order?

Mr. WEAVER. Briefly, Mr. Chairman, and that is the Department of Energy now funds wood utilization programs. This bill is law. We are not changing existing law. We are referring only to existing law and it is an energy manufacturing program and, therefore, definitely germane to this bill.

The CHAIRMAN. The Chair is prepared to rule on the point of order made by the gentleman from Alabama (Mr. BEVILL).

For the purposes stated by the gentleman from Alabama, the distinguished chairman of the subcommittee, the point of order is sustained and the amendment is held not germane to the pending title of the bill, which relates only to the Department of Energy.

Are there further amendments to title III? If not, the Clerk will read.

The Clerk proceeded to read title IV.

Mr. BEVILL (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of title IV be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. Are there any points of order against the provisions of title IV?

AMENDMENT OFFERED BY MR. STRATTON

Mr. STRATTON. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

NUCLEAR REGULATORY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Commission in carrying out the purposes of the Energy Reorganization Act of 1974, as amended, and the Atomic Energy Act, as amended, including the employment of aliens; services authorized by 5 U.S.C. 3109; publication and dissemination of atomic information; purchase, repair, and cleaning of uniforms; reimbursements to the General Services Administration for security guard services; hire of passenger motor vehicles and aircraft; $477,534,000, of which not to exceed $1,455,000 shall be available for the Office of the Commissioners, and of which $80,610,000 shall be available for the Office of Nuclear Reactor Regulation, and of which $62,667,000 shall be available for the Office of Inspection and Enforcement: *Provided,* That from this appropriation, transfer of sums may be made to other agencies of the Government for the performance of the work for which this appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred: *Provided further,* That moneys received by the Commission for the cooperative nuclear safety research programs may be retained and used for salaries and expenses associated with those programs, notwithstanding the provisions of 31 U.S.C. 484, and shall remain available until September 30, 1983: *Provided further,* That funds available for nuclear reactor research shall remain available until September 30, 1983: *Provided further,* That transfers between accounts may be made only with the approval of the Committees on Appropriations of the House of Representatives and the Senate: *Provided further,* That no part of the funds appropriated in this Act may be used to implement section 110 of Public Law 96-295.

The Clerk read as follows:

Amendment offered by Mr. STRATTON: Page 30, line 3, strike out the period and insert in lieu thereof the following: ": *Provided further,* That no funds appropriated to the Nuclear Regulatory Commission in this Act may be used to implement or enforce any portion of the Uranium Mill Licensing Requirements published as final rules at 45 Federal Register 65521 to 65538 on October 3, 1980.".

Mr. STRATTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STRATTON. Mr. Chairman, my Subcommittee on Procurement and Military Nuclear Systems of the Armed Services Committee held 2 days of hearings on the remedial action programs for the decontamination and decommissioning of sites formerly associated with nuclear defense programs and for sites which contain uranium mill tailings or other uranium

ore residues. These remedial action programs are being developed to meet the requirements of Public Law 95-604, the Uranium Mill Tailings Radiation Control Act of 1978.

The act assumes that uranium mill tailings pose a potential and significant radiation health hazard to the public. Without any evidence that uranium mill tailings are a hazard, Public Law 95-604 requires EPA and NRC to develop standards and regulations that have been interpreted, for instance, to require dirt piled 10 to 30 feet on the piles because our future Government might not continue for another 1,000 years. Without any evidence of hazard, EPA proposed the promulgation of standards that could require cleanups at certain sites that would place those sites at or below the background levels for radon and radium that occur naturally in neighboring areas.

The act directed EPA to issue final cleanup and disposal standards by November 8, 1979. This deadline was not met, but interim standards were proposed on April 22, 1980, and January 19, 1981. A comment period was established which ended on July 15, 1981. The Deputy Administrator of EPA testified at hearings on June 24,, 1981, that EPA would take 2 to 3 years to establish final standards because they wished to consider very carefully all of the public comments available to this agency.

Public Law 95-604 required the Nuclear Regulatory Commission to promulgate rules which would implement and enforce the EPA final standards. There are no EPA final standards; and there should not be NRC rules.

The cost to the private sector and to the U.S. Government to follow the NRC final rules could be in the billions of dollars without providing any real improvements in the health and safety of the American public. Until such time as epidemiological studies are done, until such time as EPA publishes its standards and until we know what hazards actually exist, the Nuclear Regulatory Commission should be prohibited from enforcing the arbitrary, capricious and expensive-to-apply rules they have promulgated.

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

Mr. STRATTON. I yield to the gentlman from Alabama.

Mr. BEVILL. Mr. Chairman, I agree with the gentleman from New York that in this era of budget stringency there should be careful controls on the expenditure of funds which provide marginal benefits to the public. I thank the gentleman for bringing this serious deficiency to our attention. We accept this amendment on this side.

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

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

Mr. MYERS. Mr. Chairman, we certainly do not want to get into a situation where we would needlessly spend hundreds of millions or billions of dollars to modify areas that pose little, if any, hazard to the public. We accept the amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. STRATTON).

The amendment was agreed to.

□ 1430

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

Mr. Chairman, it was at this point that I intended to introduce an amendment affecting the Columbia Dam. For technical reasons, I am unable to do so.

Last December, the Government Operations Committee, of which I am a member, unanimously approved a report criticizing the Columbia Dam project in Tennessee as a waste of money. Completion of the project would cost taxpayers an additional $100 million, simply to create the eighth recreational reservoir within a short radius. To that end, TVA proposes to destroy a river, condemn 440 farms, and force 1,500 people from their homes.

The TVA appropriation in this bill is $15.8 million—the amount of money for the Columbia Dam project for fiscal year 1982. These funds were deferred in the fiscal 1981 supplemental appropriation and rescission bill which we adopted a short time ago, pending acquisition by TVA of the necessary permits. These have now been obtained, and only by cutting these funds can the project be halted. A vote to do so would save $15.8 million immediately and more than $100 million in downstream costs.

The committee found that—

First, this project would not produce a single benefit that could not be achieved by a less costly alternative. Indeed, the Columbia Dam is the highest cost alternative for addressing the problems noted by project sponsors.

Second, the primary justification of the project—fully 60 percent of claimed benefits—is for flat water recreation in an area which already has seven reservoirs within a short drive of the project site.

Third, 440 farms would be destroyed and 1,500 people would be forced from their homes to make way for this recreational reservoir.

Fourth, over $100 million remains to be spent on this project, but all the claimed benefits—aside from those associated with a speedboating lake—could be realized by spending between $15 and $25 million on nondam alternatives.

Fifth, the TVA's own staff acknowledged that the alleged benefits could be realized more cheaply, but the TVA did not disclose the existence of this cheaper alternative until the Government Operations Committee investigation.

Sixth, the project will cause the loss of 13,000 acres of farmland and the economic activity associated with this farm business—again, in order to create yet another recreational lake.

Seventh, the project will eliminate 54 miles of the Duck River, as stream of great biological diversity, whose wood duck population give the stream its name.

Eighth, for 6 months of the year, the reservoir would be reduced in size by two-thirds from 12,000 acres to 4,000, thereby creating extensive recreational mudflats.

Ninth, flood control, at times alleged to be a significant benefit, amounts actually to less than 2 percent of projected benefits. The project floods more acreage upstream than it protects from occasional flooding below the dam. Most of the flood control benefit is claimed for an area of substandard housing and abandoned buildings comprising 43 structures; to protect these, TVA proposes to destroy 440 farms. An alternative would have been to adopt a voluntary relocation and flood-proofing program; this could have done the job at far lower cost, but it would not, of course, have produced a motorboating lake.

Tenth, improved water supply, which accounts for 19 percent of claimed benefits, could be achieved simply by appropriate operation of the existing Normandy Dam which is 111 miles upriver.

Eleventh, the Columbia Dam offers no navigational benefits and will generate no power.

It is incredible that, had the Government Operations Committee not investigated the project, we never would have known that TVA itself is in possession of a staff report which says that all the project objectives can be met without the Columbia Dam, and for a cost of between $15 and $25 million. All, that is, except the substitution of yet another lake for a natural river.

Since the convening of the 97th Congress, we have done little but look for areas in which spending can be cut. Many of us have cost votes we would have preferred not to make, but felt that no alternative existed if we were serious about making economies. But having done so, we should be determined that questionable spending be eliminated from every area of the budget. If we are prepared to reduce spending for human services in order to battle inflation, we should be prepared to vote against expenditures for motorboating as well.

The CHAIRMAN. Are there further amendments to title IV?

AMENDMENT OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. May the Chair inquire, is this an amendment offered by the gentleman?

Mr. BEVILL. This is a correctional amendment.

(The portion of the bill to which the amendment relates is as follows:)

TENNESSEE VALLEY AUTHORITY

PAYMENT TO TENNESSEE VALLEY AUTHORITY FUND

For the purpose of carrying out the provisions of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C., ch. 12A), including purchase, hire, maintenance, and operation of aircraft, and purchase and hire of passenger motor vehicles, $137,743,000, to remain available until expended.

The Clerk read as follows:

Amendment offered by Mr. BEVILL: On page 30, line 20, strike out "$137,743,000" and insert in lieu thereof "$140,743,000".

Mr. BEVILL. Mr. Chairman, the amendment I offer would provide the Tennessee Valley Authority with $3 million to conduct a biomass fuels research program utilizing waste hardwood now abundant in the TVA region. The committee had originally recommended deletion of these funds from the budget request because of insufficient information by the TVA, but now has the information.

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

Mr. BEVILL. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, this side concurs that this is a unique opportunity to develop ethanol. It is a known process. We feel this is the fastest way to accomplish this. We accept the amendment.

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

The amendment was agreed to.

Mr. BINGHAM. Mr. Chairman, I move to strike the last word. I would appreciate clarification of the committee's intent with respect to the language proposed on page 30 of H.R. 4144 prohibiting the use of funds to implement section 110 of Public Law 295. I was the original author of section 110 which provides for the first systematic safety evaluation of all U.S. operating commercial nuclear power plants. Specifically, I would like the distinguished chairman's assurance that the committee does not intend by its bill or report language to impede in any way ongoing efforts within the Nuclear Regulatory Commission and the industry, in connection with the existing systematic evaluation plan (SEP), to assess and, where appropriate, to upgrade the safety of currently operating plants. As I am sure the gentleman knows, as part of this effort, the NRC is at this very moment improving the safety features of its standard review plan (SRP), the basic document used in the licensing process, and is working with industry to review the 11 oldest plants against current safety criteria. This exercise is scheduled to be repeated for the newer plants as well.

Mr. BEVILL. I would assure the gentleman from New York that the committee does not intend by its bill or report language on section 110 of Public Law 96-295 to impede ongoing safety programs.

Mr. BINGHAM. I appreciate the gentleman's remarks. I would also, and finally, seek his assurance that the language we are discussing would not prevent the NRC from deciding in the future to modify and improve its ongoing systematic evaluation plan, if, in the judgment of the Commission and the staff, the SEP needs further revision.

Mr. BEVILL. The gentleman is correct in noting that it is not the committee's intent to prevent the Commission from revising and upgrading such existing safety programs.

Mr. BINGHAM. I thank the distinguished chairman.

The CHAIRMAN. Are there further amendments to title IV? If not, the Clerk will read title V.

The Clerk proceeded to read title V.

Mr. BEVILL (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of title V be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. Are there any points of order against the provisions of title V of the bill? The Chair observes no one standing.

Are there any amendments to title V?

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

I wonder if I might use this time to engage the chairman of the committee in a colloquy.

Mr. Chairman, I am troubled by the prospect that there is something missing in our suggestion of an appropriate Federal solar program. Industry and Government have been working to provide the Nation with additional supplies of renewable energy resources for the heating and cooling of residential and commercial buildings. As the result of our suggestions, I am worried that neither the Government nor the industry will succeed in their attempts to realize the potential of passive solar technology in the shortest practicable time.

The major research is almost completed. All that remains to be done is to incorporate the knowledge that has been developed into both new and existing buildings. The problem is that the construction industry is highly fractionalized and comprised of numerous small entrepreneurs. Any weak link in the long progression of incorporating a novel building concept will severely retard its early development. Builders, mortage lenders, product manufacturers, contractors, designers, craftsmen, and, ultimately, the consumer all must hear a single voice that measures the progress of passive solar. Further, because of certain added costs of passive solar, greater economic risk is involved. The homebuilder, in desperate circumstances now, will only build what he has been able to sell this year. The economy has dictated that he will neither be able to introduce nor to market innovative ideas and designs such as passive solar in this continuing building depression, unless he is assured that the consumer is being appraised of passive solar's considerable merit.

The passive solar technology which has been developed by the efforts of the Department of Energy and the construction industry is ready to be incorporated into our buildings. Increased utilization of passive solar designs and materials will not only result in a reduction of the Nation's nonrenewable resource requirements but will lower the consumer cost of maintaining a residence or commercial property and will ultimately provide additional funds for the purchase of buildings.

Passive solar energy relies primarily on the building industry for its introduction into the marketplace. I believe that the Federal Government should share with the construction industry the responsibility for the continued development and distribution of passive solar energy information. Through provision of useful information to builders, to the investment community, and to consumers, the Department of Energy will encourage the building community to incorporate passive solar into their design and construction systems. As the result of Government and industry cooperation, the Nation will benefit from a reduction in the cost and use of nonrenewable fuels, without the attendant risk of creating another permanently supported industry.

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. AUCOIN. I yield to the gentlewoman from Louisiana.

Mrs. BOGGS. Mr. Chairman, I rise to echo the sentiments expressed by the gentleman from Oregon (Mr. AUCOIN). In the process of reining in on Government spending, we must not waste past expenditures and present opportunities by only investing the public's money in long-term research programs.

While it may appear that the subcommittee, in its decisions, is emphasizing long-term solar research to the exclusion of short-term applications, I

do not believe, Mr. Chairman, we intended for the apparent programmatic imbalance to be our policy.

Within the subcommittee's recommended level, there is actually sufficient flexibility for pursuit of both long-term cooling research and near-term application of already developed technologies through development of an industry/Government partnership. The establishment of a successful partnership will not only provide the beleaguered construction and home-building industries with new opportunities for employment, investment, and growth, but it will insure that the often valuable results of past Federal programing will be carried forward into the private marketplace.

I believe this is how we intend for the Department of Energy to pursue this program in fiscal year 1982 and in the future. When we are again resolved into the House, I will ask permission to insert in the RECORD as a part of the history of our committee's deliberations a list prepared by the Passive Solar Industries Council of the type of near-term passive solar projects that merit study and development.

Thank you.

The Passive Solar Industries Council recommends establishment and implementation of a passive solar energy program which contains the following components:

1. Basic Research

Residential

Advanced high performance materials, components and systems (Phase change materials, e.g. thermal storage, dense masonry aggregate for thermal storage, glazing systems and hybrid systems, etc.).

Commercial

Occupancy effects and time of day energy use.

Interrelationships of passive heating, cooling and lighting systems.

Integration of passive heating, cooling and lighting systems with conventional mechanical systems.

2. Thermal Behavior of Occupied Buildings

Residential

Provide baseline data needed to evaluate the thermal performance of passive solar systems.

Field measurements of dynamic heat loss/gain of occupied buildings.

Measure performance of specific retrofit options in various climates.

Commercial

Multizone interaction.

Total system performance.

3. Prototype and Component Development and Testing

Residential

Phase change storage building components.

High density masonry.

Advanced glazing systems.

Movable insulation and shading devices.

Packaged in modular passive systems.

Commercial

Glazing materials.

Advanced building shell materials.

4. Collect, Analyze and Present Actual Cost and Performance Data on All Innovative Technologies in a Variety of Climates for Residential and Commerical Applications

5. Develop Design and Analysis Methods Which Accurately Predict Performance of Passive Systems for Residential and Commercial Applications

6. Disseminate Research Results through Targeted Technology Transfer Program Using Existing Industry Channels

Residential and commercial

Notebooks, design manuals.

Simplified calculation program.

Seminar for design and building professionals, code officials, lenders, etc.

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

Mr. AUCOIN. I yield to the distinguished gentleman from Alabama.

Mr. BEVILL. Mr. Chairman, the gentlewoman has stated it correctly. The gentleman from Oregon is correct. This is the intent of the committee. We certainly agree with you and accept your statement.

I have become impressed by the efforts of the building community, working in partnership with the Federal Government over the last 3 years, to develop what has been commonly referred to as passive solar energy for residential and commercial heating and cooling.

Unlike other forms of solar energy producing systems, passive solar heating is not founded upon the development of exotic machinery or new gadgets. Passive solar is the integration of several commonsense principles for both energy conservation and energy production within a building system. Passive solar buildings are being constructed and are performing to specification in numerous test site locations across the Nation.

Some polishing of design material and technology remains to be done, but clearly, the primary impediment to passive solar's near-term potential is the absence of a single entity to coordinate and assist in the production of industry-generated research and design information. The point made by my colleague, Mr. AUCOIN, is central to this issue. There must be a clearinghouse for this widely disparate industry group. The logical place for such activity is the Department of Energy's Office of Passive and Hybrid Solar Heating and Cooling, which has established an extremely effective working relationship with the building community. Mrs. BOGGS is quite correct when she laments the economic waste that would result by terminating Federal passive solar efforts while yet in the breech.

The need for passive solar is clearly defined, the potential return on investment is so high and the private sector options yet so limited, that continued involvement of the Federal Government for the next 3 to 5 years is strongly endorsed.

There is ample evidence that the private sector is eager to assume the coordinating role now being performed by the Federal Government. The recent incorporation of a broad-based construction industry association group is testimony to the fact that there should be no fear of the Federal Government creating a permanently supported industry. Unfortunately, given economic circumstances, this is not the best of times to be founding an association to be supported by the construction industry, and it is doubtful that such an association can become self-sustaining and assume a greater role on behalf of passive solar for another 2 to 3 years.

My committee has reviewed the past program of activities for passive solar within the Department of Energy and has engaged in productive discussion with the building industry concerning its perceived needs. I feel that the funding level of $15 million is adequate to achieve the continued implementation of a passive solar energy program which will contain essential information transfer and continued basic research components.

I will do my best to insure that these concepts will be accepted by our colleagues in the Senate, and I further pledge careful and concise review of the Department of Energy's ongoing passive solar programing.

□ 1440

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

Mr. Chairman, I wish to engage the subcommittee chairman in a colloquy, if I may. I note that in your report on page 88 "Other Energy Programs" under the subheading of "Energy Storage Systems" you have added $3 million to support programs in the physical and chemical storage area which are unlikely to be picked up by the private sector if Federal funding is terminated. There is a program funded under "Physical and Chemical Storage" which involves the recovery of industrial waste heat from aluminum plants and through the use of energy storage technologies the distribution of that energy to heat homes, commercial buildings and schools. This program is located in the State of Washington and currently faces severe funding restrictions in fiscal year 1982. The program has been most successful and holds great potential for the Nation in energy savings. The coalition of industry, the city and educational institutions will not be able to continue should Federal support be terminated as now planned. Is this the type program your committee anticipated funding through the addition of $3 million?

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

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

Mr. BEVILL. Mr. Chairman, it is certainly the type of program we had in mind. I would add that these programs which have been successful and show such promise and have such a high national impact are indeed the types which should not be terminated in midstream. That is why we added the money.

Mr. DICKS. I might add that the city involved, Bellingham, Wash., has contracted to repay the Federal Government a portion of the dollars invested when they build the full-scale system.

Mr. BEVILL. That seems to be an even greater reason for the program to continue.

Mr. DICKS. Mr. Chairman, I thank the gentleman very much.

AMENDMENT OFFERED BY MR. LEVITAS

Mr. LEVITAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEVITAS: Page 31, after line 19, insert the following:

SEC. 504. None of the funds in this Act shall be used to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

Mr. LEVITAS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LEVITAS. Mr. Chairman, the amendment I am offering would prevent the use of any funds by the departments and agencies funded by this bill for the implementation of any regulations or actions which have been vetoed by Congress using the specific veto procedures provided by applicable law.

There are several programs and agencies funded under this bill which are subject to some sort of legislative veto. For example, all regulations promulgated under the Energy Security Act with regard to synthetic fuels authorities of the President, U.S. Synthetic Fuels Corporation and energy targets are subject to congressional veto. Congress also has the right to veto FERC rules involving natural gas pricing passthrough under the Natural Gas Policy Act. Futhermore, under the terms of the Energy Policy and Conservation Act, the Secretary of Energy may propose standby energy rationing plans which Congress may veto if it so chooses.

The basic issue here, however, transcends the question of legislative veto. Even the few Members who still do not support legislative vetoes, surely must support the doctrine of following the law under which legislative vetoes are enacted and then duly exercised.

I have offered this amendment because past administrations have stated their intentions not to obey the law with regard to legislative vetoes. This unfortunate circumstance became concrete under the Carter administration last year after Congress vetoed four sets of regulations proposed by the Department of Education. In response, the Carter administration through Attorney General Benjamin Civiletti and Secretary Shirley Hufstedler, announced a decision to ignore these vetoes. In short the Carter administration said it would not obey the law, providing for legislative veto of these regulations, as it was duly enacted by Congress and signed by the President.

The law in this case is very simple. It is very explicit. It says that where both Houses of the Congress have adopted a congressional veto, the regulations become null and void.

However, the problem was not just with the Department of Education. It was the general policy of the Carter administration. While I would hope that the Reagan administration will not be willing to disregard the law, we must be sure that the law is followed. This amendment will act as a safeguard to prevent this disregard for the law from occurring again.

The action of past administrations makes the issue one of whether we in Congress are going to allow the law to be ignored. I do not believe any Member of Congress can stand by and allow our mandates to be treated in such cavalier fashion. The Constitution of the United States requires the President of the United States to faithfully execute the laws. He is not given the authority to pick and choose those laws he wants to implement and those that he does not want to implement.

It is not for the executive branch to decide what laws will be enforced. There is a very important case that illustrated that point, Kendall against United States, decided by the Supreme Court in 1838. In that instance, the President of the United States directed the Postmaster General not to pay a certain sum required to be paid by Congress to a contractor with the Post Office, and in issuing the writ of mandamus, the Court said:

To contend that the obligation imposed on the President to see the laws faithfully executed implies a power to forbid their execution is a novel construction of the Constitution and entirely inadmissible.

No, the President of the United States does not have the power or the right or the prerogative not to enforce the laws. Where such disputes exist the proper forum for resolving them lies within the court system and ultimately within the jurisdiction of the Supreme Court. The administration's questions about this provision of the law should be resolved in that arena, not by noncompliance.

Mr. Chairman, this is a simple proposition. Once a legislative veto has been exercised, it is a disobedience of the law by those charged with the responsibility of executing the law to disregard it, and I do not think we ought to give them money to disobey the law. The only way we can effectively enforce these provisions of the law is to provide a limitation for funding so that no funds can be used for purposes of implementing disapproved or vetoed actions.

That is the reason I have offered this amendment, Mr. Chairman. We are facing a significant challenge to our constitutional powers, and we must rise to meet it. My amendment will do so in a simple direct fashion. I urge every Member of this body to support its passage.

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

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

Mr. BEVILL. Mr. Chairman, we have reviewed the gentleman's amendment, and we accept it. There are no objections to it.

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

Mr. LEVITAS. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, we on this side accept the amendment.

Mr. EDGAR. Mr. Chairman, if the gentleman will yield, could he give us just a brief further explanation of his amendment?

Mr. LEVITAS. Mr. Chairman, the amendment is one that we have adopted on other appropriation bills. It simply says that where there is a procedure already in the law where we have rejected the use of funds for regulations by agencies or other branches of government, there shall be no funding for those regulations which have been rejected by the Congress.

Mr. EDGAR. Mr. Chairman, I thank the gentleman for explaining his amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. LEVITAS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ERTEL

Mr. ERTEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ERTEL: Page 31, immediately after line 19 insert the following new sections:

SEC. 505. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such Department or Agency.

SEC. 506. None of the funds provided in this Act to any Department or Agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001

with an EPA estimated miles per gallon average of less than 22 miles per gallon.

Mr. ERTEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

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

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

Mr. BEVILL. Mr. Chairman, we are familiar with the gentleman's amendment. It has been added to every appropriation bill. We have no objection to it, and we accept it.

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

Mr. ERTEL. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, this side will accept the amendment.

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

Mr. Chairman, I will ask the gentleman from Pennsylvania (Mr. ERTEL) if he will explain what his amendment does.

Mr. ERTEL. Mr. Chairman, if the gentleman will yield, the amendment would merely eliminate the utilization of chauffeurs, servants, or waiters for the personal service of people who would be funded under this bill, and, second, what it would do is provide that any car procured or leased under the bill would be required to have an EPA rating above 22 miles per gallon. I refer to passenger automobiles.

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

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

Mr. TRAXLER. Mr. Chairman, I thank the gentleman for yielding.

I do not want to take much time on this because I have a plane to catch also. Let me just ask the author of the amendment this question.

If I understand the definition of "passenger automobile," under the section he is relating this to, it may include pickup trucks. I ask the question because the only pickup trucks which meet this mileage requirement are Japanese pickup trucks.

Mr. ERTEL. Mr. Chairman, my recollection of the definition of "passenger automobile" is that it does not include pickup trucks. It is only the vehicles which carry passengers up to 10.

Mr. TRAXLER. Mr. Chairman, if the gentleman will allow me, let me say that I just wanted to alert the gentleman to that point. I will talk to him further about this. I wish the gentleman would look at this section, because I am fearful of what he is doing. I do not think we have the time to straighten this out now, but I will be glad to talk to him next week.

Mr. EDGAR. Mr. Chairman, just for the information of the House, the reason I have asked that the amendment be explained is simply that 2 years ago when we were in the same situation, when we were in a rush to finish completion of this bill, we had the spectacle of a Member coming in and asking unanimous consent that an amendment be read; the ranking Republican Member and the ranking Democratic Member accepted the amendment, and everyone was happy. We discovered, however, the next day that we had reauthorized the Tellico Dam without any vocal consideration or any words being spoken on the House floor.

My caution is simply that the Members of the House ought to know what amendments we are accepting quickly at this late hour of legislation.

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

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL).

The amendment was agreed to.

● Ms. OAKAR. Mr. Chairman, today's vote by the House in approving the fiscal year 1982 energy and water appropriations bill is of special interest to me because it provides my constituents back home in Greater Cleveland with funds for several necessary and worthwhile water projects.

Specifically, the bill would fund the entire cost of utility relocation in the vicinity of the Cleveland Zoological Park as part of an important flood control project, at a cost of $3.3 million; and would continue funding of the Corps of Engineers Advanced Phase I Study on general navigation improvements to Cleveland Harbor ($202,000), continue study on flood prevention measures to the Cuyahoga River Basin ($100,000), and rehabilitate sections of the Cleveland Harbor's breakwater and dredge the harbor ($7.4 million).

These funds are critical toward improving and modernizing Greater Cleveland's waterfront and river facilities. The people of my city hope one day to have our harbor dredged to a depth to permit the entry of the 1,000-foot giant iron ore carriers to promote greater industrial employment and production and commercial development of the Greater Cleveland and northeast Ohio area. Toward this end, it is my hope that Congress will act on comprehensive water resources legislation, especially in view of the many recommendations by the Corps of Engineers for improving Cleveland Harbor and port facilities to handle the 1,000-foot carriers.

In the meantime, I wish to commend the House for its adoption of this legislation which will specifically permit the corps to proceed toward completion of the very important flood control project in the Cleveland Zoological Park. Now that relocation of utilities will be undertaken at full Federal expense, thus relieving the local sponsor—Cleveland Metroparks—of an inequitable and inordinate expense—the corps can complete this project which is so critical to prevent annual flooding (which has resulted in animal life loss and extensive property damage) of low-lying areas of the Cleveland Zoo.●

Mr. BEVILL. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. BEILENSON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4144) making appropriations for energy and water development for the fiscal year ending September 30, 1982, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. COUGHLIN

Mr. COUGHLIN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. COUGHLIN. I am, in its present form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. COUGHLIN moves to recommit the bill, H.R. 4144, to the Committee on Appropriations.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

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

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

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 244, nays 104, not voting 85, as follows:

[Roll No. 163]

YEAS—244

Akaka	Fields	McCloskey
Albosta	Findley	McCollum
Alexander	Foley	McCurdy
Anderson	Ford (TN)	McDade
Annunzio	Fountain	McEwen
Archer	Fuqua	McHugh
Ashbrook	Gejdenson	Mica
Atkinson	Gephardt	Miller (OH)
AuCoin	Gilman	Mineta
Badham	Gingrich	Minish
Bafalis	Ginn	Mollohan
Bailey (MO)	Glickman	Montgomery
Bailey (PA)	Goldwater	Moore
Benjamin	Gonzalez	Moorhead
Bennett	Goodling	Morrison
Bereuter	Gore	Murtha
Bethune	Gradison	Myers
Bevill	Gramm	Napier
Bingham	Grisham	Natcher
Blanchard	Guarini	Neal
Bliley	Gunderson	Nelligan
Boggs	Hagedorn	Nichols
Boner	Hall, Ralph	Nowak
Bonker	Hamilton	O'Brien
Bouquard	Hammerschmidt	Oakar
Breaux	Hance	Oberstar
Brooks	Hansen (ID)	Oxley
Brown (CA)	Hartnett	Panetta
Byron	Hawkins	Parris
Campbell	Hefner	Pashayan
Carney	Heftel	Patman
Chisholm	Hiler	Pepper
Clausen	Hillis	Perkins
Clinger	Holland	Pickle
Coelho	Hollenbeck	Price
Corcoran	Howard	Rahall
Coyne, James	Hoyer	Regula
Coyne, William	Hubbard	Rhodes
D'Amours	Hunter	Rinaldo
Danielson	Hyde	Robinson
Dannemeyer	Ireland	Rodino
Daschle	Jones (NC)	Roe
Daub	Jones (OK)	Rogers
de la Garza	Jones (TN)	Rose
Dickinson	Kildee	Rostenkowski
Dicks	Kindness	Roth
Dingell	Kogovsek	Roukema
Donnelly	Kramer	Roybal
Dorgan	LaFalce	Rudd
Dougherty	Lagomarsino	Scheuer
Dreier	Lantos	Schulze
Duncan	Latta	Shamansky
Dunn	Lehman	Shaw
Dwyer	Lent	Shelby
Edwards (AL)	Livingston	Shumway
Edwards (OK)	Loeffler	Shuster
Emerson	Long (LA)	Simon
Emery	Long (MD)	Skeen
English	Lowery (CA)	Skelton
Erdahl	Lujan	Smith (AL)
Erlenborn	Luken	Smith (IA)
Ertel	Lundine	Smith (NE)
Evans (GA)	Lungren	Smith (NJ)
Evans (IA)	Madigan	Snowe
Evans (IN)	Marks	Snyder
Fary	Marlenee	Solarz
Fascell	Marriott	Spence
Fazio	Matsui	Stangeland
Ferraro	Mazzoli	Stanton
Fiedler	McClory	Staton
Stenholm	Volkmer	Wilson
Stokes	Walgren	Winn
Stratton	Wampler	Wirth
Stump	Watkins	Wolf
Swift	Waxman	Wortley
Synar	Weber (OH)	Wylie
Tauzin	White	Yatron
Thomas	Whitehurst	Young (AK)
Traxler	Whitley	Young (FL)
Trible	Whitten	Zablocki
Udall	Williams (MT)	
Vander Jagt	Williams (OH)	

NAYS—104

Applegate	Edgar	Murphy
Aspin	Edwards (CA)	Obey
Barnes	Evans (DE)	Ottinger
Bedell	Fenwick	Paul
Beilenson	Fithian	Pease
Bonior	Foglietta	Petri
Brinkley	Forsythe	Porter
Brodhead	Frank	Pursell
Broomfield	Green	Rangel
Brown (CO)	Gregg	Ratchford
Broyhill	Hall (OH)	Ritter
Burton, John	Harkin	Roberts (KS)
Burton, Phillip	Heckler	Roemer
Carman	Hertel	Sabo
Clay	Holt	Schneider
Coats	Hughes	Schroeder
Collins (IL)	Jacobs	Schumer
Collins (TX)	Jeffords	Seiberling
Conable	Jeffries	Sensenbrenner
Conte	Johnston	Shannon
Conyers	Kastenmeier	Sharp
Coughlin	Leach	Siljander
Courter	Lee	Smith (OR)
Craig	Leland	Stark
Crane, Daniel	Levitas	Studds
Crane, Philip	Lowry (WA)	Walker
Daniel, Dan	Markey	Washington
Daniel, R. W.	Mavroules	Weaver
Deckard	McDonald	Weber (MN)
Dellums	McGrath	Weiss
DeNardis	Mikulski	Whittaker
Derrick	Miller (CA)	Wolpe
Derwinski	Mitchell (MD)	Wyden
Dyson	Moffett	Yates
Eckart	Molinari	

NOT VOTING—85

Addabbo	Ford (MI)	Michel
Andrews	Fowler	Mitchell (NY)
Anthony	Frenzel	Moakley
Barnard	Frost	Mottl
Beard	Garcia	Nelson
Benedict	Gaydos	Patterson
Biaggi	Gibbons	Peyser
Boland	Gray	Pritchard
Bolling	Hall, Sam	Quillen
Bowen	Hansen (UT)	Railsback
Brown (OH)	Hatcher	Reuss
Burgener	Hendon	Richmond
Butler	Hightower	Roberts (SD)
Chappell	Hopkins	Rosenthal
Chappie	Horton	Rousselot
Cheney	Huckaby	Russo
Coleman	Hutto	Santini
Cotter	Jenkins	Savage
Crockett	Kazen	Sawyer
Davis	Kemp	Solomon
Dixon	Leath	St Germain
Dornan	LeBoutillier	Tauke
Dowdy	Lewis	Taylor
Downey	Lott	Vento
Dymally	Martin (IL)	Wright
Early	Martin (NC)	Young (MO)
Fish	Martin (NY)	Zeferetti
Flippo	Mattox	
Florio	McKinney	

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Zeferetti against.

Mr. Mattox for, with Mr. Vento against.

Mr. Biaggi for, with Mr. Russo against.

Mr. Nelson for, with Mr. Richmond against.

Mr. Anthony for, with Mr. Garcia against.

Until further notice:

Mr. Chappell with Mr. Beard.

Mr. Boland with Mr. Horton.

Mr. Young of Missouri with Mr. Kemp.

Mr. Wright with Mr. Quillen.

Mr. St Germain with Mr. Dornan of California.

Mr. Mottl with Mr. Burgener.

Mr. Gaydos with Mr. Rousselot.

Mr. Rosenthal with Mr. Taylor.

Mr. Crockett with Mr. Fish.

Mr. Barnard with Mr. Mitchell of New York.

Mr. Peyser with Mr. Brown of Ohio.

Mr. Moakley with Mr. Tauke.

Mr. Florio with Mr. Lewis.

Mr. Reuss with Mr. Cheney.

Mr. Patterson with Mr. Benedict.

Mr. Hutto with Mr. Solomon.

Mr. Ford of Michigan with Mr. Davis.

Mr. Hightower with Mr. Chappie.

Mr. Fowler with Mr. McKinney.

Mr. Frost with Mr. Martin of North Carolina.

Mr. Huckaby with Mr. Frenzel.

Mr. Early with Mr. Pritchard.

Mr. Bowen with Mr. Sawyer.

Mr. Flippo with Mr. Railsback.

Mr. Hatcher with Mr. Butler.

Mr. Gray with Mr. Coleman.

Mr. Jenkins with Mr. Roberts of South Dakota.

Mr. Dixon with Mrs. Martin of Illinois.

Mr. Downey with Mr. Hansen of Utah.

Mr. Kazen with Mr. Hendon.

Mr. Santini with Mr. Dymally.

Mr. CARMAN and Mr. WYDEN changed their votes from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO FILE REPORT ON H.R. 4074, REVISING LAWS PERTAINING TO MARITIME ADMINISTRATION

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may have until midnight tonight, July 24, 1981, to file a report on the bill (H.R. 4074) to revise the laws pertaining to the Maritime Administration.

The SPEAKER pro tempore (Mr. MINETA). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PERSONAL EXPLANATION

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

Mr. FORD of Michigan. Mr. Speaker, I was attending and chairing a meeting of the Franking Commission and returned to the floor too late for the vote just passed and would have voted "yea" had I been on the floor.

RESIGNATION AS MEMBER OF COMMITTEE ON GOVERNMENT OPERATIONS

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Government Operations:

WASHINGTON, D.C., *July 24, 1981.*

Hon. THOMAS P. O'NEILL,
Speaker of the House,
Capitol Building, Washington, D.C.

DEAR MR. SPEAKER: I hereby resign my post, effective today, on the Committee on Government Operations.

Thank you very much for your consideration in this matter.

Sincerely,

DAVID DREIER,
Member of Congress.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

ELECTION AS MEMBER OF COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

Mr. MADIGAN. Mr. Speaker, I offer a privileged resolution (H. Res. 195) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 195

Resolved, That David Dreier, of California, be and hereby is elected to the Committee on Banking, Finance and Urban Affairs.

The resolution was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

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

Mr. MADIGAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute for the purpose of asking the distinguished majority whip if he could explain to the House the program for the balance of the day and the program for next week as well.

Mr. FOLEY. Will the distinguished acting Republican leader yield to me?

Mr. MADIGAN. I will be happy to yield.

Mr. FOLEY. I thank the gentleman.

This concludes the business for today and this week.

On Monday the House will meet at noon and consider 10 bills under a suspension of the rules. They are:

H.R. 2803, National Oceanographic (NOAA) authorizations;

H.R. 3115, EPA authorizations;

H.R. 4074, Maritime Administration law revisions;

H.J. Res. 223, gold medal for Fred Waring;

H.R. 4053, Mineral Leasing Act amendments;

H.R. 4182, airport development authorizations;

H.R. 1898, James A. Burke Post Office;

H.R. 1855, Fort Point Channel Bridge;

H.R. 1311, National Tourism Policy Act; and

H.R. 2120, Risk Retention Act.

Monday is also District day; and there will be two bills under consideration, these are:

H.R. 2818, increase District borrowing authority; and

H.R. 2819, increase District payment from Federal Government.

Finally, the House will consider H.R. 4419, Agriculture appropriations, fiscal year 1982.

I would like to advise all Members at this time that there will be votes on Monday on the two District bills as well as on the Agriculture appropriations bill. Votes on the suspensions, however, will be postponed until Tuesday.

On Tuesday the House will meet at noon, and first vote on those suspensions debated on Monday.

Following that we will consider:

H.R. 4121, Treasury-Postal appropriations, fiscal year 1982; and

H.R. 4120, legislative appropriations, fiscal year 1982.

□ 1510

It is my intention to request unanimous consent that the House meet at 9 o'clock on Wednesday. It will meet at 10 o'clock on Thursday and Friday. On Wednesday and the balance of the week the House will consider H.R. 4242, the Tax Incentive Act of 1981, subject to a rule being granted; H.R. 4169, State, Justice, Commerce, Judiciary appropriations for fiscal year 1982; H.R. 4209, Transportation appropriations, fiscal year 1982; and H.R. 4241, military construction appropriations, fiscal year 1982.

The conference report on budget reconciliation will be brought to the floor as soon as possible.

Adjournment times will be announced daily.

It is possible that there will be a late session on all days, including Friday, as well as a Saturday session that could also run late.

I will repeat: Adjournment times will be announced daily. There will be a Friday and possibly a Saturday session. Members should expect late evenings each night, including Friday and Saturday.

Mr. MADIGAN. If the gentleman will allow me, I should like, on behalf of the distinguished minority leader (Mr. MICHEL), to pursue for the record several understandings that I understand have been reached.

It is my understanding that the conferees on the budget resolution will continue to work over the weekend, in the hope that the budget resolution can be completed and that the conference report can be filed early in the week, with possible action on it by Wednesday. I would like to clarify that that is the understanding of the gentleman from Washington.

Mr. FOLEY. It is certainly the hope.

Mr. MADIGAN. And that the Rules Committee will meet on Tuesday for the consideration of a rule on the tax bill, that we will have a 9 o'clock session on Wednesday, and the hope, at least, is expressed, as I understand it, by the leadership of both parties, that the conference on the tax bill can be expedited so that we will be able to vote on the tax bill by Saturday; but that in the event that we are not at that point by Saturday next, there is a possibility that the House would continue to be in session for the following week until action on the tax bill conference is completed.

Is that the gentleman's understanding?

Mr. FOLEY. That is the gentleman's understanding and, again, hope. No one can predict with any certainty at what point a conference on the tax bill could be concluded. In fact it is hoped that the tax conference might actually be concluded before the end of next week. The Speaker has indicated, however, that if necessary, the House may stay in session the following week in order to complete the tax conference.

Mr. MADIGAN. So the three things important for the Members to understand are that the members of the budget conference have some obligations this weekend, that all Members can expect the possibility of night sessions all next week, and on Saturday, and there is the possibility that we will be working the first week in August.

Mr. FOLEY. Yes; while I am not aware of the schedules of various subcommittees with respect to the budget reconciliation, I believe some will have sessions over the weekend in an effort to conclude their work.

It is true, as the gentleman says, that next week will be somewhat unusual in that Members should expect not only votes on each day, but adjournment times to be announced daily, the virtual certainty of a Friday session, or the possibility of a Saturday session, and the possibility of late sessions each night including Friday and Saturday.

Also, Members would be well advised to make no firm plans for the beginning of the recess. If a conference report on the tax bill has not been concluded by next week, the likelihood of a further schedule the following week is very high.

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

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

Mr. WALKER. Is it not also our understanding with regard to the Rules Committee meeting on Tuesday, with

regard to the tax bill, that only amendments that were filed before 3 o'clock this afternoon would be considered by the Rules Committee at that point? Is that the gentleman's understanding? Is that the understanding of the gentleman from Washington?

Mr. FOLEY. That is not my understanding, I will tell the gentleman, frankly. I have no authority to make any such representation.

Mr. MADIGAN. It is my understanding that that was an idea expressed by the chairman of the Rules Committee, but it is nothing that has been agreed to by the leadership of either party or the leadership together.

Mr. WALKER. I thank the gentleman.

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

Mr. MADIGAN. I yield to my colleague, the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, I just want to be sure, with all of the leaders involved, is it proper for me to assume that this basic understanding has the OK of the gentleman from California, Mr. JOHN L. BURTON?

Mr. FOLEY. I must tell the gentleman, frankly, I have not discussed the matter with either of the distinguished gentlemen from California, Mr. PHILLIP BURTON or Mr. JOHN L. BURTON; but knowing those gentlemen, I am sure that the gentleman himself may be able to consult on that.

Mr. DERWINSKI. I feel relieved that the gentleman is still aware of them.

Mr. FOLEY. I am certainly aware, and I thank the gentleman for his contribution.

ADJOURNMENT TO MONDAY, JULY 27, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

HOUR OF MEETING ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House convenes on Wednesday next, it meet at 9 a.m.

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

There was no objection.

MOTIONS TO STRIKE WITH REFERENCE TO VARIOUS PENDING TAX PROPOSALS

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

Mr. PHILLIP BURTON. Mr. Speaker, I rise at this time, having watched the clock, hoping this will prove to be a successful effort to qualify in the course of revising my remarks to note certain motions to strike with reference to the various pending tax proposals.

APPLY THE CREDIT ELSEWHERE TEST TO BIG BUSINESS, TOO

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

Mr. BEDELL. Mr. Speaker, the Nation's largest corporations seem to be overcome by a sudden urge to merge. As part of this merger frenzy, major oil companies are lining up huge loans in order to finance takeover battles. The sudden rush of these companies into the credit market should be great concern to all of us.

When six oil companies can arrange new lines of credit totaling $28 billion in just 3 weeks, the effect has to be that less money is available for others to borrow for more productive uses, and the huge surge in demand for loans must help to keep interest rates high for smaller borrowers.

Three of those six oil companies, incidentally, have applications pending before the Synthetic Fuels Corporation for Government financial assistance.

I have written to the chairman of the Synthetic Fuels Corporation, urging them to apply a strict credit elsewhere test to the energy companies who are seeking Government financial support. This is what we require of small businessmen and farmers who come to the Government for assistance, and it is what we should demand of the big oil companies, too.

At this point in the RECORD, Mr. Speaker, I wish to insert the complete text of my letter to Edward Noble, chairman of the Synthetic Fuels Corporation.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., July 24, 1981.

Mr. EDWARD E. NOBLE,
Chairman, Synthetic Fuels Corporation, Washington, D.C.

DEAR MR. NOBLE: I am sure you are following the daily news accounts of the bidding that is going on for control of Conoco. The recent wave of merger activity among some of the nation's leading energy companies has caused many such firms to publicize the lines of credit that they have opened recently.

Just in the past month, we have seen published reports that various oil companies have arranged for loans totaling $28 billion. A list of six oil companies and the credit that each is reported to have lined up recently: Conoco, $3 billion; Gulf, $6 billion; Marathon, $5 billion; Mobil, $6 billion; Pennzoil, $2.5 billion; and Texaco, $5.5 billion.

Of course, these sums are in addition to any cash those firms may have on hand. And the numbers do not reflect any additional lines of credit that may be available to other companies.

The $28 billion in loans recently arranged by the six companies listed above practically dwarfs the $18 billion in loan guarantees that the Snythetic Fuels Corporation is authorized to issue this year. You may recall that Congress authorized that $18 billion on the premise that funds otherwise would not be available for the development of synthetic fuels projects by the energy companies.

On April 29, 1981, I recognized from R. G. Romatowski, then Acting Undersecretary of the Department of Energy, a list of 61 proposals pending before the Synthetic Fuels Corporation. That list of applications for U.S. Government financial assistance included requests from three of the six companies listed above.

Texaco is seeking loan guarantees on two projects and joint venturing on a third. *Conoco* is seeking a loan guarantee for one project. And *Mobil* has requested both price and loan guarantees in one proposal.

At this time, it seems appropriate to recall that Section 131(r) of the Energy Security Act provides that "any financial assistance by the Corporation for (a) project will not compete with nor supplant such available private capital investment and that adequate financing for the project would not otherwise be available. . . ."

As a member of the Small Business Committee I am, of course, more familiar with the workings of government loan guarantees for small businesses rather than those proposed for multinational corporations. The Small Business Administration applies a very strict "credit elsewhere" test to all applicants for SBA loans or loan guarantees. Under this provision, a small business cannot even apply for SBA financial assistance until after it has been turned down for a loan by at least two banks. And as a member of the Agriculture Committee, I know that the Farmers Home Administration not only applies a credit elsewhere test to the applicant for an FmHA loan but sometimes also applies the test to members of the farmer's family.

It seems to me that it is not unreasonable to require that big energy companies should play by the same rules the government imposes on operators of small business and family farms. Last year we required tens of thousands of small businesses and family farmers to show that they had been refused credit elsewhere before they could apply for SBA or FmHA financial assistance. I believe nothing less should be required of the oil companies that are lined up at the Synthetic Fuels Corporations door, waiting for its loan window to open.

In order to assure the public that U.S. Government financial assistance is not going to corporations that can finance their

own projects, one of the first actions taken by the new Synthetic Fuels Corporation ought to be the establishment of a clear and unequivocal credit elsewhere test. Not only will this help instill confidence in the Corporation, but it will also direct assistance to those smaller firms that truly need the Government's help.

Sincerely,

BERKLEY BEDELL.

RAMSEY CLARK, WHERE ARE YOU WHEN WE NEED YOU?

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

● Mr. DERWINSKI. Mr. Speaker, hardly a day goes by in Iran without the radical government there announcing it has executed someone else for antirevolutionary activity. More than 200 Iranians have been shot in the wake of Bani-Sadr's ouster from the presidency. The cruelty of this regime is abundantly clear, yet I have detected no expressions of outrage from those "human rights" activists who were so long critical of the Shah. Indeed, the silence is deafening from the likes of Ramsey Clark and company who were so quick to condemn the Shah and embrace Khomeini as an alternative. Such silence is particularly perplexing, given the fact that most of the victims have been from the left end of the political spectrum Mr. Clark identifies with.

Admittedly, the Shah and his associates had their shortcomings. But this regime makes them look thoroughly benevolent in contrast. In fact, the Islamic militias and secret police have resorted to tactics that are far worse than those attributed to the Shah's savak.

I also want to call the attention of the House to the continued persecution of members of the Baha'i religious group in Iran by the Khomeini government. The Baha'is in Iran have long suffered tremendous pressure and persecution but they are now being murdered by the Khomeini regime for adherence to their faith.

Mr. Speaker, it is high time that this Congress spotlighted what is happening in Iran. Therefore, today I am asking the chairman of the Foreign Affairs Committee's Human Rights Subcommittee to hold hearings posthaste on the human rights situation in Iran. In view of his consistent record on human rights, I am confident that the chairman of that subcommittee, Mr. BONKER, will respond in a forthcoming manner.●

CONGRESSMAN HENRY B. GONZALEZ INTRODUCES BILL OF IMPEACHMENT FOR FEDERAL RESERVE BOARD CHAIRMAN PAUL VOLCKER

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

Mr. GONZALEZ. Mr. Speaker, yesterday, ironically, the Washington Star had a pretty strong editorial taking me to task for what was then my threat to introduce a bill of impeachment for the Chairman of the Federal Reserve Board, Paul Volcker, which, incidentally, I have since introduced today.

I have replied to that editorial, and I wish to offer it for the RECORD at this point, in that the attack, ironically, came at a time in the same edition, on another page, the newspaper was confessing that it was going out of business for the very reasons that have impelled my introduction of the impeachment resolution on Mr. Volcker.

WASHINGTON, D.C.,
July 24, 1981.

Mr. EDWIN YODER,
Editor, the Washington Star,
Washington, D.C.

DEAR MR. YODER: It was a special irony to read the Star's editorial defense of the Federal Reserve's ruinous policy in the same pages that the Star announced its own demise, yet another company destroyed by an inability to finance the kind of effort needed to stay afloat.

I'm serious about impeachment proceedings against the Fed's chief. After all, the Fed is supposed to be independent of the White House, but all evidence suggests that it is merely a messenger boy for the Oval Office. Your editorial had it right when it said I want to get rid of the messenger. The Fed isn't supposed to be a messenger; it is supposed to be a manager. It isn't supposed to respond to the whims of the White House, but that's what it does. Even an old friend of mine, an ardent defender of the current Fed policies, has published studies showing how subservient the Fed is to whatever Administration happens to be in power.

Look at it this way. Why should we pretend that the Federal Reserve should maintain the image of independence, if it swings with the political wind? Why not just put it under the Treasury, where its actions would be seen for what they are, namely; instruments of political policy, and similarly accountable? Interest rates aren't a divine act, they are deliberately induced.

There is something dreadfully wrong when the money can be found to finance multibillion dollar corporate raids, but can't be found to keep two newspapers alive in a town as big and rich as Washington. There is something amiss when gigantic speculations can always get cash on favorable terms, but the corner merchant can't finance an inventory at less than loan-shark rates. There is something sadly wrong when a Federal deficit that is progressively smaller (in terms of GNP) somehow is supposed to be crowding interest rates up to historically high levels.

It isn't necessary to destroy small business by the thousands, to drive home building and auto industries into depression, or to turn millions into the streets to fight inflation.

The Federal Reserve privately says that Ronald Reagan's policies are reckless and might be ruinous. If they believe that, why won't they say so publicly? I don't see any reason why Congress or the American people should put up with the pretense that the Fed is either independent of White House demands, or even that it knows what it's doing. It would be healthy to air the linen in some forum other than a sterile academic debate like that we always see in Congressional reviews on the conduct of monetary policy.

Sincerely yours.

HENRY B. GONZALEZ,
Member of Congress.

P.S.—I enclose a copy of my impeachment resolution, just introduced.

□ 1520

HISTORICAL EVENT

The SPEAKER pro tempore (Mr. MINETA). Under a previous order of the House, the gentleman from Georgia (Mr. GINGRICH) is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I want to report today on a historic event this morning. For the first time in history, a President visited the Republican Conference.

The Republican Conference is a gathering of Republican Congressmen, and while Presidents have often, beginning with Woodrow Wilson, come down and addressed the entire Congress, this is a unique event in the history of the House and I think the beginning of a new and closer working relationship.

What has finally happened is that we are developing within the framework of the American Constitution a defacto parliamentary team, an effort to knit together the President and the members of his bipartisan coalition, the conservative Democrats and Republicans, in an effort to genuinely govern. We are a team.

The tax bill which we will be fighting for next week is a jointly designed bill in which the Treasury, a branch of the White House, the center of the executive, worked closely with Republicans and convervative Democrats in the House, a branch of the legislature, to develop a team effort, a team bill, as part of a team program, to fight inflation, high-interest rates, and unemployment.

Back in the 1980 campaign, we personified this team by bringing to the steps of the Capitol the Republican candidates for the Presidency, the Vice Presidency, the Senate, and the House as well as those sitting Members of the Senate who were not up for reelection.

It was, to the best of my knowledge, the first time in American history that a party had brought together all of its Federal officeholders and candidates to one place to jointly pledge to enact a series of steps to improve America.

We are in the process of keeping our word of enacting those steps. We have cut the budget as we promised to, we have cut the congressional budget, as we promised to, we have developed a stronger national defense as we prom-

ised to, and now we are fighting to cut taxes as we promised to.

In fact, if anything, in the last 24 hours we have dramatically improved the Conable-Hance bill that it is now a permanent reduction in taxation.

We have added to it indexing. Indexing is that process which says that if the cost of living pushes you up in your income just in paper dollars, because of inflation, then the Tax Code should go up at the same time, so that you would not—I repeat, not—be in a higher tax bracket.

By indexing the Tax Code, we will guarantee in the future working Americans will not see more of their pay raise go to the Federal Government, but in the future working Americans, when they receive a cost-of-living increase will get to spend that cost-of-living increase, that in the future, the Federal Government will be put on a diet, instead of putting the American family on a diet.

Indexing means that the Federal Government will have to plan the future to have honest open tax increases, not just to receive a huge windfall profit from inflation, pushing Americans into higher brackets.

Indeed, the Conable-Hance bill is in effect a revolution in tax policy.

As President Reagan himself said this morning, the people on the other side, the liberal Democratic leadership, are offering us a bill that is more of the same kind of so-called phony tax cuts we have had in the past decade. We have had five tax cuts in the last 10 years, and tax revenues have gone up $400 billion.

Those are President Reagan's figures. In other words, every time there was a short tax cut brought to you by the liberals, taxes end up being higher.

The Rostenkowski tax bill is in the same tradition.

President Reagan pointed out that the Rostenkowski-O'Neill bill is in fact better for you, if you plan to live only 2 more years. But in the short run, if all you can see is the immediate future, they have a slight argument but not much of one. It is a good gimmick, it is more of the same kind of short-term cuts, short-term efforts that failed throughout the seventies, that gave us a 249-percent tax increase.

But if you hope to live at least 3 years, then what happens under Rostenkowski-O'Neill is once again taxes go down very slightly, then they start back up immediately. So that by 1984 you are back with tax increases.

What you have is a gimmick on their side versus a plan on President Reagan's side.

Now, people are tired of the phony tax cuts of the last 10 years. People want real tax cuts.

For example, in response to one national survey recently people were asked, President Reagan has proposed a 25-percent reduction in Federal income tax rates for all individuals spread over 3 years starting with a 5-percent cut beginning October 1 of this year. Do you approve or disapprove of this tax cut proposal?

Sixty-eight percent of the American people approved, 23 percent opposed, and the rest were not certain.

In every region there was approval. The most amazing thing is that traditionally most Democratic regions of the country, the Northeast approved the most, those of you who live in Massachusetts, New England, New York, New Jersey, Connecticut, in areas where incomes average higher and therefore people are in higher tax brackets.

The margin in the Northeast was 70 percent approval, 21 percent disapproval.

In the Midwest it was 68 percent approval, 21 percent disapproval.

In the South, it was 66 percent approval, 23 percent disapproval.

In the West, it was 68 percent approval, 25 percent disapproval.

Think of that. In every part of the country by an average of 2½ to 1, 2½ to 1, the American people are asking for a tax cut, for a real tax cut, for real tax relief.

This weekend, as the Congress scatters and goes back home, as Members have a chance to see their friends and neighbors, the American people have a chance to register their commitment, their support, for a bill that is now out that is available.

□ 1530

The Conable-Hance bill, with its full 25 percent tax rate reduction over the next 3 years, with its commitment to more jobs, to new machinery, to new factories, to creating the prosperity that will give our children a chance to have a better life, the Conable-Hance bill has President Reagan's support and it deserves your support.

BLUEPRINT FOR A HOUSE THAT WORKS—PART VIII

The SPEAKER pro tempore (Mr. LOWRY of Washington). Under a previous order of the House, the gentleman from Mississippi (Mr. LOTT) is recognized for 5 minutes.

● Mr. LOTT. Mr. Speaker, I would like to remind my colleagues that the hearing record on House Resolution 100, the Committee Improvement Amendments of 1981, will remain open until Friday, July 31. Members wishing to submit statements on this package of House rules amendments designed to make our committee system more manageable and accountable should send them to the Subcommittee on Rules, House Rules Committee, 1628 Longworth House Office Building.

Mr. Speaker, I have termed this package of rules changes a "Blueprint for a House That Works," because it is my feeling that the legislative process is not working as it should due to a variety of flaws in our committee system. To date 105 of our colleagues have cosponsored this committee reform resolution.

At this point in the RECORD, Mr. Speaker, I insert the testimony I presented on House Resolution 100 before a joint Rules Subcommittee hearing on July 13. I commend it to the attention of my colleagues and invite them to submit their own views on it for our hearing record. The testimony follows:

TESTIMONY OF HON. TRENT LOTT

Messrs. Cochairmen and members of the Subcommittees, I am grateful to the Subcommittees on Rules and Legislative Process for holding these joint hearings on H. Res 100, the "Committee Improvement Amendments of 1931," which currently has 104 cosponsors.

I especially want to commend the chairman of the committee for referring this resolution to the subcommittees. As the Patterson Select Committee on Committees reluctantly concluded in its final report last year, select committees may not be the appropriate vehicles for attempting institutional changes, and such efforts may have a greater chance for success if drafted, promoted and managed by a standing committee. And the minority views to that report added, "The Committee on Rules possesses the necessary continuity, experience and considerable authority that is required to deal intelligently and effectively with institutional problems generally and with committee system revision in particular." The minority went on to urge this committee "to employ its augmented resources to remedy what its distinguished chairman has characterized as a 'House Out of Order.'."

The underlying premise of my "Committee Improvement Amendment" is that this is indeed a House out of order—our committee system is in disarray, and, as a result, our representative form of government as we know it is in danger of collapse. And I am not alone in this view. Nearly 70 percent of the House respondents to a select committee survey in the last Congress agreed with the statement that our committee system is in disarray. And this assessment is shared by numerous political scientists and other students of the Congress.

It is not difficult to identify the underlying causes of this breakdown in the legislative process in the House: the growing independence of Members and consequent loosening of party ties and discipline; the factionalization of the political process with the growth of single-issue interest groups and resultant difficulty in achieving a national consensus on major issues; the decentralization of power in the House with the proliferation of semi-autonomous subcommittees and the consequent jurisdictional duplication and conflict; and a system overload that has Members spread so thinly over such a sprawling subcommittee maze as to make intelligent and conscientious deliberation and decision-making an almost impossible task.

Identifying a problem is one thing. Doing something about it is quite another. As we have painfully learned from past reform efforts, any proposals for institutional im-

provement will run up against powerful resistance because they necessarily involve some new sacrifice of power, prerogatives and turf. They also often involve the imposition of new self-disciplines which we are reluctant to embrace in the free-wheeling-and-dealing political arena to which we have grown accustomed. But I would submit that institutional change and improvement is no longer some luxury which we can indulge when it suits us. It is now a necessity which is critical to the survival of our democratic system of government. Lord Macaulay once advised the British Parliament to "reform, that you may preserve." That advice, given some 150 years ago, is just as relevant to our situation in the House today.

Woodrow Wilson wrote in his 1885 treatise on "congressional government" that, "Congress in session is Congress on public exhibition, whilst Congress in its committee rooms is Congress at work." Yet it's a wonder today that Congress gets any work done. Members complain that they spend more time shuttling back and forth between committee and subcommittee meetings and hearings and floor votes than they do in actual committee work. It's little wonder that we've had to resort in recent times to such phantom legislative devices as one-third quorums and proxy voting to markup legislation. Yet is this any way to write our Nation's laws that affect tens of millions of people and involve tens of billions of taxpayers' dollars?

I think it's high time we recognized that this House is not working as it should and that what is clearly needed is a new "Blueprint for a House that Works." That's what I've termed my package of "committee improvement amendments." It recognizes that the very heart of the legislative process—the committee system—is badly flawed and in need of repair. The Bolling Select Committee on Committees in the 93rd Congress observed that, "Committees are the nerve ends of Congress—the gatherers of information, the sifters of alternatives, the refiners of legislation. Few organizations are so critical to the continued effectiveness of Congress as a policy-making body." Yet those very nerve ends are being rubbed exceedingly raw by our existing organization and procedures.

At the heart of my committee improvement package is the belief that we must drastically reduce the number of subcommittees which have spawned more problems than solutions in this body. Section 4 of my resolution would limit all standing committees, except Appropriations, to no more than six subcommittees, and all Members to no more than four standing subcommittee assignments. This is virtually identical to a proposal reported by the Patterson Select Committee on Committees in the last Congress. Moreover, the Member survey conducted by that select committee revealed that 81 percent of the Members agreed that the number of subcommittees should be reduced, and 82.6 percent agreed that a limitation should be placed on Member subcommittee assignments. Sixty-four percent of the respondents felt committees should be limited to six or less subcommittees, and 62 percent felt Members should be limited to four or less subcommittee assignments.

I can't think of any proposal which would do more to reduce system overload and conflict than these two reforms. In the last Congress we had 152 standing subcommittees in the House. As a result of a Democratic Caucus rule in this Congress, limiting committees to eight subcommittees or the number they had in the last Congress, whichever is fewer, we've brought the total down to 141. But that's still far too many. My proposal would result in a further reduction of some 17 subcommittees, bringing the total down to 124.

Section 2 of my resolution is also aimed at reducing the workload of our committees. It would eliminate the practice of joint referral of bills, while retaining split and sequential referrals. The current joint referral practice has guaranteed a duplication of effort and a marked increase in jurisdictional conflict, controversy and confusion. The Select Committee on Committees in the last Congress found that multiply referred bills consume four times as much hearing and meeting time and yet have less chance of being reported or passed than singly referred bills.

My proposal is similar to one put forward by the select committee in the last Congress. Joint referrals would be abolished and instead the Speaker would initially designate a committee of principal jurisdiction to consider a measure. At the same time the Speaker would be given additional discretionary authority for sequentially referring a measure, either on its introduction or after it has been reported from the principal committee. And, as I already mentioned, the current practice of split referral of the same bill would be retained. I think this is a reasonable compromise that recognizes legitimate jurisdictional concerns while avoiding many of the problems which currently result from the joint referral procedure.

With the reduction of subcommittees and assignments and the elimination of joint referrals, I think we can abolish the phantom legislative devices of one-third quorums and proxy voting. Section 5 of my resolution would abolish all proxy voting—something which the House voted to do back in 1974 but which was reversed at the beginning of the next Congress in the House Rules resolution reported from the Democratic Caucus. Section 6 of my bill would restore the majority quorum requirement for the transaction of any business, including the markup of legislation, returning us to the practice which existed prior to 1977.

I cannot stress enough the importance of insuring that our committees and subcommittees act in a more responsible, conscientious and representative manner in considering legislation which will be reported to the House. To the extent that we have permitted phantom legislating in committees and subcommittees through mini-quorums and proxy voting, we have only guaranteed that a more flawed legislative product will be reported to the House. And I think this explains in large part why we've witnessed such an explosion of amendments when these bills reach the House floor. To the extent that the committees and subcommittees have not adequately reflected House sentiment in their work, the House has had to rewrite their bills on the floor.

This same argument applies with equal force to section 3 of my resolution which would require that the party ratios on committees and subcommittees reflect the overall party ratio of the House. I do not consider this a partisan matter, as some have lightly dismissed it. The shoe may just as easily be on the other foot in the next Congress. Rather, it is a matter of fairness, equity, of minority rights, and of basic democratic theory and practice. I appreciate that there is some precedent for having greater majority representation on the Rules, Appropriations, and Ways and Means committees; but there is no justification whatsoever in our precedents for the bloated majorities which have been retained this year on the Rules and Ways and Means committees—69 and 66 percent Democrat, respectively. I strongly suspect that this blatant departure from precedent will come back to haunt the majority party when the tax bill finally reaches the floor with whatever conditions of debate may be imposed by the rule reported from this committee.

The issue of equitable party representation on committees was eloquently addressed in a chapter of the final report of the Select Committee on Committees in the last Congress, and I quote:

"Establishing committee ratios which inadequately correspond to the political cast of the full House, in effect, disparages the basic principles of democratic representation. Party alignments in the House reflect the conscious choices made by the American electorate every two years."

And the chapter goes on, and again I quote:

"This popularly-decided division of partisan strength, one assumes, should be mirrored in all aspects of the congressional process. Yet the systematic skewing of ratios has discounted the effective participation of the minority at the focal point of legislative determination—the committee system."

Perhaps just as important as our committees' legislative procedures is their oversight responsibility. This is particularly true in this era of budgetary constraints and spending reductions imposed by the reconciliation process of the Budget Act. Our committees must be in a better position to intelligently determine which programs and agencies are working as they should and which are not. And yet, some 75 percent of the House respondents in last year's select committee survey felt that the House was not doing an adequate job at oversight.

Section 1 of my resolution, which has been referred to the subcommittee on legislative process, is offered as an alternative to the more rigid oversight procedures which would be imposed by H.R. 2, the "Sunset Act," and H.R. 58, the "Sunset Review Act." Despite the large number of cosponsors of such measures in the House, I sense that enthusiasm for such new disciplines as would be ordained by these bills, is on the wane. One of the past strong supporters of sunset legislation in the other body, Senator Eagleton, recently expressed the view that, "Sunset Is an Idea Whose Time Has Come and Gone." Indeed, to the best of my knowledge, a Sunset bill has not even been introduced in the other body.

Nevertheless, I do not think the waning interest in sunset legislation means there is not a need or desire for some form of strengthened oversight. My section 1 offers a fexible yet meaningful alternative. Unlike H.R. 2 and H.R. 58, it does not tie oversight agendas to the authorization process directly, though obviously committees would have upcoming reauthorizations in mind in formulating their oversight plans.

Under existing House Rules, at the beginning of each Congress "appropriate representatives of the Committee on Government Operations shall meet with appropriate representatives of the other committees of the House to discuss the oversight plans of such committees." The Government Operations Committee must then publish these oversight plans within 60-days after the convening of a new Congress, and may make any

recommendations for coordination of such activities.

The problem with the present procedure is that "appropriate representatives" has been construed to permit an intra-staff operation, subject of course to supervision by committee chairmen. But, in most cases, committees are not formally involved in formulating their oversight plans for the Congress. I suspect there are many committee members who haven't even seen a copy of their oversight plan for this Congress. Part of the problem is that most committees are barely organized before these plans must be submitted. The Committee on Government Operations has repeatedly criticized this 60-day reporting requirement in the preface to its reports. In addition, in this year's preface it has indicated that it "is still not convinced that, as presently structured, this is the most effective solution to the problems of coordinating the oversight activities of the standing committees of the House."

My resolution addresses these problems of inadequate committee participation in oversight plan development, unrealistic time frames, and coordination, in the following ways: First, committees would have 60-days in which to consider and formally adopt their oversight agendas for the new Congress; secondly, the Committee on Government Operations would hold hearings on these plans at which the chairman and ranking minority member of each committee would appear and testify; third, the Committee on Government Operations would report a consolidated oversight agenda resolution not later that 90-days after Congress convenes, and the resolution may only contain such changes as may have been agreed to by the chairman and ranking minority member of the committee involved in order to insure proper coordination and avoid unnecessary duplication; and fourth, the oversight agenda resolution would only be subject to amendments offered by direction of the Government Operations Committee or the majority and minority leaders.

I might add that this is one of the options considered by the Bolling Select Committee in the 93rd Congress, and it also draws heavily on the work of the Legislative Process Subcommittee in the last Congress. It differs from the latter mainly in that it does not require action by both Houses, and it does not directly tie the oversight plans to subsequent authorization requirements. Obviously, it differs from H.R. 1 in that it contains no rigid timetables or program termination. I think Members are already straining under the requirements and timetables of the budget process and we should therefore avoid any burdensome new timetables and workloads. The important thing is that committees do pay more attention to their oversight responsibilities, and I think my proposal will accomplish that by requiring formal committee involvement in the development of oversight plans, and formal House endorsement of those plans, subject to limited changes proposed by the leadership and the Government Operations Committee.

My final proposal, contained in section 7 of the resolution, would require the House to vote on an overall committee staff ceiling at the beginning of each year. The survey of House Members conducted in the last Congress revealed that 63 percent think committee staffs are too big, 62 percent think this has contributed to the fragmentation and unmanageability of the committee system, and more than 80 percent think some kind of ceiling should be placed on committee staff overall.

I think the clash we had over committee staffs at the beginning of this year and the resultant reductions is a clear indication that this sentiment is just as strong in this Congress if not stronger. The House Administration Committee is understandably in a difficult position in attempting to arbitrate the competing demands for austerity and for more staff at the same time. I think that job would be made easier if the committee had clear direction from the House at the outset on an overall committee staff ceiling so that the committee-by-committee allocations could be made within that House-imposed framework.

I am indebted to the Schroeder-Breaux Task Force of the Select Committee on Committees in the last Congress for this proposal. To quote from their report:

"The establishment of an aggregate ceiling would force committees to justify more specifically their staffing needs in annual funding requests. Committees would know that their requests would be balanced against those from other committees, and would be forced to limit their requests only to those new positions for which a strong need existed."

Under my resolution, the House could not consider any primary expense resolution until the House had adopted an overall committee staff ceiling resolution reported from the Committee on House Administration. In allocating staff to committees in the subsequent primary expense resolutions, the House Administration Committee would take into account the past and anticipated legislative and oversight workloads of each committee. The total staff authorized in all such primary expense resolutions, taken together with the existing statutory staff, could not exceed the ceiling adopted by the House. Any subsequent supplemental expense resolutions which breached that ceiling could not be considered except by a two-thirds vote of the House.

The time has come to halt the exponential growth in staff which has occurred over the last decade. Between 1973 and 1979, committee staffs grew from 918 at a cost of $14 million, to 1,939 at a cost of over $40 million. I think we have reached a point of diminishing returns in terms of what can be accomplished with additional committee staff. We are still only 435 Members with a limited amount of time to accomplish our work. More staff only generate more work which we do not have time to do. This only means that more work and decisions are delegated to unelected staff, and this in turn poses a real danger to the representative nature of our government. Thank you.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

● Mr. GILMAN. Mr. Speaker, yesterday afternoon, July 23, 1981, while I was absent from the floor of the House in order to attend the memorial services for a dear friend, Harry Chapin, I missed a number of rollcall votes and take this opportunity to announce how I would have voted had I been present:

On rollcall No. 156, the Pritchard amendment, to delete funds for the Tennessee-Tombigbee water project, I would have voted "no." The motion failed, 198 to 208. Although there are some valid criticisms of this project, since this project has progressed quite far to date, I believe it would be wasteful to leave it incomplete at this juncture.

Rollcall No. 157 was a quorum call in the Committee of the Whole.

Rollcall No. 158 was on the Frank amendment, reducing funds for general construction by the Corps of Engineers by approximately $18 million by eliminating funds for the Stonewall Jackson Lake project, West Virginia. This amendment failed, 137 to 267. Had I been present, I would have voted "no."

Rollcall No. 159 was the Conte amendment, to reduce funding for the Garrison diversion project. The amendment failed, 188 to 206, and had I been present, I would have voted "yes."●

OFF-BUDGET SPENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

● Mr. COLLINS of Texas. Mr. Speaker, we must review off-budget spending by Congress. In 1974 this totaled $1.4 billion and off-budget has zoomed up to $23.2 billion in 1981. Congress issues press statements on the size of the Nation's deficit, but the true mark is the rise in the national debt. In the past 12 months the national debt has increased $91 billion.

The folks at home are entitled to know about off-budget financing and its impact on our inflation.

Recent rapid growth of off-budget loan activity has had serious effects on the Nation's economy and has prevented a comprehensive analysis of the unified budget. Outlays of off-budget agencies are not subject to review through the regular appropriations process. Since 1976, off-budget outlays have grown faster than any other Federal program (table 1). Budget projections show that in 1981 off-budget direct loans will increase by a towering $23.2 billion, while on-budget loans will only increase by $3.9 billion.

By far the most active off-budget agency is the Federal Financing Bank (FFB), which accounts for almost all off-budget net outlays. The FFB is authorized to purchase: First, agency debt; second, agency-guaranteed loans; and third, agency loan assets. The FFB is financed by borrowing exclusively from the Treasury, from which it has unlimited borrowing authority. Since its 1974 total of $0.1 billion in off-budget outlays, the FFB has increased its obligations to an estimated $23.1 billion in 1981.

PURCHASING AGENCY LOANS

When an agency sells a loan to a private entity, the loan is considered repaid for budgetary purposes. An agency's on-budget loan can become an off-budget loan by selling it to the FFB. In 1981, about seventh-eighths of all Federal agency loans and loan asset sales will be to the FFB, resulting in off-budget financing.

PURCHASING GUARANTEED LOANS

A guaranteed loan occurs when a Federal agency guarantees a loan to a private lender against any loss as a result of default by the borrower. When the FFB purchases the loan guarantee, it is recorded as a direct loan from the Government and is not included in the budget. In 1979, the FFB purchased more than $5 billion in guaranteed loans, which resulted in a net outlay of over $3.9 billion; thus the unified budget is understated by $3.9 billion from this source alone.

Since the FFB is off-budget, its outlays are not subject to the regular congressional review which the budget process requires. This makes its role of purchasing loan assets and loan guarantees attractive to an on-budget agency, which can reduce its outlays by selling to the FFB—while at the same time becoming off-budget. Selling agencies such as the Farmers Home Administration (FHA) and the Rural Electrification Administration (REA) record the proceeds of such sales as repayments, thereby rolling over their loanable funds and reducing agency outlays by the amount of the sale. Loan guarantees have also been made to experimental or troubled industries, such as Amtrak, Conrail, TVA—which has $11 billion in outstanding loans, and New York City. Much activity has been directed at the energy industry to finance the research and development of solar and geothermal energy, electric vehicles, and underground coal mines.

Off-budget guarantees have become the vehicle for Government intervention or subsidization without any budgetary review.

Brief summaries follow for several off-budget FFB programs and the proposed changes recommended by the Reagan administration's budget revisions for 1982:

REA

The Rural Electrification Administration (REA) of the USDA makes direct and guaranteed loans for construction and operation of electric and telephone utilities in rural areas. The REA relies almost entirely upon the FFB as the originator of these off-budget guaranteed loans, and receives almost $5 billion annually in loan guarantees from purchases of the FFB.

The rationale for this proposed change in REA is that availability of subsidies reduces the incentive for utilities to improve their financial condition. Recent data shows less than 1 percent of U.S. farms are currently without electricity as compared to 89 percent without electricity when the program began in 1935.

EDA

The purpose of the Department of Commerce's Economic Development Administration (EDA) is to provide grants, loans, and loan guarantees to assist economically distressed areas, and to deal with problems of economic adjustment. However, the effectiveness of EDA is questionable, because its programs are not targeted to those most in need; in fact, over 80 percent of the country is eligible for EDA assistance, and those areas no longer in distress remain eligible for assistance. This unregulated loan policy is expected to total over $500 million in EDA off-budget loan guarantees for fiscal year 1981. By contrast, a more controlled EDA totaled only $18.5 million as recently as fiscal year 1977.

HUD

The New Community Development Corporation (NCDC), an agency within HUD, provided $10 million in off-budget loan guarantees for a new development in North Carolina called Soul City. Individual grants totaling approximately $26 million were used in Soul City to construct pathways, build toilets, install water, and sewer lines, and erect street lights. However, despite these HUD-sponsored loans, the Soul City project failed, becoming the eighth Government-sponsored community to fail since the NCDC program began in the early 1970's. Ventures such as these exemplify the recurring problem of off-budget loans which are made without adequate evaluation.

The existence of off-budget entities result in the budget and the deficit being understated by billions of dollars each year. A major step in bringing about a more realistic and comprehensive budget would be to move the off-budget agencies into the on-budget category, thereby properly attributing to agencies their respective subfunctions. Because off-budget programs receive less scrutiny than on-budget programs, much of their activity goes without congressional scrutiny. To put them under better control, some programs such as the Export-Import Bank, the housing for the elderly or handicapped fund, and the Pension Benefit Guaranty Corporation, have been returned to an on-budget status, with little or no effect on their operational process. Therefore, all off-budget activities, should be returned to the unified budget. (Including the FFB.) If all loan activity were included in the unified budget, it would eliminate much wasteful spending of taxpayer dollars.

TABLE 1.—OFF-BUDGET OUTLAYS BY AGENCY

[In billions of dollars]

	1974	1980	1981
Federal Financing Bank	0.1	14.5	23.1
Rural Electrification and Telephone Revolving Fund[1]	.5	([2])	([2])
Rural Telephone Bank	([2])	.2	.2
U.S. Postal Service Fund	.8	—.4	—.2
U.S. Railway Association	([2])	([2])	.3
Total off-budget outlays	1.4	14.3	23.2

[1] No net outlays are authorized after fiscal 1980.
[2] Less than $50 million.

Source: Budget of the U.S. Office of Management and Budget.

TABLE 2.—FEDERAL FINANCING BANK NET PURCHASES

[In billions of dollars]

	Fiscal year—			
	1975	1979	1980	1981
FFB net purchases of:				
Agency debt	6.5	2.9	4.0	4.5
Loans and loan assets	5.1	9.4	7.6	13.0
Loan guarantees	1.1	3.9	6.8	10.1
Total net purchases	12.7	16.2	18.4	27.6
Total excluding agency debt	6.2	13.3	14.4	23.1

Source: Special analysis, Budget of the United States, fiscal year 1982, Office of Management and Budget.

ADDITIONAL DATA

"Agenda for Spending", edited by Eugene J. McAllister (Heritage Foundation).

Budget Revisions, fiscal year 1982 (Office of Management and Budget).

Congress and the Budget, by Eugene J. McAllister (Heritage Foundation).

"Off-Budget Federal Outlays", by Stephen H. Pollock (Republican Study Committee).

Research on Congressional Budget—Tori Thomas.●

ISRAELI BOMBING OF BEIRUT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, I wish to state for the record my strong disapproval of Israel's bombing of a suburb of Beirut, Lebanon, last Friday. This so-called defensive preemptive act of Israel, which resulted in more than 300 civilian deaths and 800 injuries, is unjustifiable and deplorable.

The bombing was totally devoid of strategic or military merit. The Israeli Government has gained nothing except worldwide condemnation and eroding American support for Prime Minister Begin's aggressive policies.

The overriding concern of the United States—aside from the fact that human lives have been expended—should be that the planes that bombed Beirut were U.S. made and supplied by the United States in accordance with the Military Sales Act, which states that "defense articles and defense services shall be sold by the United States * * * to friendly countries" for internal security and for legitimate self-defense. The massive destruction of a civilian area and the killing and maiming of hundreds of

Lebanese citizens, who have no quarrel with Israel, hardly falls under the rubric of "legitimate self-defense."

As William Raspberry pointed out in Wednesday's Washington Post:

> Already, the Palestinians—and not just the PLO—are making the case that the failure of the United States to take strong action against Israel for violating the terms of the arms agreements amounts to a tacit complicity of the United States in Begin's madness.

It is clear to me that the United States should unequivocally disassociate itself with the bombing and moreover should formally reprove Israel for carrying out this action.

This latest action by the Israeli military establishment makes clear their intention to heighten tensions in the Middle East even further, and to flaunt the use of American-made military equipment to do so. Although I was willing to join some of my colleagues on the Foreign Affairs Committee in urging the President to send Israel the previously promised four F-16 fighter planes, I now see that the Begin government has no intention of adhering to the terms of sale in the Military Sales Act.

I suggest, Mr. Speaker, that the administration should, at the very least, clarify to the Israeli Government what constitutes "legitimate self-defense" and, pending that clarification, we should suspend all military deliveries to Israel. I suggest further, Mr. Speaker, that it should be the concern of this Congress to consider seriously if the recommended fiscal year 1982 U.S. military assistance of $1.4 billion to Israel and $1.1 billion to Egypt, the Sudan, and other friendly Arab nations, is not an exacerbation of an already highly explosive and dangerous Middle East situation.●

CONFEREES REACH AGREEMENT ON VETERANS BENEFITS AND SERVICES RECONCILIATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, I am pleased to announce that the conferees of the House and Senate Veterans' Affairs Committees have reached agreement on that part of the reconciliation bill related to veterans' benefits and services.

I can report to the Members of the House that we have reached the total reduction in spending levels we were instructed to bring about—$110 million in budget authority and outlays in 1982, $108 million in 1983, and $106 million in 1984.

I want to express my sincere appreciation to the chairman of the Senate Veterans' Affairs Committee, ALAN SIMPSON, for his cooperation and leadership in bringing about a most reasonable compromise of the differences between the bills passed by the House and Senate. The compromise will be fully explained in the statement of the managers soon to be filed by the Budget Committee. I am most grateful to Senator ALAN CRANSTON, the ranking minority member of the Senate Veterans' Affairs Committee, who is always most willing to work with us in resolving issues in disagreement. I also want to express my appreciation to Senators BOB KASTEN, FRANK MURKOWSKI, and JENNINGS RANDOLPH, who worked with us to reach agreement.

Finally, Mr. Speaker, I want to thank the very distinguished ranking minority member of the committee, the gentleman from Arkansas, JOHN PAUL HAMMERSCHMIDT, and our other conferees, DON EDWARDS, BOB EDGAR, SAM HALL, MARVIN LEATH, MARGARET HECKLER, CHALMERS WYLIE, and HAL SAWYER, for the splendid cooperation I received from each of them in working out the agreement with the other body. Resolving differences between us, where we are faced with terminations of certain programs or limiting the level of benefits paid to individuals, is a most difficult task, and I am most grateful for the willingness of our Members to work together in resolving our differences with the other body.●

THE 41ST ANNIVERSARY OF THE SOVIET ANNEXATION OF LITHUANIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. STRATTON) is recognized for 5 minutes.

● Mr. STRATTON. Mr. Speaker, June 15 marked the 41st anniversary of the military occupation and forcible annexation of Lithuania by the Soviet Union. I am glad to take this opportunity to join once again with my colleagues in Congress and with Lithuanians throughout the world in commemorating this important anniversary, and in reaffirming my commitment to work for the right of the Lithuanian people to self-determination.

During two horrible nights in June 1940 the Soviets rounded up 35,000 people in Lithuania and shipped them by train to Siberia—a journey from which most of them would never return. Since that date Lithuanians have lived under Soviet rule, victims of repeated terrorism—one more captive nation. Many have managed to escape from their troubled country and have continued in other lands to keep Lithuanian pride and culture alive, and to fight for their country's freedom. The vital Lithuanian-American community is a leader in that effort.

Recently I returned from a trip behind the Iron Curtain, to Romania and Hungary. One could sense the feeling that foreign military dominance brings to a country. But one was also heartened by the spirit and courage of the people in these countries who do somehow continue to strive for a decent way of life under Communist rule.

The Soviet invasion of Lithuania occurred four decades ago, but the march of conquest has not stopped as seen by the recent, swift occupation of Afghanistan. And the struggle against the Soviets is perhaps today most dramatically seen in Poland, as those brave people have indeed transformed the shape of political rule in a Soviet satellite.

These events, plus the annual commemoration of the anniversary of Lithuanian occupation help to focus international attention on the plight of all captive nations, as well as our efforts to secure self-government for all of them. To that same end, earlier this year I introduced a resolution, House Concurrent Resolution 36, to express the sense of Congress that the right of self-determination should be returned to the people of the Baltic States, and that it should be made a prime political objective of the United Nations.

Under leave to extend my remarks, I include a statement entitled the "1979 Balkan Memorandum" issued by the Lithuanian-American Community of the U.S.A., Inc.

1979 BALTIC MEMORANDUM

DISSIDENTS IN SOVIET UNION URGE FREEING OF THREE BALTIC REPUBLICS

To: Government of the USSR; Government of the Federal Republic of Germany; Government of the German Democratic Republic; Governments of all countries which have signed the Atlantic Charter; Secretary-General of the U.N., Mr. Kurt Waldheim.

Soviet juridical science interprets the term national sovereignty as a nation with all the rights, its political freedom, and a real possibility to fully and completely determine its own destiny, and, first of all, a capability for self-determination, including cessation and formation of an independent state. National sovereignty is characterized by political, territorial, cultural and linguistic independence, a state which has full sovereign rights in all indicated areas of public life, guaranteeing their fullest possible realization.

One can neither give nor abolish national sovereignty; it can only be violated or established.

In 1919 Lenin recognized the existence de facto of Estonia, Latvia and Lithuania, which had recently separated from the Russian Empire. In 1923 Soviet Russia concluded peace treaties with these countries which signified de jure recognition of the Baltic States on the part of Russia. In the name of the Soviet government Lenin gave up in perpetuity any sovereign rights to Estonia, Latvia and Lithuania. However, 19 years later Stalin and Hitler encroached on the sovereignty of these nations. August 23 of this year marks the 40th anniversary of the so-called Molotov-Ribbentrop Pact, the implementation of which meant the end of independence for Estonia, Latvia and Lithuania.

On August 23, 1939, a non-aggression treaty was concluded between the German

Reich and the Soviet Union. A secret protocol on the division of Eastern Europe into so-called spheres of influence was attached to it. The objects of the confidential negotiations between the Peoples' Commissar for Foreign Affairs of the USSR, V. M. Molotov, and the Minister of Foreign Affairs of Germany, J. Ribbentrop, were Finland, Estonia, Latvia, Lithuania, Poland, Bessarabia and Northern Bukovina. The essence of the secret protocol was that the fate of Finland, Estonia and Latvia was to be entrusted to the USSR, while that of Lithuania to the German Reich.

On September 28, 1939, the USSR and Germany concluded the treaty on friendship and borders. This treaty amended the secret protocol of August 23, 1939, in that now Lithuania as well was to go to the USSR, with the exception of the area of the left bank of the Sesupe River which in case of "special measures" was to be occupied by the German army.

From June 15–17, 1940, on the order of the Government of the USSR, the Red Army executed the "special measures" on the territory of Lithuania, Latvia and Estonia. Also annexed was that territory of Lithuania which, according to the agreement between Stalin and Hitler, the German army was to annex to Germany.

On January 10, 1941, the German ambassador in the USSR, Dr. von Schulenberg, on the one hand, and the chairman of the Council of the Peoples' Commissars of the USSR, V. M. Molotov, on the other, signed a new secret protocol in which the object of trade was the above-mentioned Lithuanian terrritory. The German government gave up to the USSR the territory to the West of the Sesupe River for a monetary compensation of 7.5 million dollars in gold or 31.5 million Reichsmarks.

The Molotov-Ribbentrop Pact became a conspiracy of two of the greatest tyrants in history—Stalin and Hitler—against the world and humanity, which began the Second World War. We consider August 23 as a day of infamy.

On August 14, 1941, the President of the USA, F.D. Roosevelt, and the Prime Minister of Great Britain, W. Churchill, signed the so-called Atlantic Charter which has six points. Point two of the Charter declared that the USA and England "do not consent to any territorial changes which are not in agreement with the freely expressed wishes of the nations involved." Point three: "They respect the right of all nations to choose for themselves that form of government under which they want to live; they strive to re-establish the sovereign rights and self-rule of those nations which were deprived of these by means of force." The USSR joined the Charter on September 24, 1941.

The declaration of the USSR said: "The Soviet Union in its foreign policy . . . will be guided by the principle of self-determination of nations. . . . The Soviet Union defends the right of every nation to claim independence and territorial integrity of its country, the right to establish such a social system and to choose such a form of government which it considers expedient and necessary in order to secure the economic and cultural prosperity of the country."

One should recall that, according to international law, the realization of the right of nations for self-determination is impossible, if occupational forces are located on the territories of these nations. This is also emphasized in Lenin's Peace Decree, which says, that if a nation "is not granted the right by means of free elections, under conditions of complete withdrawal of foreign troops or influence of a foreign power, to decide the forms of national existence, without the slightest coercion, then the joining of its territory to another country in annexation, i.e. it is a capture and a taking over by force."

The consequences of the notorious Munich agreement of September 29, 1938, were liquidated by the very fact of Germany's defeat in World War Two. The government of the F.R.G. under pressure of Czechoslovak public opinion, recognized the Munich agreement as null and void from the moment of its signing.

However, the Molotov-Ribbentrop Pact apparently still has legal force. We consider that the silence of world public opinion on this matter encourages aggressors of the past, present and future.

We appeal:

To the government of the USSR with a request that it publish the full text of the Molotov-Ribbentrop Pact and all secret protocols that go with it. We remind that the Soviet government in the Peach Decree declared that it refused to resort to secret diplomacy. At the same time, we request that the Molotov-Ribbentrop Pact be declared null and void from the moment of its signing;

To the governments of the F.R.G. and G.D.R. with a request to publicly declare the Molotov-Ribbentrop Pact as null and void from the moment of its signing, and to assist the government of the USSR to liquidate the consequences of the above-mentioned Pact—by withdrawing foreign troops from the Baltic territories. In order to accomplish this, a commission for the liquidation of the consequences of the Molotov-Ribbentrop Pact should be created, made up or representatives of the USSR, F.R.G. and G.D.R.;

To the governments of the signatory countries to the Atlantic Charter with a request that they, from a position of moral responsibility, express their decisive condemnation of the Molotov-Ribbentrop Pact and its consequences. We remind that, according to international law, such actions are not considered internal affairs if, because of their essence and purpose, they present a threat to peace and security and do grave injustice to generally recognized international norms. The principle of self-determination of nations and peoples presupposes the legality of any forms and methods in the struggle against colonialism, an international crime. To this is bound the legality of international support for the struggle for liberation. Furthermore, according to the Declaration of the Principles of International Law, every state, by means of combined and independent actions, must promote the realization of the principle of equality and self-determination of peoples;

To the Secretary-General of the U.N. with a reminder that this international organization is the legal successor to the League of Nations, of which Estonia, Latvia and Lithuania were also members before the "special measures" were taken. Therefore, the legal responsibility for the fate of these countries rests with you.

We request that the question of liquidating the consequences of the Molotov-Ribbentrop Pact be raised at the next session of the General Assembly of the U.N.

We remind that the principle of self-determination of nations was fixed in contemporary international law. This took place as a result of affirmation of the principle of self-determination of nations in such important international documents as the U.N. Charter (Art. 1, 13, 55, 76); the Declaration on Granting Independence to Colonial Countries and Peoples, adopted by the 25th General Assembly session on December 14, 1960; the Resolution of the General Assembly of December 20, 1965 which recognized the legality of the struggle of the colonial peoples; the International Convention on the Liquidation of all forms of racial discrimination, adopted at the 20th General Assembly session on December 21, 1965; the International Pacts on Rights of Man, adopted by the 21st General Assembly session on December 16, 1966; the Declaration on the Principles of International Law, adopted by the 25th jubilee General Assembly session on October 24, 1970. In these and other international legal acts of the U.N. the contemporary content of the principle of equality and self-determination of peoples reveals itself: It signifies:

The right of all peoples to manage their fate freely, i.e. under conditions of complete freedom to determine their domestic and foreign policy status without foreign interference and to realize according to their wishes their political, economic, social and cultural development;

The right of nations to dispose freely of their natural wealth and resources;

An obligation of all states to promote through combined and independent actions the implementation of the principle of equality and self-determination of peoples in accordance with the provisions of the U.N. Charter.

Equality and the right to manage one's fate are declared as a most important principle of international law in the Final Act of the all European Conference on Security and Cooperation in Europe.

And you, Mr. Secretary-General, are aware that the above-mentioned international documents, which are binding, are violated by certain countries which are members of the U.N. We request that at the next Assembly session of the U.N., the question of the situation of Latvia, Estonia and Lithuania be discussed, inasmuch as the peoples of these countries are deprived of the right and opportunity to manage their fates.

Dated August 23, 1979.

Romas Andrijauskas, Stase Andrijauskiene, Alfonsas Andriukaitis, Edmundas Bartuska, Vytautas Bogusis, Priest Vladas Bobinas, Romas Vitkiavicius, Jonas Volungevicius, Jonas Dambrauskas, Jonas Eisvidas, Angele Pauskuskiene, Kestutis Povilaitis, Vytautas Bastys, Liutauras Kazakevicius, Rimas Zukauskas, Ivars Zukovskis, Alfredas Zaideks, Juris Ziemelis, Leonas Laurinskas, Rimas Mazukna, Priest Mocius, Mart Niklus, Priest Napoleonas Narkunas, Sigitas Paulavicius, Kestutis Subacius, Enn Tarto, Antanas Terleckas, Jonas Petkevicius, Ints Calitis, Jadvya Petkeviciene, Jonas Protusevicius, Sigitas Randis, Endel Ratas, Henrikas Sambore, Julius Sasnauskas, Leonora Sasnauskaite, Algis Statkevicius, Erik Udam, Petras Sidzikas, Arvidas Cedanavicius, Vladas Sakalys, Jonas Serksnas, Zigmas Sirvinskas, Mecislovas Juravicius, Priest Virgilijus Jaugelis.

The Baltic Republics—Lithuania, Estonia, Latvia—have been included in the composition of the USSR independent of the will of the peoples of these countries—in essence as a result of occupation by troops of the USSR.

Dedicated to the principle of equality and self-determination of nations, respecting the right of every nation to manage its fate independently, we consider that in the given historical situation, the question of the self-determination of Lithuania, Latia and Estonia must be decided by means of a referedum, conducted in each one of these countries under conditions which provide for a free expression of the people.

We support the appeal of the respresentatives of Lithuania, Estonia and Latvia to examine the violation of the right of the peoples of these countries to self-determination and their rights to freely determine their own destiny.

Dated: August 23, 1979.

MALVA LANDA.
VIKTOR NEKIPELOV.
TATIANA VELIKANOVA.
ANDREI SAKHAROV.
ARINA GINZBURG.

1981 STATUS REPORT OF THE SIGNERS OF THE 1979 BALTIC MEMORANDUM

Arrested: Liutauras Kazakevicius, Julius Sasnauskas, Antanas Terleckas, Mart Niklus, Algis Statkevicius, Mecislovas Jurevicius.

Psychiatric institutions: Petras Sidzikas, Arvidas Cekanavicius.

Deceased: Zigmas Sirvinskas, Priest Virgilijus Jaugelis.

Compulsory resettlement: Alfonsas Andriukaitis.

Escaped to West: Vladas Sakalys.●

DID REAGAN REPLACE THE FORMAL GRAIN EMBARGO WITH A DE FACTO EMBARGO?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 15 minutes.

● Mr. ALEXANDER. Mr. Speaker, President Reagan, during the 1980 campaign, made much ado about the grain embargo on the Soviet Union which was disadvantaging the American farmer.

After taking office, Secretary of State Alexander Haig and Agriculture Secretary John Block got into an unseemly dispute over whether the embargo ought to be lifted. Secretary Block called for the lifting of the embargo and the resumption of grain sales to the Soviet Union. Secretary Haig, on the other hand, sought to continue the embargo to demonstrate to the Soviets the new administration's policy of "linkage."

While the debate lingered on in the Cabinet, farm prices drifted lower as the prospect of regaining the Soviet market dimmed.

Finally, after a good deal of public agonizing, the President lifted the embargo and the American farmer heaved a sigh of relief, assuming that negotiations for the sale of U.S. grain would be quickly renewed with Soviet trade officials.

Unfortunately, Secretary Haig continued his opposition to grain sales to the Soviet Union and the bureaucratic infighting continued as before. The result: commodity prices have slipped to dangerous lows and the promise of expanded exports has diminished.

The Washington Post reported Monday, July 20, that the White House had moved to end the bureaucratic infighting by placing it under the leadership of Ambassador Bill Brock at the office of the Special Trade Representative.

Many of my colleagues may not know that the 5-year grain agreement between the United States and the U.S.S.R. expires in September. The issue of renegotiating that agreement has been confused by the absence of policy consensus since the decision by President Carter to suspend grain sales in January 1980 and the decision by President Reagan to end the suspension earlier this year.

The central policy question is: Under what conditions will the Soviets be allowed to purchase U.S. grain and in what amounts? The 1975 U.S.-U.S.S.R. agreement provided assurances that the Soviets would buy at least 6 million tons of grain and could buy up to 8 million tons each year. In addition, after consultations with the United States, they were authorized to buy more for each of the last 3 years. When President Carter suspended exports in 1980, the Soviets had contracted for 25 million tons of grain. They ultimately received only the 8 million tons provided for in the 1975 agreement.

The central political question is: Can the President satisfy his instincts to curb trade with the Soviet Union to maintain his tough foreign policy stance while retaining his support among farmers who voted for him because he offered to lift the embargo? There is a suspicion that the President would like to have it both ways. He has formally lifted the embargo but has done virtually nothing to restore the trade agreement with the Soviet Union.

It makes no sense to replace a formal trade embargo with a de facto embargo enforced by indecision and delay. I hope that the President has not adopted such a cynical policy.

As for the Soviets, they have been moving with dispatch to line up grain supplies from Argentina, Brazil, Canada, and other countries. Still, they will need to purchase a portion of their requirements from the United States. I am informed that over a month ago in London, Soviet officials indicated their willingness to initiate additional purchases and renew the purchase agreements at the earliest possible date.

It is time to stop the bureaucratic squabbling and reach a policy consensus. If it is truly the policy of the administration to help farmers by negotiating a new grain sales agreement with the Soviet Union, then Messrs. Haig, Block, and Brock should get on with the task while there is still time to salvage something from this year's crop.

If it is the policy of the administration to maintain a de facto embargo, permitting—even encouraging—the policy differences between the State and Agriculture Secretaries, it will not take the American farmer long to figure out what is going on.

Mr. Speaker, when a farmer plants his crop, he does not have the luxury of delaying until a time which would insure that his harvest would come when prices are highest. I suggest the administration does not have the luxury of delaying until the political costs are lowest to move ahead with renegotiating the grain deal with the Soviets.●

THE TAX CUT—A SUBJECT TO PURSUE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. FRANK) is recognized for 30 minutes.

Mr. FRANK. Mr. Speaker, we have just heard some disquisition on the tax bill and it seems to me that that is a subject we ought to be pursuing. As a member of the Banking Committee, I heard this week extensively from Paul Volcker, the Chairman of the Federal Reserve Board. He made it very clear, although tact and his interest in good relationships with the administration kept him from being quite explicit himself, one of the most serious consequences that will eventuate if we were to adopt a tax bill which committed us now irrevocably to three rounds of tax cuts—and I should just like to say, Mr. Speaker, that it seems to me unfortunate semantically that we have fallen into a pattern of talking about 1-year tax cuts, 2-year tax cuts, or 3-year tax cuts. These are forever tax cuts. None of these tax cuts are triggered to destruct at the end of 1, 2, or 3 years. We are not talking about a 1-, 2-, or 3-year cut. We are talking about cutting once forever, or two times or three times, or until a later Congress undoes a tax cut.

To those of us in elected office today, the notion that there will someday be a body of elected officials prepared to raise taxes seems indeed a very wonderous and fantastic one. We are assuming these tax cuts are here for a long time.

What we have is a situation, then, economically where we are being asked to lock ourselves in today to 3 years of fairly substantial tax reductions. I believe substantial tax reductions are desirable. I believe that proper stimuli to investment, to capital formation, are desirable. I believe that dealing with the problem of inflation as it has hit tax brackets is essential. It costs a lot more money to be rich than it used to cost, Mr. Speaker,

and our tax code does not reflect that. We have to adjust it for that purpose.

The question is not whether we should cut taxes and not by and large the amount we should cut them in the near term. The question is, given a time of raging inflation—and economists can sense this, which may in fact augur poorly for the accuracy of the fact—but there is at least an economist consensus that the underlying rate of inflation, the basic inflation rate in the economy, remains higher than the recent drops in the Consumer Price Index would indicate. The recent drops in the Consumer Price Index have been welcome, but they have been tied in substantial part to a leveling off of oil prices as conservation and previous higher prices have taken their toll on usage and they reflect, as well, some very special circumstances in the agricultural area.

We cannot count on those drops in the CPI to continue. We cannot either claim that they are a result of national economic fiscal and monetary policy. There remains a serious problem with a rate of inflation, and particularly a rate of interest rates, that is, to many segments of the economy, intolerable.

Interest rates have remained for a long time at rates that most of us had come to associate with illegal activity. The prime rate today is at a level which, when I was growing up in Jersey City, other people used to get when they loaned you money, not banks; people who had more efficient and rugged collection methods.

The question is: Are we at all concerned about high interest rates? That is where Mr. Volcker comes in. Mr. Volcker made it very clear in his 4 hours of testimony, which he graciously spent before the Banking Committee, that he intends to keep money very tight and, consequently, interest rates very high. He is not seeking higher interest rates as an end in itself, but higher interest rates are the inevitable and accepted consequences of his tight money policy. He intends to keep the money policy as tight as it can be as long as we have inflation, and particularly, he says, as long as we are faced with Federal deficits.

The problem we face is that the financial community in particular has been always skeptical of the Congress and the President's ability to bring inflation under control, particularly to reduce Federal deficits.

We have had what some say is an anomaly, but it is a costly one and one that the economy is having trouble bearing up under, of the inflation premium on interest rates being far higher than it usually is, of the interest rates on long-term bonds in particular—so essential for capital work, so essential for our municipalities and State governments, as well as to the private sector in doing capital construction and investment—the rate on long-term bonds has been staggeringly high.

The clear message of Mr. Volcker's testimony is that for the Congress this week to lock itself into three rounds of tax cuts which will, on paper, produce staggering deficits in years 1983 and 1984 would, in fact, have a very negative impact on our interest rate situation.

The Chairman of the Federal Reserve Board has made it very clear that he and his conferees on the Board intend to keep money tight and to keep interest rates high as long as the deficits persist.

Nothing we could do in this Congress would send more of a negative message about inflation and deficits than adopting the third year of tax cuts, the third round of tax cuts. We cannot constitutionally lock ourselves into spending cuts. There is no way that Congress can this year vote in a binding fashion spending reductions for fiscal year 1983 or fiscal year 1984. Certainly not in any way remotely approaching the degree of tax reduction we are voting.

What that means is that the financial markets, the Federal Reserve Board, and others whose expectations and views will have an enormous impact on interest rates will, in fact, respond in a way that says inflation is going to continue and interest rates will continue. The effect of higher interest rates we found even in Washington, D.C.—now it is often speculated on as to whether or not reality can ever pierce the confines of the Capital, and it has a very difficult time. Washington's bulwarks against crude reality are perhaps as well developed as any fortification since the Great Wall of China.

But high interest rates and the consequent problems in the real estate market have breached our fortress. People in Washington who have been participants in the great game of musical chairs, of buying real estate and selling it at inflated prices, are stuck. For the first time we have people here in Washington, D.C., with property they cannot sell. The housing market, whether it is a question of selling homes or constructing homes, is in the worst doldrums it has been in in the memory of most of us.

This has an enormously depressing economic effect and it has an enormously depressing social effect. For the first time, perhaps, since the depression, a generation of young Americans in their twenties, young people who are married, who earn incomes it seems to them by historical standards adequate for a decent lifestyle, who are about to enter the phase of family formation, are finding that they simply cannot afford a home.

The average price for a new home, shown by FHA figures, in the Northeast for the last quarter, was $94,000. The average interest rate was 16.75 percent. If one can save up $20,000, a pretty good feat for some young people, and put that down as a down payment, they have to finance $70,000 in loans at 16.75 percent. They are paying double numbers in the thousands without, in the first year, without having done a thing to reduce the principal.

□ 1540

These are the consequences of interest rates remaining at such intolerably high figures. We have, I believe, a responsibility as Members of this Congress to deal with this problem of high interest rates.

We, I thing, do exactly the wrong thing in that regard by passing a third round of tax cuts without regard to what the inflation situation or the interest rate situation or the deficit situation will be at that time.

So the question is not whether we are talking about cutting taxes for only this year and next year. Of course, those tax cuts would remain in effect. The question is not whether a tax cut in fiscal year 1984 is a good idea. The question is: Is it sensible now, in the face of this inflation and the face of interest rates persisting far beyond the administration's expectations? According to their projections, particularly after they succeeded to the extent they succeeded in changing the spending patterns of the Federal Government, interest rates should have been lower by now.

We have the spectacle of the President telling us, "Don't believe Wall Street." This particular President tells us not to believe Wall Street because the financial community simply will not behave the way his scenario wants them to behave. That is the problem.

The question is, Do we make it conclusive? The question is not whether a third round of tax cuts is or is not a good idea. The question is whether a third round is something to which we should commit ourselves now irrevocably. No one thinks that a tax cut voted now would be altered or diminished or watered down 2 or 3 years from now, certainly not in a year when we are facing a Presidential election. Congress or the President facing a 1984 election would not in fact raise taxes.

So we face the prospect of voting now for tax cuts, along with massive spending increases on the defense side, with the overruns coming and the definite increases in defense that we voted this year, some of which are quite necessary and some of which are excessive.

I still do not understand what the supposed mission is of a World War II battleship. I mean to adhere to a principle I personally developed to vote for no weapon older than myself, because

I do not believe anyone or anything substantially older than I is going to be much good any more in a fight.

But with these increases in defense spending added to these decreases in revenue, much of which is a good idea, we build in a deficit on paper for fiscal year 1984 which is staggering, and the day we do that in a binding fashion is the day we will have a terribly negative effect on interest rates which affects the small business community, the construction market, the people who need homes, and a whole range of others in an absolutely devastating fashion.

Of course, there is an alternative. We could commit ourselves to the third year of tax cuts, to a third round—I keep forgetting my own semantic warning—and we could then commit ourselves to making spending reductions in equivalent amounts. The administration itself is already having difficulty providing for that new round of spending reductions. The fact is that the administration, if this tax bill goes through and if it gets its third round, will by its own terms have to make allowance for tens of billions of dollars in additional spending reductions.

If we look at Federal Government spending and set aside defense, where in fact they want to increase it, if we set aside the safety net, which is at varying dimensions and has a very tensile strength but which certainly takes up a certain percentage of the budget, we find that what is left is not a substantial part of the Federal budget, and its ability to sustain further cuts is not very great.

That is why the administration has had the extraordinary dilemma of trying to cope with the problem of social security. While the President campaigned quite sincerely on a promise never to cut social security benefits, he now finds he has to cut social security benefits.

I know we were told that the proposal the President made was not a cut in existing benefits in respect to the people getting a cost-of-living increase. We were told that we were not cutting the benefits; we were going to postpone them. But the increases due now are the increases coming July 1, and the President's proposal was that they would not come until October 1. There was, however, under the President's proposal the proposal that there would be no retroactivity. There was to be on October 1 no backpayment to June, July, August, and September.

Mr. Speaker, I rent an apartment down here, and I guess I have a lease that expires sometime. If that lease expires on July 1, I would like to go to my landlord and tell him, "I am not going to pay for June, July, August, or September. I am going to reduce them. I am just not going to pay you for July, August, or September. I will pay you October 1."

I do not think even congressional immunity would keep me housed; I think I would be evicted under those circumstances.

I think the older people who are receiving social security have every right to consider the cancellation of increases for July, August, and September as a flat reduction. I do not think the President wanted to do that. I do not think he is unmindful of the needs of the elderly. It is true, simply with the minimum benefit, that for many people the minimum benefit of $122 is not very much, but for many, many others it is the difference between absolute degrading, grinding poverty and a little chance for dignity in their lives. People will not starve in the absence of the minimum benefit, but there are older Americans who have worked very hard and have built their lives, up to the ages of 70 and 80, on the expectation of including that minimum benefit, and that minimum benefit for many of them is, 20, 30, or 40 percent of their income.

Take away 30 or 40 percent of their meager income and see what it does to their lifestyles. The disruption of the lifestyles of these innocent elderly people is not something that the President easily decided to do. He is forced to do that—forced, I believe, in a self-imposed way, but nonetheless forced.

If we enact a third round of tax reductions without a trigger, if we commit ourselves irrevocably to that third round of tax cuts, we put no money in anybody's pocket for 2 years. When we talk about a fiscal year 1984 tax reduction, to that effect we are not talking about anybody being worse off in the intervening period. We are arguing now that it would be prudent to wait, that we hope the economy would be in a situation where further tax reductions would be possible, but that inflation could be a problem.

The alternative, as I say, is to give the wrong signals about inflation and to confront ourselves with a dilemma about spending cuts. I think the members of the administration understand that. I think that is why there has been a campaign.

The Senator from New York, Senator MOYNIHAN, aptly characterized this as terrorism, as "political terrorism." It is a conscious effort to persuade older people to accept a reduction of their benefits. It is a conscious effort to say to older people that their benefit level simply cannot be sustained.

I do not think that that is morally acceptable, and I do not think it is economically necessary. I think we can find the resources to meet our various needs without substantially disrupting or diminishing what they get.

But if we now do the third round of tax cuts, the inflationary impact and the high interest rate impact of that commitment would be very great. We should be very clear about this. If we adopt now a third round of tax cuts and we project the spending that is likely to take place, we will be voting for the largest deficits in the history of the U.S. Government. We will be voting for deficits that are close to $100 billion a year.

If we do that, it will in itself, I think, be a serious economic mistake, and it will also generate pressures on us in return to make some reductions in spending that some people may not find acceptable. That does not mean that we should not make reductions in spending.

I voted, Mr. Speaker, today against today's appropriation. I voted against the Clinch River breeder reactor and the Tennessee-Tombigbee waterway and a few others that seemed to me to be excessive spending proposals.

It seems that sometimes we operate in a kind of time machine. According to the administration, on programs like social security or housing for the elderly or other necessary programs, we are told that this is 1981, not 1965, and we have to be careful how we spend; we have to economize, we have to cut back. But then, on the other hand, we take up these waterway projects and take up some of the other projects which may indeed be attractive but which I do not think we can afford, and then, boom, it is 1965 again. We manage to get ourselves transported back in time.

So I think we greatly exacerbate our dilemma if we vote to commit ourselves now to a third round of tax reductions. That, as I say, is the issue. It is the issue we ought clearly to be addressing. There are other issues, however, with regard to tax reductions that I think have to be addressed. The gravest one, I think, is the new option that is taking place, and that is to reduce the taxes on the oil industry.

□ 1550

Of all the beleaguered and inflation ridden and negatively affected groups that exist in our society and who are in need of relief at this time, I would guess that a poll of the public or of economists or of any sector would put the oil industry rather low on that particular totem pole. We are told by some that the windfall profit tax was a terrible blow, but it does not seem, for instance, to have diminished the effectiveness of Conoco to a host of suitors. There is massive bidding war going on now for Conoco without any further tax breaks to the oil industry.

Despite that, we have the unseemly spectacle of both parties, I am unhappy to have to say, engaging in an auction for the fortunes of the oil industry.

We are told that we are going to take care in the Democratic tax bill of the independents, the little guys, we are told. We are supposed to conjure up, I suppose, some rugged figure striding alone on his 2 or 3 acres.

In fact, as I understand our bill, the definition of independents is people who have up to 500 barrels a day. At $32 a barrel, that is $16,000 a day gross income.

Mr. Speaker, I understand why they call them independents. I could be pretty independent with that kind of activity. That would guarantee my independence.

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

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

Mr. CONYERS. Mr. Speaker, I want to thank the gentleman for yielding and commend him for beginning this colloquy in preparation for our last week in connection with the debate that will flow around the tax bill.

I would like to remind the gentleman that a number of Members in the Congress joined with the Congressional Black Caucus with a tax alternative that was included within the alternative budget that the Congressional Black Caucus presented on May 6 in this body. I cannot recall whether my colleague in the well had joined with us in that.

Mr. FRANK. Mr. Speaker, if the gentleman will yield back to me briefly, yes, I was proud to vote for what I thought was a very excellent budget that the caucus put forward.

Mr. CONYERS. I thank the gentleman for refreshing my memory.

I would like to just review, if I can for a few moments, some of the considerations that were raised in that regard. It seems to me that the tax bill has raised a number of questions. I am very pleased that the Democratic Study Group quoted the Congressional Black Caucus alternative as providing—and this is a direct quote:

> The largest and fairest tax cut of any of the proposals before the House.

And to further quote them:

> As taking the boldest step of any proposal being offered to the House to deal with the Federal deficit.

Now, it follows from that that the House Budget Committee in fiscal year 1982 has found that the tax expenditure will amount to $266 billion; namely, more than one-third of the total directed outlays for fiscal year 1982. This raises some rather enormous questions.

I would like to ask my colleague in the well whether he has information about whether or not there will be an opportunity to discuss this proposal that was introduced relative to the tax question in May or whether he has some other alternative.

Mr. FRANK. I did not quite get all of that. Could the gentleman refresh me? Is that the tax proposal of the President that was introduced, or does the gentleman mean the one in the Black Caucus budget?

Mr. CONYERS. Yes; in our budget there was a tax proposition that was raised, but not disposed of because it was inappropriate.

Mr. FRANK. I appreciate the gentleman's question. I think we ought to point out, as I remember, that was the most fiscally responsible budget of the four on which we voted. It had the smallest deficit. It provided a tax reduction of an important sort, while also providing some tax equity by closing down some unproductive loopholes.

Unfortunately, to date the rules under which we have debated some very important questions on tax and on budget matters have not allowed for adequate discussion. Indeed, as the gentleman from Michigan knows, one of the problems we face is that it is rumored that we would be dealing with tax legislation next week of the most far-reaching sort, again without what many of us would consider an adequate opportunity to discuss it.

So I would hope that we could prevail, those of us who would be in a majority, on the question of structuring the rules so that there could be a debate and a discussion that would allow for full hearing of the very many genuine merits of that tax package.

Mr. CONYERS. Well, will the gentleman yield further?

Mr. FRANK. I would be glad to yield?

Mr. CONYERS. Does the gentleman contemplate a proposal that might be adequately taken up under the rule and under that subject matter for next week?

Mr. FRANK. I have not yet seen the tax bill, and being in an out-party and not the other, that means I am not yet ready to vote for it. If I were in the other party I would not have to. Seeing is no prerequisite to believing, certainly to acting on it; but I have seen the outlines of a proposal proposed by our colleague, the gentleman from Wisconsin (Mr. OBEY) and the gentleman from Arizona (Mr. UDALL), modified some at the suggestion of the gentlewoman from Maryland (Ms. MIKULSKI). It is a proposal which resembles the proposal that the Black Caucus put forward in several respects. It does not conform as much as I think I or the gentleman or the authors of the amendment might like because of the time constraints; but it does come closer, I think, in its general outlines than any other proposal.

Mr. CONYERS. Will the gentleman yield further?

Mr. FRANK. Yes; I yield.

Mr. CONYERS. This then follows in a way the same scenario that occurred on the debate of the budget itself. If my memory serves me correctly, the gentleman from Wisconsin (Mr. OBEY) in fact offered an alternative budget proposal which followed along the lines of the Congressional Black Caucus. It was certainly far superior to either the administration or the majority proposals, and so I am very happy to tell my colleague in the well and the rest of my colleagues in the House that they may anticipate the Rules Committee granting the same allotment or some fair allotment of time, that they will have an opportunity to review and to reconsider the merits of the proposal offered by the Congressional Black Caucus in the original budget.

In other words, what we have done is broken out the tax proposal and have introduced that separately and presently calling upon the Rules Committee to grant additional time; so we may be in a very related operation in which we may if the beneficience and wisdom of the leadership in the House and the decision of the Rules Committee obtains, we will have the Obey-Udall proposal, the Congressional Black Caucus proposal, as well as the administration proposal and the majority proposal.

Mr. FRANK. I thank the gentleman.

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

Mr. FRANK. I would be glad to yield to my friend, the gentleman from Massachusetts.

Mr. SHANNON. Mr. Speaker, I would like to commend my colleague, the gentleman from Massachusetts, and my colleague, the gentleman from Michigan.

I know that during the course of this debate on tax policy there has not been much of an opportunity for those Members of the House outside of the Ways and Means Committee to state their positions on these very important issues. I think that that is unfortunate, because certainly whatever the ultimate shape of the tax bill which will be sure to be enacted this year, it is going to be affecting the course of the economy and all our lives and the lives of all the people we represent for years to come. So I think it is wholly appropriate that Members should go to the Rules Committee and express their positions and certainly over the next few days try to broaden the debate as best they can.

I think it also important to point out that until this morning when the administration unveiled its latest proposal, nobody knew what the alternatives were going to be. In fact, there has not been sufficient time for anybody to analyze them.

Mr. FRANK. Well, if the gentleman will allow me to reclaim my time briefly, as the gentleman well knows there are Members on the other side who do not want to know. They follow the

principle in voting of the need-to-know basis and the only one who needs to know is the author of the amendment. Those who merely vote for it are not considered. It is a security-conscious administration, I understand that. They are simply carrying out that principle. There is no point in reading an amendment just because you are expected to vote for it.

Mr. SHANNON. Well, as the gentleman knows, I have been spending much of my time for the last few weeks talking to Members from the other side of the aisle and what I have heard time and time again from them, particularly from those Members from our region of the country, is that they do not know what the final proposals will be, so they really cannot say how they are going to vote when the vote is cast next week.

Well, I guess that excuse is gone now, but one thing is clear and that is in the last closing days of this debate on tax policy, an element has entered into the debate which I think should concern all of us here and that is the question of oil taxes.

Now, we on the Ways and Means Committee did not want to do anything to tinker with the windfall profit tax or deal with this energy at all. Our chairman and our members were quite candid about that.

We wanted the administration to express its willingness to take oil out of the picture, so that we would not have to consider it in the context of this economic recovery program.

The administration and the Republicans in the Senate were unwilling to do that, so it did enter into the picture.

Now, that has added a very disturbing new element, which is a real serious attack by the administration as of its proposal today on the very windfall profits tax itself. I think it is something which should cause concern to all Americans, but particularly to those Americans from our region of the country.

Mr. FRANK. If I can reclaim my time briefly, I think the gentleman can perform a service by sharing his views. I say the gentleman from Massachusetts has been in the Ways and Means Committee one of those who have fought for a tax cut that is truly productive and stimulative and also equitable.

I think the gentleman might scoop the Nation by telling them some of what is in that particular set of oil tax breaks that was unveiled today by the President.

□ 1600

Mr. SHANNON. It is unclear. If I can take a little of the gentleman's time, it is unclear exactly what the total price tag on this proposal is going to be.

But what is clear is that the administration's new proposal has taken out the tighteners on the oil tax, on the multinational oil companies that the Ways and Means Committee included, and has doubled the size of the tax cut that the oil companies would get. We are talking about $16 billion in tax relief to oil producers in the administration's latest proposal.

I cannot understand how any American, particularly Members of Congress from the Northeastern part of the United States, of whatever party, can support this tremendous giveaway to the oil companies, and that is what it has become, I am afraid to say.

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

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

Mr. CONYERS. I would like to ask through the gentleman who has the time a question of the member of the Ways and Means Committee. The latest information I have, and the gentleman may help me out here, is that the administration is now bargaining with a new sweetener to top the Democratic proposal so that they may win back the conservative Democratic votes that apparently have fallen in line as a result of the oil giveaways put on through the committee, onto the committee bill. Could I get some enlightment on that?

Mr. FRANK, I will be glad to yield to the gentleman, but first I would like to point out that that is what I believe. Sometimes in a restaurant that is what is called one of those nonnutritional sweeteners, because it certainly is not going to do anything to the economy.

I will yield to the gentleman from Massachusetts.

Mr. SHANNON. That certainly has happened. There is no question about it. Once the energy area entered into the debate, a number of Democratic Members who were reluctant to get into this at all, but were forced into it by the administration, supported a proposal which would have cost less than half in the energy area of what the administration's proposal will cost the taxpayers and the energy consumers of this country. We are talking about a $16 billion tax break for oil producers at a time when oil prices continue to go up.

Mr. CONYERS. If the gentleman will continue to yield, is that the administration proposal or the committee proposal?

Mr. SHANNON. That is the administration proposal.

Mr. CONYERS. Is that their latest proposal or is that the latest one the gentleman knows of?

Mr. SHANNON. That is the proposal as of this morning. There might be another proposal this afternoon. I think there have been five administration proposals since we first started talking about taxes, but the latest one I heard of was released this morning, and that is the one that contained the big oil giveaway.

Mr. CONYERS. Can the gentleman advise me which one has the biggest giveaway?

Mr. SHANNON. The administration's proposal, the so-called Hance-Conable II, III, IV, whichever number this is, the latest Hance-Conable proposal has the biggest giveaway to the oil companies by a wide margin.

Mr. CONYERS. Does that then jeopardize the small balance in which the administration, in which the majority of the House of Representatives assumed that they would be able to carry the day in this? After all, it is about time we, the majority of the House, won one in this incessant goround with the administration.

Mr. SHANNON. If I could take some time from the gentleman, I am not as concerned about winning or losing as I am concerned about what is going to happen to the economy of this country if we make tax policy in the way in which the administration indicates it wishes to make tax policy.

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

Mr. FRANK. I am glad to yield to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. I want to address the gentleman from Michigan in regard to the proposal I understand may come forth from the Black Caucus. I felt that some of the proposals of the Black Caucus in regard to the budget showed a great deal of creativity and were, indeed, tremendous proposals. Are you working on some proposals that might be of similar importance to our country in that regard?

Mr. CONYERS. Mr. Speaker, will the gentleman yield to me?

Mr. FRANK. I yield.

Mr. CONYERS. We are taking that same language and have already rewritten it into a legislative package, and are introducing it for consideration for the next week. We are prayerful that the Rules Committee will grant us time so that this proposal can at least minimally be considered. The question is what will it do?

Mr. BEDELL. If the gentleman will yield further, it would certainly be my hope at the minimum you would have the opportunity to get the information on that out to all of the Members. It is my personal belief that a great many Members did not realize just what was in the proposal by the Black Caucus in regard to the budget, which not only would have given, in my opinion, greater encouragement for business expansion and reinvestment in business, but also move toward a balanced budget. I felt that the big problem was people did not understand.

I have great problems with what I see happening here in regard to tax legislation.

It seems to me that the situation is the same as if we were in a poker game and everyone is trying to raise everybody else. The only problem is the chips we are playing with are great big chips of taxpayers' money that are apparently in the latest bid going to go to special-interest groups. I would hope again that the people would be aware of what seems to be happening is the administration is now apparently trying to outbid the Ways and Means Committee, and I personally want to commend those people who have some responsibleness, who come forward such as the gentleman from Michigan and say that we had better take a look at what has happened.

I guess there is some truth to the fact that we better move fairly quickly or everything we have in America will be given away as everybody tries to outbid everybody else.

Mr. CONYERS. If the gentleman will yield again to me, I appreciate this. Since we have a very important and valuable member of the Ways and Means Committee on the floor who has indulged us in this discussion so far, and I am personally grateful for him doing that, I would like to now posit this question. Is there a chance that the committee, chaired by the distinguished gentleman from Illinois (Mr. ROSTENKOWSKI) will try to meet the administration's new bid and raise it? Is there a possibility that we can have one last crack at this by reopening the oil boondoggle and offer some additional sweeteners to make sure that those Members who may now be attracted and swinging gradually over to their original administration position, since there were 29 of them I understand who supported the budget and created the problems that we are now confronted with, is there a chance now that the committee can meet the administration and raise it?

Mr. FRANK. I would say before yielding to the gentleman from Massachusetts that I share the views of the gentleman from Michigan. We should note that the gentleman from Massachusetts (Mr. SHANNON) has been among the virtuous on the Ways and Means Committee.

Mr. CONYERS. Absolutely. There is no question.

Mr. FRANK. But I would now turn to the gentleman from Massachusetts (Mr. SHANNON) for an inside report from the Ways and Means Committee.

Mr. SHANNON. I would like to think we are all virtuous on the Ways and Means Committee, at least on our side of the Ways and Means Committee. We have completed our deliberations. I think it is open record. Everybody knows that there was no unanimous agreement among Democrats on the Ways and Means Committee as to every single element that is in the bill. We have tried to accommodate the wishes of the various parts of our party and the various parts of our country, and I think we have done a pretty good job of it.

But the principle upon which we have worked is that when this tax bill is enacted by the Congress it should be a tax bill that addresses the needs of the average working American. It should not be a tax bill which skews all of the benefits just toward high-income earners, It should not be a tax bill that skews all of the benefits just toward large business corporations. It should not be a tax bill which takes from the pockets of the average individuals, working families and gives it to the oil companies or the large business corporations.

I think we have done a pretty good job of structuring a tax bill that all Democrats, in the final analysis, should be able to support. I am happy to say we have completed our work. The committee has completed its work and it has reported a bill which will be considered.

Mr. FRANK. If the gentleman will yield back for a moment, I wish somebody else would complete their work so that we could complete our work.

Mr. SHANNON. I am sure that is going to happen imminently. At least I hope so. But I am happy to say we have completed our work, and while I do not agree with every single word of that work product or every detail of it, I think it is a product which we can be proud of. That is not to say that others should not have other ideas.

□ 1610

And certainly I urge all of my colleagues to express their ideas in the next few days, not to feel the least bit embarrassed about expressing those ideas at this point in the debate, because certainly the President has not been embarrassed about injecting a lot of new ideas into the debate in the very last days.

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

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

Mr. CONYERS. On this matter of virtue, it is very important in the Congress that we not only preserve the virtue of all of the members of the Ways and Means Committee, but we preserve the consideration of virtue of all of the Members of the House of Representatives.

So let us not cherish this important principle just for the Democratic members of the Ways and Means Committee. I would like to extend it to everybody in the House of Representatives.

Now, the problem that evolves is that some are more virtuous than others. Therein lies the problem.

Mr. FRANK. Or the opportunity.

Mr. CONYERS. There is an abundance of virtue in the House of Representatives, but it is not coequally spread among the membership, nor even in the gentleman's committee as the gentleman must well know by now.

Mr. SHANNON. If the gentleman from Massachusetts will yield, certainly virtue is in the eye of the beholder. We on this side would define virtue differently than some Members of the other body might define it. But I think that the important thing is that in the next few days the American public has the ability to understand exactly what we are talking about here, because we are talking about policies that are going to affect the lives of every American, and we are past the point where we can just speak in slogans or speak in political bumper sticker terms. We are talking about who is going to get what, as far as tax policy is concerned, for the next decade, really. It is going to seriously affect the growth of our economy over the next decade, it is going to seriously affect all of our constituents, and I am just very pleased that our colleagues are so active in this debate.

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

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

Mr. LUNGREN. Mr. Speaker, I was sitting in my office watching this debate, just prior to going to the airport to fly back to California, but it was so interesting that I felt I would even possibly delay my visit out to California to join in this.

I would just like to ask, if the gentleman will yield me the time, the gentleman from Massachusetts, who is on the Ways and Means Committee, who seems to be complaining about the fact that "we do not know what the Republican bill is," could he tell this Member when the committee bill was ready? Because I asked for a copy of it yesterday about 6 o'clock, and we were told that in concept the democratically controlled Ways and Means Committee had agreed on what they wanted last week but they had not been able to work it up as of about 6 o'clock last night for any Member here in the House to get it. Could the gentleman tell me whether we have a print of that at the present time?

Mr. FRANK. I would be glad to yield to the gentleman from Massachusetts to respond to that, but I would point out to the gentleman from California that it can be very sticky here on the weekend. I would not want to endanger the gentleman's weekend.

Mr. LUNGREN. This is much more fun.

Mr. SHANNON. I am very happy that the gentleman raised that question. Quite definitely there were copies available last night at 6 o'clock. I am sorry that the gentleman was

unable to obtain a copy, but others of us had them available, and certainly I thing the Republican members of the committee had them available.

But I think the point that really has to be outlined is that this is really a revolutionary thing we are going through here. Normally the way legislation works is that the administration makes its proposals and then the committees work on those proposals and come to some conclusions and come to the floor of the House. Of course, this is a reversal. We have been working on this legislation for months, feeling that the administration had made its proposal, only to find out just a few days before we are going to vote on it that they have not yet made their proposal and that we have been working under a false assumption, and that is that their ideas on tax policy had been laid out to us at the beginning of our deliberations.

Mr. LUNGREN. Mr. Speaker, will the gentleman from Massachusetts yield further?

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

Mr. LUNGREN. I noted that there were comments by some of my friends on the other side of the aisle that somehow this tax bill development process had become somewhat of a bidding war and suggested that somehow those of us on this side of the aisle and this administration had voluntarily wanted to enter that.

I would just ask my friends on the other side of the aisle whether or not they recall the President asking for a clean bill, a simple bill on cutting the tax rates across the board and depreciation reform, and his request that we deal with all of these other things in a second bill, and whether my friends recall that that request was denied by the majority on the Ways and Means Committee.

So it seems rather difficult for me to accept the fact that the President of the United States and this side of the aisle ought to be criticized for being involved in a bidding war when in fact we requested that that war never begin and the President requested that we have just a pure bill to be dealt with at this time, and he was rebuffed in that effort.

Mr. SHANNON. If the gentleman will yield, let me say that nothing would have pleased me more than if the President had sent to us as his substitute to be offered next week that clean bill that he spoke about in the beginning of the year, and then we could hold our ideas up about tax policy and measure them against those ideas expressed in that clean bill. Nothing would have pleased me more if he would have stuck to his guns on that.

TAX BILL DEVELOPMENT PROCESS

(Without objection, Mr. BEDELL was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, does the gentleman from California agree that there has been a bidding war?

Mr. LUNGREN. Absolutely. One would have to have not listened around here, been around here, not had his eyes open around here to recognize that we had a bidding war, with the chairman of the Ways and Means Committee as the chief auctioneer, for the last several weeks.

Mr. BEDELL. Well, we could argue about who is the auctioneer, but I would submit that you only have a bidding war when several people are bidding. And one can bid or not bid. I think legitimately there can be criticism of more than one person, but I do not believe you can say that somebody who is in a bidding war was not one of those who helped contribute to cause the war to go on.

Mr. LUNGREN. If the gentleman will yield, the gentleman will admit the fact that even though the Republicans make up about 46 percent of the House of Representatives, when we got a split of 23 Democrats on the Ways and Means Committee and 12 Republicans on the Ways and Means Committee, the game was stacked somewhat against us, and we did not have, in essence, control of the game. When you are involved in a game, you have got to play the game the way the referee tells you to play the game. Unfortunately, we have got a situation where the majority party not only in some cases is the opposition in terms of the game that is being played, but also the referee.

Mr. BEDELL. I do not agree with the gentleman at all

Mr. LUNGREN. I did not think the gentleman would.

Mr. BEDELL. If the gentleman agrees with what he says, the fact is that both parties are at fault, in the opinion of the gentleman from Iowa.

THE LATE JOHN S. KNIGHT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, the passing of John S. Knight was a momentous loss to America and to the world. On the 16th day of June after a day's work at the office, in the home of a friend, John S. Knight, herculean figure that he was, passed this life into another. John S. Knight was one of the great empire builders of America. Few men have the ability and the good fortune to be able to build an empire from the ground up to an institution of magnificent proportions. At 83, John S. Knight could see the Knight-Ridder Newspapers as his empire, built with his own hand and head and heart. One of the great newspaper enterprises of the Nation and the world had risen from the Akron Beacon-Journal and the Miami Herald by the genius and the determination of John S. Knight. Years before he reached the end, it was all put together and thriving by the sure hand of John S. Knight. He was not only a great publisher but he had received the Pulitzer Prize for his own writing. He used to religiously write a column which gained for him admiration and honors. John Knight's long life embraced sunshine and shadow, many joys and many sorrows; but he had such equanimity of spirit and such stability of character that he never lost his head or his brave heart whether fortune smiled or frowned upon him. He established standards of propriety, integrity, and quality in the publication of newspapers and he stood fearlessly by those standards whether what his papers said was popular or unpopular.

John Knight was not an uncertain friend. While he was not a man to throw his affections wildly about, he respected those who were honest and courageous in their views even if they differed from his and he had contempt for those who were hypocrits. John Knight has made the press of America better. He has immeasurably added to the stature of his State and his country and to the free world. He has left a large place upon this Earth upon which he played so great a part. His work will live into the long future and he will stand as a stalwart figure of our time in the memories and records of millions.

A beautiful service for Mr. Knight was held on June 23 and upon that occasion, one of those brilliant men who had helped Mr. Knight to achieve his great success, who had been constantly by his side as his coworker, confidante and friend, Lee Hills, director of the Knight-Ridder Newspapers and editorial chairman emeritus of those papers, with eloquence and moving beauty, delivered the eulogy at the Church by the Sea in Bal Harbour. None was closer to Mr. Knight than Lee Hills. None knew him better, and none could speak of him more understandingly and compassionately than Mr. Lee Hills. I, therefore, Mr. Speaker, include following my remarks the eulogy of Mr. Knight by Mr. Lee Hills in the body of the RECORD:

[From the Miami Herald, June 24, 1981]

MIAMI FRIENDS PAY RESPECTS TO KNIGHT

Only John S. Knight could pack that many editors into a church, let alone get them to sing.

Knight, the father of Knight-Ridder Newspapers and editor emeritus of The Miami Herald, appeared to be smiling wryly from his black-draped portrait at the

Church By the Sea Tuesday morning as his relatives, his employes, and his friends worked their way, rather rustily, but with feeling, through four stanzas of Isaac Watt's 18th-Century hymn, *Our God, Our Help in Ages Past.*

Knight died last week at 86, in Akron, Ohio. He was buried there last Saturday. Tuesday morning he was eulogized in the same church where he married his third wife, Elizabeth Augustus, who died earlier this year.

The Rev. Ernest Simon officiated at the ceremony.

"Lift us above the shadow and the sadness of mortality into the light of Thy countenance," he prayed. "Into Thy keeping we commit the soul of Thy servant, John S. Knight, confident that he will live with Thee for all eternity."

Standing in the pulpit at the edge of the church's sanctuary, which twinkled with the light of seven-branched candelabra, Lee Hills, editorial chairman emeritus of The Miami Herald and Knight-Ridder Newspapers, told the congregation of more than 200 people that they ought not to feel too sad at the "terrible finality of death."

Instead, Hills said, "Let us celebrate the fact that we witnessed a life lived long and well."

For Knight, Hills said, "was interested in everything. He loved horse racing and football, politics and world affairs, with genuine relish. He was a natural athlete and a champion golfer. He knew how to calculate the odds, whether in dice or in newspaper acquisitions. He played the percentages and he always played to win."

The reference to dice-playing drew some quiet chuckles. One of Knight's reputed exploits was his winning $5,000 in a craps game on a homeward-bound troop ship at the end of World War I.

"Entrepreneur, reporter, sportsman, business executive, a writer of clarity and grace, publisher, philanthropist, columnist—but first and last an editor. Nothing else was a close second," Hills said.

Irascible too Hills was bound to admit. He said Knight's marriage to Betty Augustus six years ago rejuvenated him, that her benign influence was appreciated by more people than just her husband.

"He . . . proudly proclaimed himself the 'new Knight'—he was patient, sweet, lovable, contented and agreeable."

Pause. "Well, up to a point," Hills said, and the mourners smiled again.

"When I commented one day that he was never irascible anymore, he said he would probably prove me wrong in 24 hours. He did. He picked up one of his papers and complained that the type was too small to read."

Hills concluded: "And so, Jack, we are here today to say goodby to you as we did so recently to Betty. We honor you, not with tears, but with unforgettable remembrance. We shall miss you personally as a friend. We shall miss you professionally as a colleague."

TEXT OF EULOGY FOR KNIGHT

(Here is the text of the eulogy for John S. Knight, editor emeritus of Knight-Ridder Newspapers. It was delivered by Lee Hills, Knight-Ridder director and editorial chairman emeritus.)

We are gathered here to bid our last farewell to a remarkable man—father, brother, professional colleague and friend.

It is difficult not to be sad in the face of the terrible finality of death. But let's put that aside. Instead, let us be joyous, let us celebrate the fact that we witnessed a life lived long and well.

I stand here very humbly aware of the awesome assignment that I have to translate the deep emotions of the heart into language in some meaningful way.

John Shively Knight was not a person you would easily forget. Our memories of him are vivid and lasting.

He was a strong and forceful leader. He exuded confidence and what we call "presence," which enhanced his qualities of wisdom and intellect. He was not a person you overlooked. Wherever he sat was head of the table. By sheer strength of character, he achieved extraordinary stature.

For many years, from the time he and Jim Knight acquired The Miami Herald in 1937, he was conspicuous in the civic life of this community. He chaired committees and helped raise funds for a myriad of causes. People from all walks of life came to him for advice about the affairs of this, his second hometown. People would call and say every fall, "When is John Knight coming down? We need to talk to him." Freely given, that advice on more than one occasion rescued some local institution in trouble because of management or finances.

He was interested in everything. He loved horse racing and football, politics and world affairs, with genuine relish. He was a natural athlete and a champion golfer. He knew how to calculate the odds, whether in dice or in newspaper acquisitions. He played the percentages and he always played to win.

Jack had some flashes of his flamboyant and gifted father, C.L. Knight, and the caring and grace and humanity of his sensitive mother, Clara. It was a combination that made him a source of inspiration for those whose lives he touched. The more you knew him, the more you respected him.

He was equally at ease with presidents and printers, princes and preachers. He was a keen businessman with a hard-boiled, handsome flair that attracted both men and women.

His personal life was marked by great happiness and, yes, great tragedy, but he met the latter with courage of the highest order. He suffered sadness without surrender.

Some of his older friends remember with affection his first wife, Katie, mother of his three sons, and his second wife, Beryl, who shared nearly half his life.

He did not talk about it, but those close to him knew the strong thread of religious belief that ran through his life and of his many generous acts of charity.

If you read that his heart caused his death, don't believe it. There was nothing wrong with his heart, and it never failed him or anybody else. Indeed, he had a giant heart. His manner could sometimes be crusty and his wit caustic, but we remember him as a kind warm-hearted, dear friend. The heart governs understanding, and that was his special quality. It also ruled his unfailing sense of responsibility and public trust. He knew that ideals and traditions are not automatically carried on, so he worked to perpetuate them through others.

Jack Knight would not want us to linger long over his fabulous achievements. But he was a Renaissance man. He did it all:

Entrepreneur, reporter, sportsman, business executive, a writer of clarity and grace, publisher, philanthropist, columnist—but first and last an editor. Nothing else was a close second. In fact, he was at his office critiquing his papers the day he died.

He believed fiercely that newspapers must be independent editorially and economically, and that is the way he ran his. He practiced his profession of journalism with passion, energy and courage. He was an independent thinker. It was impossible to fit him into any slot. He loved being unpredictable.

He served his country in a variety of special missions. He repeatedly turned down bids to enter politics, and received countless letters from readers urging him to run for President. Over the years he was showered with honors.

His strong sense of integrity touched the lives of hundreds of journalists and millions of readers. He left a legacy of excellence.

In a career spanning most of this century, Jack Knight leaves an impressive mark on American journalism. As founder of today's most widely read newspaper group, his will be a continuing presence. Those who come after him have the guidance to continue the standards he set.

Jack's last five years were crowned with great happiness, brought by Betty Augustus Knight.

He not only loved Betty with all his heart—it was a joyful thing to see them together—but he also revered her in a way that made this a marriage of rare beauty—a wedding which was solemnized in this church.

He gave her full credit and proudly proclaimed himself the "new Knight"—he was patient, sweet, lovable, contented and agreeable—well, up to a point. When I commented one day that he was never irascible any more, he said he would probably prove me wrong in 24 hours. He did. He picked up one of his papers and complained the type was too small to read. That was typical. Jack would fret and stew over some minor annoyance, but if an editor or general manager really blew a big one when he was trying to do his best, Jack would usually comfort rather than scold him.

Betty brought a whole new dimension into Jack's life, and her large and loving family became part of it.

After she died last New Year's Day, he didn't get over it. He could not talk about her without a tear.

And so, Jack, we are here today to say goodby to you as we did so recently to Betty.

We honor you not with tears but with unforgettable remembrance.

We shall miss you personally as a friend.

We shall miss you professionally as a colleague.

You were one of us. We admire and respect you.

We love you, Jack, and we will treasure your memory.●

TAX BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CONYERS) is recognized for 60 minutes and to revise and extend his remarks.

Mr. CONYERS. Mr. Speaker, I would like to raise a question with my colleagues, particularly the distinguished member of the Committee on Ways and Means, who is or was here, because in this bidding war we have now conceded exists on both sides of the aisle, the question that now revolves is whether the Democratic committee version, which has been report-

ed, as I understand it, probably sometime last night or this morning, whether this precludes them from any more bidding. Since the administration has now topped everybody, does this in fact jeopardize the consolidation of support and votes that surround the committee bill?

And I am very concerned that we find out what the answer is to this before we leave.

□ 1620

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

Mr. CONYERS. I yield to the gentleman from Iowa.

Mr. BEDELL. It appears to me when you have a poker game with people bidding, you need to get in the game or you do not have to get in and bid. The concern I have is that there is presently a game going around everywhere. It is my contention, to make the excuse that you have to bid, is a very poor excuse. It appears to me very clearly what should be done by either the administration or the Ways and Means Committee is to put forth a proposal that they think is the best proposal and the proper proposal and that is the only way you can properly serve the American people.

If I read it correctly, that is exactly what the Black Caucus tried to do in the budget considerations as they put forth their proposal.

It would be my hope that the Black Caucus would do something similarly in regard to this opportunity and would not become involved in the poker game, but would simply say this is what I believe and would stand for that.

Mr. CONYERS. I thank the gentleman and I will continue to expect his support in these matters.

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

Mr. CONYERS. I yield to the gentleman from Massachusetts.

Mr. FRANK. I would like to say that I think this has served a useful purpose here today and I am glad that our colleague from across the aisle, from California, was stimulated to come and join the debate on the issues about which there has been too little discussion.

I am pleased to tell my colleagues and my friends I think it is now clear there will be amendments filed to this bill that will give us all a chance, we hope, to express some of our concerns.

The proper framework having been set in motion, I think we can rest assured as we adjourn today, that there will be an opportunity, if we continue to press, on Tuesday or Wednesday of next week, whenever the tax bill comes to the floor, for those of us who do not think the oil companies ought to be further cosseted and other special interests to be dealt with. I believe we will have an opportunity to do so.

Mr. CONYERS. Could I ask the gentleman from Massachusetts if he is familiar with this language—I am quoting:

> They went out and gave 2,500 wealthy speculators on the floors of the Chicago Board of Trade and other commodity exchanges a tax break of $400 million. Now couple that with what they have been doing in the oil fields, offering the oil producers 1,000-barrels-a-day exemption from the windfall profits tax; they do not have a poor man's bill, they are trying to buy their way to victory over us.

Mr. FRANK. I would have to confess that I am not familiar with that language.

Mr. CONYERS. Well, I was not either until very recently. It came from the Treasury Secretary, Mr. Donald Regan, talking about the Democratic version of the tax bill which is a little bit disappointing to me and makes it even more important that we consider as carefully as we can the implications of this measure.

I might say to my colleagues that after spending months debating the budget, for us to pass superficially or casually over the way that the tax laws of this country will be written and revised for the next several years, would be catastrophic to the national welfare, to the individual citizens and families in this country, and would be a very careless fulfillment of our obligation.

We write the tax laws; the House initiates them. It seems to me to be an incredibly important undertaking that commences next week.

Mr. FRANK. I was amused to learn that Donald Regan had that to say about tax provisions which the Republicans have now trumped and I await with eager anticipation and bated breath—which is different from a baited tax bill, which is what we also have—to see who it can attract. I am eager to see how ferociously the Secretary of the Treasury will denounce the tax bill, which his employer has sent over to us.

I am sorry our friend from California has left the floor, though I am pleased he may have caught the plane home. He asked when the Democratic tax bill was going to be printed, and through the good offices of my friend from Massachusetts, I have been presented with one.

So if the gentleman from California, as he packs, is listening, we do have a copy of H.R. 4242. We will leave it in the Republican cloakroom if he wants to pick it up for reading on the long flight home.

Mr. CONYERS. The gentleman's contribution has been very important. I would take further time to outline the congressional Black Caucus tax program, but it has been printed previously in the RECORD and there will be more consideration on it and it will be distributed to all of the Members starting on Monday.

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

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GAYDOS (at the request of Mr. WRIGHT) for today, on account of personal reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. SMITH of Oregon) to revise and extend their remarks and include extraneous material:)

Mr. LOTT, for 15 minutes, today.

Mr. GILMAN, for 5 minutes, today.

Mr. COLLINS of Texas, for 30 minutes, today.

(The following Members (at the request of Mr. HOYER) to revise and extend their remarks and include extraneous material:)

Mr. CROCKETT, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. STRATTON, for 5 minutes, today.

Mr. ALEXANDER, for 15 minutes, today.

Mr. FRANK, for 30 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. ADDABBO, for 60 minutes, on July 27.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. AUCOIN, to revise and extend his remarks prior to the vote on the Coughlin amendment.

Ms. OAKAR, to revise and extend her remarks, on H.R. 4144, immediately before the vote in the Committee of the Whole today.

Mrs. BOGGS, to place in the RECORD a list immediately following her remarks in the deliberations in the Committee of the Whole today.

(The following Members (at the request of Mr. SMITH of Oregon) and to include extraneous matter:)

Mr. RITTER.

Mr. BROWN of Ohio.

Mr. WYLIE.

Mr. CRAIG.

Mr. BEARD in four instances.

Mr. BROOMFIELD.

Mr. MARRIOTT in two instances.

Mr. DORNAN of California.

Mr. PAUL.

Mr. SMITH of New Jersey.

Mr. CARNEY.

Mr. LUJAN.

Mr. HOPKINS.

Mrs. ROUKEMA.
Mr. GREEN.
(The following Members (at the request of Mr. HOYER) and to include extraneous matter:)
Mr. D'AMOURS.
Mr. KASTENMEIER.
Mr. WAXMAN in two instances.
Mr. MATSUI.
Mr. DYSON.
Mr. WEAVER.
Mr. GARCIA in two instances.
Mr. ALEXANDER.
Mr. PATTERSON.
Mr. MOAKLEY.
Mr. LEHMAN in two instances.
Mr. DIXON.
Mr. BINGHAM.
Mr. PEPPER.
Mrs. SCHROEDER.
Mr. ANDREWS.
Mr. RAHALL.
Ms. OAKAR.
Mr. DONNELLY.
Mr. OTTINGER.
Mr. MOFFETT.

ADJOURNMENT

Mr. HOYER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 25 minutes p.m.), under its previous order, the House adjourned until Monday, July 27, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1886. A letter from the Secretary of Health and Human Services, transmitting the third annual report on drug abuse prevention, treatment, and rehabilitation, covering fiscal year 1980, pursuant to section 405(b) of the Drug Abuse Office and Treatment Act of 1972, as amended (92 Stat. 1268); to the Committee on Energy and Commerce.

1887. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to U.S.C. XXX 112b(a); to the Committee on Foreign Affairs.

1888. A letter from the Assistant Secretary of Housing and Urban Development for Adminstration, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations

1889. A letter from the Administrator of General Services, transmitting reports on building project surveys for Huntsville and Decatur, Ala. and Florence, Ala.; to the Committee on Public Works and Transportation.

1890. A letter from the Administrator of General Services, transmitting a prospectus proposing a succeeding lease for space located at 500 Dallas Avenue, Houston, Tex.; to the Committee on Public Works and Transportation.

1891. A letter from the Acting Comptroller General of the United States, transmitting an assessment of the reporting requirements of the Bank Secrecy Act (GGD-81-80, July 23, 1981); jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs.

1892. A letter from the Acting Comptroller General of the United States, transmitting a report on the fund distribution formula and management controls in the Head Start program (HRD-81-83, July 23, 1981); jointly, to the Committees on Government Operations and Education and Labor.

1893. A letter from the Acting Comptroller General of the United States, transmitting a report on consumer products advertised to save energy (HRD-81 -85, July 24, 1981); jointly, to the Committee on Government Operations and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 1855. A bill to grant the consent of Congress to the city of Boston to construct, maintain, and operate a causeway and fixed-span bridge in and over Fort Point Channel, Boston, Massachusetts, with amendments (Rept. No. 97-196). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 1898. A bill to designate the building known as the Quincy Post Office in Quincy, Massachusetts, as the "James A. Burke Post Office" (Rept. No. 97-197). Referred to the House Calendar.

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 4182. A bill to extend the airport development aid program through fiscal year 1981 (Rept. No. 97-198). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 4074. A bill to revise the laws pertaining to the Maritime Administration with amendments (Rept. No. 97-199). Referred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee on Foreign Affairs. Report submitted pursuant to section 302 of the Congressional Budget Act of 1974 (Rept. No. 97-200). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 4242. A bill to amend the Internal Revenue Code of 1954 to encourage economic growth through reductions in individual income tax rates, the expensing of depreciable property, incentives for small business, and incentives for savings and for other purposes (Rept. No. 97-201). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEARD:
H.R. 4257. A bill to amend section 4205 of title 18 of the United States Code to provide in Federal criminal cases that two-thirds of a prison sentence must be served in order to be eligible for parole, and increasing to 25 years the portion of a life sentence or sentences of over 30 years that must be served to be eligible for parole; to the Committee on the Judiciary.

H.R. 4258. A bill to amend section 924 of title 18, United States Code, to revise the mandatory penalty for the use of a firearm during the commission of a felony, and for other purposes; to the Committee on the Judiciary.

H.R. 4259. A bill to amend titles 18 and 28 of the United States Code to eliminate, and establish an alternative to, the exclusionary rule in Federal criminal proceedings; to the Committee on the Judiciary.

By Mr. CONABLE (for himself and Mr. HANCE):
H.R. 4260. A bill to amend the Internal Revenue Code of 1954 to encourage economic growth through reduction of the tax rates for individual taxpayers, acceleration of capital cost recovery of investment in plant, equipment, and real property, and incentives for savings, and for other purposes; to the Committee on Ways and Means.

By Mr. BEARD.
H.R. 4261. A bill to amend the Controlled Substances Act and Controlled Substances Import and Export Act to provide mandatory minimum sentences for violations involving large quantities of marihuana, cocaine, and opium derivatives, and to establish conditions under which certain individuals may be denied bail; jointly to the Committees on the Judiciary and Energy and Commerce.

By Mr. CONYER:
H.R. 4262. A bill to amend the Internal Revenue Code of 1954 to encourage economic growth and improve fairness through reductions in individual income tax rates, reform of the treatment of depreciable property, incentives for small business, and for other purposes; to the Committee on Ways and Means.

By Mr. HENDON (for himself, Mr. JONES of North Carolina, Mr. FOUNTAIN, Mr. WHITLEY, Mr. ANDREWS, Mr. NEAL, Mr. JOHNSTON, Mr. ROSE, Mr. HEFNER, Mr. MARTIN OF NORTH CAROLINA, MR. BROYHILL, Mr. PHILLIP BURTON, Mr. CHENEY, Mr. CLAUSEN, Mr. DE LA GARZA, Mr. FOLEY, Mr. LUJAN, Mr. UDALL, Mr. WAMPLER, and Mr. YOUNG of Alaska):
H.R. 4263. A bill to authorize the Secretary of the Interior and the Secretary of Agriculture to designate the "Roy A. Taylor Forest" in the Nantahala National Forest, Jackson County, N.C. and erect appropriate signs and markings at a suitable location on the Blue Ridge Parkway to commemorate the "Roy A. Taylor Forest"; to the Committee on Interior and Insular Affairs.

By Mr. HUGHES:
H.R. 4264. A bill to amend chapter 207 of title 18 of the United States Code with respect to detention of defendants before trial in criminal cases; to the Committee on the Judiciary.

By Mr. LUJAN:
H.R. 4265. A bill to amend and supplement the acreage limitation and residency provisions of the Federal reclamation law, as amended and supplemented, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MARRIOTT (for himself and Mr. MARTIN of New York):

H.R. 4266. A bill to amend the Strategic and Critical Materials Stock Piling Revision Act of 1979 in order to prescribe the method for determining the quantity of any material to be stockpiled under such act, and for other purposes; to the Committee on Armed Services.

By Mr. RINALDO:

H.R. 4267. A bill to require the inspection of imported meat and meat food products, to require the grading of meat and meat food products, to require the Secretary of Agriculture to establish a labeling system for meat and meat food products, and for other purposes; to the Committee on Agriculture.

By Mr. SANTINI:

H.R. 4268. A bill to provide hospital care facilities operated by the Veterans' Administration within a reasonable distance of veterans with service-connected disabilities who live in the area of Las Vegas, Nev.; to the Committee on Veterans' Affairs.

By Mr. UDALL (for himself, Mr. OBEY, Mr. REUSS, Mr. FAZIO, Mr. LOWRY of Washington, Mr. D'AMOURS, Mr. SABO, Mr. MCHUGH, Mr. MILLER of California, Mr. GORE, Mr. OBERSTAR, and Mr. WAXMAN):

H.R. 4269. A bill to amend the Internal Revenue Code of 1954 to reduce individual and business income taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. WILLIAMS of Montana:

H.R. 4270. A bill requiring the use of underground structures for public buildings whenever appropriate; to the Committee on Public Works and Transportation.

By Mr. GONZALEZ:

H. Res. 196. Resolution providing for the impeachment of Paul A. Volcker, Chairman of the Board of Governors of the Federal Reserve System; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 116: Mr. LAGOMARSINO and Mr. HOYER.

H.R. 123: Mr. GINGRICH.

H.R. 1914: Mr. HOYER.

H.R. 2322: Mr. ANNUNZIO and Mr. DANNEMEYER.

H.R. 2859: Mr. JAMES K. COYNE.

H.R. 3262: Mr. MURPHY, Mr. CLAY, Mr. PATTERSON, Mr. WOLPE, Mr. KRAMER, Mr. LOWRY of Washington, Mr. BAFALIS, Mr. KILDEE, Mr. BEDELL, and Mr. SIMON.

H.R. 3268: Mr. NELSON.

H.R. 3375: Mr. SMITH of Iowa and Ms. OAKAR.

H.R. 3412: Mr. EDWARDS of Oklahoma, Mr. WAXMAN, Mr. PEASE, Mr. LOWRY of Washington, Mr. LUNDINE, Mr. DYMALLY, Mr. CONYERS, Mr. NEAL, Mr. STUDDS, and Mr. WEAVER.

H.R. 3465: Mr. WOLPE and Mrs. HOLT.

H.R. 3485: Mr. GRAMM.

H.R. 3599: Mr. JEFFRIES.

H.R. 3911: Mr. MURPHY, Mrs. CHISHOLM, Mr. OTTINGER, Mr. WOLPE, and Mr. LEBOUTILLIER.

H.R. 3958: Mr. LOWRY of Washington, Mr. LAFALCE, Mr. ADDABBO, Mr. SCHUMER, Mr. CHAPPELL, Mr. RAILSBACK, Mr. HANSEN of Idaho, Mr. DICKS, and Mr. BOWEN.

H.R. 3960: Mr. FAZIO and Mr. GOODLING.

H.R. 4059: Mr. DAUB.

H.R. 4074: Mr. HUGHES, Mr. BREAUX, Mr. BONKER, Mr. FOGLIETTA, Mr. DYSON, Mr. HUTTO, Mr. OBERSTAR, Mr. ANDERSON, Mr. SNYDER, Mr. FORSYTHE, Mr. PRITCHARD, Mr. YOUNG of Alaska, Mr. LENT, Mr. EMERY, Mr. EVANS of Delaware, Mr. DAVIS, Mr. CARNEY, Mr. DOUGHERTY, Mr. SHUMWAY, Mr. FIELDS, Mrs. SCHNEIDER, Mr. SHAW, and Mr. BOWEN.

H.R. 4212: Mr. DYSON, Mr. LEHMAN, Mr. DAUB, and Mr. BROOMFIELD.

H.J. Res. 174: Ms. MIKULSKI, Mr. MATSUI, Mr. TRAXLER, Mr. WRIGHT, Mr. TAUZIN, Mr. ROSENTHAL, Mr. DICKS, Mr. COTTER, Mr. BARNARD, Mr. RAILSBACK, Mr. ALEXANDER, Mr. FINDLEY, Mr. GRISHAM, Mr. O'BRIEN, Mr. DIXON, Mr. DAUB, Mr. EVANS of Delaware, Mr. DYMALLY, Mr. YATRON, Mr. BREAUX, Mr. BARNES, Mr. GREEN, Mr. FRANK, Mr. HUNTER, Mr. WEBER of Ohio, Mrs. SMITH of Nebraska, Mr. BROWN of Ohio, Mr. YOUNG of Missouri, Mr. WAMPLER, Mr. SMITH of Iowa, Mr. HOWARD, Mr. PHILLIP BURTON, Mrs. BOUQUARD, Mr. MARKEY, Mr. BOLAND, Mr. BOWEN, Mr. OTTINGER, Mr. JACOBS, Mr. EMERY, and Mr. HAMILTON.

H. Con. Res. 160: Ms. OAKAR.

H. Res. 101: Mr. BEDELL.

H. Res. 176: Mr. AUCOIN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

147. By the SPEAKER: Petition of the Democratic Club of North Dade, North Miami Beach, Fla., relative to Israel's strike at Iraq's nuclear facility; to the Committee on Foreign Affairs.

148. Also, petition of the City Council, New York, N.Y., relative to Raoul Wallenberg; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3275

By Mr. SENSENBRENNER:

—Strike all after the enacting clause, and insert in lieu thereof the following:

That this Act may be cited as the Civil Rights Commission Authorization Act of 1982.

SEC. 2. Section 106 of the Civil Rights Act of 1957 (42 U.S.C. 1975e), as amended is further amended to read as follows:

"SEC. 106. For the purposes of carrying out this Act, there is hereby authorized to be appropriated for the fiscal year ending September 30, 1982, the sum of $12,318,000 together with such additional amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law which arise subsequent to the date of the enactment of the Civil Rights Commission Authorization Act of 1982.".

H.R. 4242

By Mr. ALEXANDER:

(Amendment offered by Mr. ALEXANDER to the Michel-Conable substitute.)

—At the appropriate place in title I insert the following new section:

SEC. . TAX REDUCTIONS TAKE EFFECT ONLY AFTER A BALANCED FEDERAL BUDGET ACHIEVED.

(a) GENERAL RULE.—Notwithstanding any provision of this subtitle—

(1) no amendment made by this subtitle shall apply to any taxable year beginning before the calendar year described in subsection (b), and

(2) the amendments made by this subtitle shall apply to any taxable years beginning in the calendar year described in subsection (b) and in calendar years thereafter in the same manner as they would have without regard to this section.

(b) YEAR IN WHICH AMENDMENTS TAKE EFFECT.—For purposes of subsection (a), the calendar year described in this subsection is the first calendar year (after 1980) which begins after the close of a fiscal year with respect to which the Secretary of the Treasury determined that there was no deficit in the Federal budget.

—Add at the end of subtitle A of title I the following new section:

SEC. 103. TAX REDUCTIONS TAKE EFFECT ONLY AFTER A BALANCED FEDERAL BUDGET ACHIEVED.

(a) GENERAL RULE.—Notwithstanding any provision of this subtitle—

(1) no amendment made by this subtitle shall apply to any taxable year beginning before the calendar year described in subsection (b), and

(2) the amendments made by this subtitle shall apply to taxable years beginning in the calendar year described in subsection (b) and in calendar years thereafter in the same manner as they would have without regard to this section.

(b) YEAR IN WHICH AMENDMENTS TAKE EFFECT.—For purposes of subsection (a), the calendar year described in this subsection is the first calendar year (after 1980) which begins after the close of a fiscal year with respect to which the Secretary of the Treasury determined that there was no deficit in the Federal budget.

(Amendment offered by Mr. ALEXANDER: to the Obey substitute.)

—At the appropriate place in title I insert the following new section:

SEC. . TAX REDUCTIONS TAKE EFFECT ONLY AFTER A BALANCED FEDERAL BUDGET ACHIEVED.

(a) GENERAL RULE.—Notwithstanding any provision of this subtitle—

(1) no amendment made by this subtitle shall apply to any taxable year beginning before the calendar year described in subsection (b), and

(2) the amendments made by this subtitle shall apply to taxable years beginning in the calendar year described in subsection (b) and in calendar years thereafter in the same manner as they would have without regard to this section.

(b) YEAR IN WHICH AMENDMENTS TAKE EFFECT.—For purposes of subsection (a), the calendar year described in this subsection is the first calendar year (after 1980) which begins after the close of a fiscal year with respect to which the Secretary of the Treasury determined that there was no deficit in the Federal budget.

By Mr. PHILLIP BURTON:

—Strike from H.R. 4242 title V (tax straddles) in its entirety, and substitute therefore the following language:

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Straddle Tax Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. POSTPONEMENT OF RECOGNITION OF LOSSES, ETC.

(a) GENERAL RULE.—Part VII of subchapter O of chapter 1 (relating to wash sales of stock or securities) is amended by adding at the end thereof the following new section:

"SEC. 1092. STRADDLES.

"(a) GENERAL RULE.—In the case of a straddle—

"(1) that portion of any loss with respect to such straddle which exceeds the recognized gain with respect to such straddle shall be treated as sustained not earlier than the close of the balanced period, and

"(2) the running of the holding period for each position which is part of such straddle shall be suspended for the balanced period.

"(b) STRADDLE DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'straddle' means offsetting positions with respect to personal property.

"(2) OFFSETTING POSITIONS.—A taxpayer holds offsetting positions with respect to personal property if there is a substantial diminution of the taxpayer's risk of loss from holding any position with respect to personal property by reason of his holding 1 or more other positions with respect to personal property (whether or not of the same kind).

"(3) PRESUMPTION.—

"(A) IN GENERAL.—For purposes of paragraph (2), 2 or more positions shall be presumed to be offsetting if—

"(i) the positions are customarily treated as offsetting positions (whether or not such positions are called a straddle, butterfly, or any similar name),

"(ii) the aggregate margin requirement for such positions is lower than the sum of the margin requirements for each such position (if held separately), or

"(iii) there are such other factors as the Secretary may by regulations prescribe as indicating that such positions are offsetting.

"(B) PRESUMPTION MAY BE REBUTTED.—Any presumption established pursuant to subparagraph (A) may be rebutted if the taxpayer establishes to the satisfaction of the Secretary that the positions were not offsetting.

"(c) BALANCED PERIOD.—

"(1) IN GENERAL.—For purposes of this section, the term 'balanced period' means any period during which the taxpayer holds the straddle plus the 30-day period after the day on which the positions which make up the straddle cease to be offsetting.

"(2) SHORTENING OF 30-DAY PERIOD WHERE TAXPAYER DISPOSES OF ALL POSITIONS.—If, before the close of the 30-day period specified in paragraph (1), the taxpayer disposes of all of the positions which make up a straddle, the balanced period shall be treated as ending on the day on which the taxpayer makes the last such disposition.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PERSONAL PROPERTY.—The term 'personal property' means—

"(A) commodities,

"(B) evidences of indebtedness,

"(C) currency, and

"(D) any other type of personal property (other than publicly traded stock which is not commodity substitute stock).

"(2) POSITION.—

"(A) IN GENERAL.—The term 'position' means an interest (including a futures contract or option).

"(B) SUCCESSOR POSITION.—If the taxpayer (within the period beginning 30 days before and ending 30 days after the date of the disposition of a position) acquires a successor position, such successor position—

"(i) shall be treated as the same position as the position to which it succeeds, and

"(ii) shall be treated as held on each day which intervenes between the disposition of the interest which it succeeds and the day on which such successor interest is acquired.

For purposes of the preceding sentence, personal property acquired by the taxpayer pursuant to a futures contract, option, or other interest shall be treated as a successor position to such interest.

"(3) POSITIONS HELD BY RELATED PERSONS, ETC.—

"(A) IN GENERAL.—In determining whether two or more positions are offsetting, the taxpayer shall be treated as holding any position held by a related person.

"(B) RELATED PERSON.—For purposes of subparagraph (A), a person is a related person to the taxpayer if—

"(i) the relationship between such person and the taxpayer would result in a disallowance of losses under section 267 or 707(b), or

"(ii) such person and the taxpayer are under common control (within the meaning of subsection (b) or (c) of section 414).

For purposes of clause (i), an individual's family shall consist only of such individual, such individual's spouse, and a child of such individual who has not attained the age of 18.

"(C) CERTAIN FLOW-THROUGH ENTITIES.—If part or all of the gain or loss with respect to a position held by a partnership, trust, or other entity would properly be taken into account for purposes of this chapter by a taxpayer with respect to whom the entity is not a related person, then, except to the extent otherwise provided in regulations—

"(i) such position shall be treated as held by the taxpayer, and

"(ii) the offsetting positions held by the taxpayer shall be treated as held by the entity.

"(4) PUBLICLY TRADED STOCK; COMMODITY SUBSTITUTE STOCK.—

"(A) PUBLICLY TRADED STOCK.—The term 'publicly traded stock' means any stock of a corporation which is regularly traded on an established securities market.

"(B) COMMODITY SUBSTITUTE STOCK.—The term 'commodity substitute stock' means any stock of a corporation 80 percent or more in value of the business and investment assets of which consist of interests in commodities. For purposes of this subparagraph, the term 'business and investment assets' means assets used or held for use in the trade or business, and assets held for investment.

"(e) EXCEPTION FOR HEDGING TRANSACTIONS.—This section shall not apply in the case of any hedging transaction (as defined in section 1256(e)).

"(f) CROSS REFERENCE.—

"For provision requiring capitalization of certain interest and carrying charges where there is a straddle, see section 263(g)."

(b) CLERICAL AMENDMENTS.—

(1) The table of sections for such part VII is amended by adding at the end thereof the following new item:

"Sec. 1092. Straddles."

(2) The heading for such part VII is amended to read as follows:

"PART VII—WASH SALES; STRADDLES".

(3) The table of parts for subchapter O of chapter 1 is amended by striking out the item relating to part VII and inserting in lieu thereof the following:

"PART VII—WASH SALES; STRADDLES".

SEC. 3. CAPITALIZATION OF CERTAIN INTEREST AND CARRYING CHARGES IN THE CASE OF STRADDLES.

Section 263 (relating to capital expenditures) is amended by adding at the end thereof the following new subsection:

"(g) CERTAIN INTEREST AND CARRYING COSTS IN THE CASE OF STRADDLES.—

"(1) GENERAL RULE.—No deduction shall be allowed for interest and carrying charges properly allocable to personal property which is part of a straddle (as defined in section 1092(b)). Any amount not allowed as a deduction by reason of the preceding sentence shall be chargeable to the capital account with respect to the personal property to which such amount relates.

"(2) INTEREST AND CARRYING CHARGES DEFINED.—For purposes of paragraph (1), the term 'interest and carrying charges' means—

"(A) interest on indebtedness incurred or continued to purchase or carry the personal property, and

"(B) amounts paid or incurred to insure, store, or transport the personal property.

"(3) EXCEPTION FOR HEDGING TRANSACTIONS.—This subsection shall not apply in the case of any hedging transaction (as defined in section 1256(e))."

SEC. 4. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1256. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

"(a) GENERAL RULE.—For purposes of this subtitle—

"(1) each regulated futures contract held by the taxpayer at the close of the taxable year shall be treated as sold for its fair market value (and any gain or loss shall be taken into account for the taxable year),

"(2) proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account by reason of paragraph (1),

"(3) any gain or loss with respect to a regulated futures contract shall be treated as—

"(A) short-term capital gain or loss, to the extent of percent of such gain or loss, and

"(B) long-term capital gain or loss, to the extent of percent of such gain or loss, and

"(4) if all the offsetting positions making up any straddle consist of regulated futures contracts to which this section applies, sections 1092 and 263(g) shall not apply with respect to such straddle.

"(b) REGULATED FUTURES CONTRACTS DEFINED.—For purposes of this section, the term 'regulated futures contract' means a contract—

"(1) which requires delivery of personal property (as defined in section 1092(d)(1)) or an interest in such property,

"(2) with respect to which the amount required to be deposited and the amount which may be withdrawn depends on a system of marking to market, and

"(3) which is subject to the rules of a domestic board of trade or domestic exchange or of any foreign board of trade or foreign exchange which the Secretary determines has rules adequate to carry out the purposes of this section.

"(c) TERMINATIONS.—The rules of paragraphs (1), (2), and (3) of subsection (a)

shall also apply to the termination during the taxable year of the taxpayer's obligation with respect to a regulated futures contract by taking or making delivery or otherwise. For purposes of the preceding sentence, fair market value at the time of the termination shall be taken into account.

"(d) ELECTIONS WITH RESPECT TO MIXED STRADDLES.—

"(1) ALL POSITIONS UNDER MARK TO MARKET.—The taxpayer may elect to have this section apply to all positions of each mixed straddle of the taxpayer in the same manner as if all such positions were regulated futures contracts.

"(2) ALL POSITIONS UNDER SECTION 1092.—The taxpayer may elect to have this section not to apply to all regulated futures contracts—

"(A) which are part of a mixed straddle, and

"(B) which, before the close of the day on which acquired by the taxpayer, are clearly identified as being part of a mixed straddle.

"(3) TIME AND MANNER.—An election under paragraph (1) or (2) shall be made at such time and in such manner as the Secretary may by regulations prescribe.

"(4) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under paragraph (1) or (2) shall apply to the taxpayer's taxable year for which made and to all subsequent taxable years, unless the Secretary consents to a revocation of such election.

"(5) MIXED STRADDLE.—For purposes of this subsection, the term 'mixed straddle' means any straddle (as defined in section 1092(b)) if at least one (but not all) of the positions which are a part of such straddle are regulated futures contracts.

"(e) MARK TO MARKET NOT TO APPLY TO HEDGING TRANSACTIONS.—

"(1) SECTION NOT TO APPLY.—Subsection (a) shall not apply in the case of a hedging transaction.

"(2) DEFINITIONS.—

"(A) HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any transaction if—

"(i) such transaction is entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to reduce risks from price movements of inventory held or to be held by the taxpayer, and

"(ii) before the close of the day on which such transaction was entered into, the taxpayer clearly identifies such transaction as being a hedging transaction.

"(B) INVENTORY.—For purposes of this subsection, the term 'inventory' means property described in paragraph (1) of section 1221.

"(3) SPECIAL RULE FOR SYNDICATES.—

"(A) IN GENERAL.—Notwithstanding paragraph (2)(A), the term 'hedging transaction' shall not include any transaction entered into by a syndicate.

"(B) SYNDICATE DEFINED.—For purposes of subparagraph (A), the term 'syndicate' means any partnership or other entity (other than a C corporation)—

"(i) if at any time interests in such entity have been offered for sale in any offering required to be registered with any Federal or State agency having authority to regulate the offering of securities for sale, or

"(ii) if more than 35 percent of the losses of such entity during any period are allocable to limited partners or limited entrepreneurs.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) C CORPORATION.—The term 'C corporation' means any corporation other than an electing small business corporation (as defined in section 1371(b)).

"(ii) HOLDING ATTRIBUTABLE TO ACTIVE MANAGEMENT.—An individual shall not be treated as a limited partner or limited entrepreneur with respect to any entity for any period during which such individual actively participates in the management of such entity.

"(f) SPECIAL RULES.—

"(1) DENIAL OF CAPITAL GAINS TREATMENT FOR PROPERTY IDENTIFIED AS PART OF A HEDGING TRANSACTION.—For purposes of this title, gain from any property shall in no event be considered as gain from the sale or exchange of a capital asset if such property was at any time identified under subsection (e)(2)(A)(ii) by the taxpayer as being part of a hedging transaction.

"(2) SUBSECTION (a)(3) NOT TO APPLY TO ORDINARY INCOME PROPERTY.—Paragraph (3) of subsection (a) shall not apply to any gain or loss which, but for such paragraph, would be ordinary income or loss."

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"SEC. 1256. REGULATED FUTURES CONTRACTS MARKED TO MARKET."

SEC. 5. CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.

Section 1212 (relating to capital loss carrybacks and carryovers) is amended by adding at the end thereof the following new subsection:

"(c) CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.—

"(1) IN GENERAL.—If a taxpayer (other than than a corporation) has a net commodity futures loss for the taxable year and elects to have this subsection apply to such taxable year, the amount of such net commodity futures loss—

"(A) shall be a carryback to each of the 3 taxable years preceding the loss year, and

"(B) to the extent that, after the application of paragraphs (2) and (3), such loss is allowed as a carryback to any such preceding taxable year—

"(i) percent of the amount so allowed shall be treated as a short-term capital loss from regulated futures contracts, and

"(ii) percent of the amount so allowed shall be treated as a long-term capital loss from regulated futures contracts.

"(2) AMOUNT CARRIED TO EACH TAXABLE YEAR.—The entire amount of the net commodity futures loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried back under paragraph (1). The portion of such loss which shall be carried to each of the 2 other taxable years to which such loss may be carried back shall be the excess (if any) of such loss over the portion of such loss which, after the application of paragraph (3), was allowed as a carryback for any prior taxable year.

"(3) AMOUNT WHICH MAY BE USED IN ANY PRIOR TAXABLE YEAR.—An amount shall be allowed as a carryback under paragraph (1) to any prior taxable year only to the extent—

"(A) such amount does not exceed the net commodity futures gain for such year, and

"(B) the allowance of such carryback does not increase or produce a net operating loss (as defined in section 172(c)) for such year.

"(4) NET COMMODITY FUTURES LOSS.—For purposes of paragraph (1), the term 'net commodity futures loss' means the lesser of—

"(A) the net capital loss for the taxable year determined by taking into account only gains and losses from regulated futures contracts, or

"(B) the sum of the amounts which, but for paragraph (6)(A), would be treated as capital losses in the succeeding taxable year under subparagraphs (A) and (B) of subsection (b)(1).

"(5) NET COMMODITY FUTURES GAIN.—For purposes of paragraph (1)—

"(A) IN GENERAL.—The term 'net commodity futures gain' means the lesser of—

"(i) the capital gain net income for the taxable year determined by taking into account only gains and losses from regulated futures contract, or

"(ii) the capital gain net income for the taxable year.

"(B) SPECIAL RULE.—The net commodity futures gain for any taxable year before the loss year shall be computed without regard to the net commodity futures loss for the loss year or for any taxable year thereafter.

"(6) COORDINATION WITH CARRYFORWARD PROVISIONS OF SUBSECTION (b)(1).—

"(A) CARRYFORWARD AMOUNT REDUCED BY AMOUNT USED AS CARRYBACK.—For purposes of applying subsection (b)(1), if any portion of the net commodity futures loss for any taxable year is allowed as a carryback under paragraph (1) to any preceding taxable year—

"(i) percent of the amount allowed as a carryback shall be treated as a short-term capital gain for the loss year, and

"(ii) percent of the amount allowed as a carryback shall be treated as a long-term capital gain for the loss year.

"(B) CARRYOVER LOSS RETAINS CHARACTER AS ATTRIBUTABLE TO REGULATED FUTURES CONTRACT.—Any amount carried forward as a short-term or long-term capital loss to any taxable year under subsection (b)(1) (after the application of subparagraph (A)) shall, to the extent attributable to losses from regulated futures contracts, be treated as loss irom regulated futures contracts for such taxable year.

"(7) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) REGULATED FUTURES CONTRACT.—The term 'regulated futures contract' means any regulated futures contract (as defined in section 1256(b)) to which section 1256 applies. Such term includes any position treated as a regulated futures contract under section 1256(d)(1).

"(B) EXCLUSION FOR ESTATES AND TRUSTS.—This subsection shall not apply to any estate or trust."

SEC. 6. CERTAIN GOVERNMENTAL OBLIGATIONS ISSUED AT DISCOUNT TREATED AS CAPITAL ASSETS.

(a) GENERAL RULE.—Section 1221 (defining capital asset) is amended by striking out paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) TREATMENT OF AMOUNTS RECEIVED ON SALE OR OTHER DISPOSITION.—Subsection (a) of section 1232 (relating to bonds and other evidences of indebtedness) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—

"(A) IN GENERAL.—On the sale or exchange of any short-term Government obligation, any gain realized which does not exceed an amount equal to the pro rata share of the acquisition discount shall be treated as ordinary income. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held less than 1 year.

"(B) SHORT-TERM GOVERNMENT OBLIGATION.—For purposes of this paragraph, the term 'short-term Government obligation' means any obligation of the United States

or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia which is issued on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue. Such term does not include any obligation the interest on which is not includible in gross income under section 103 (relating to certain governmental obligations).

"(C) ACQUISITION DISCOUNT.—For purposes of this paragraph, the term 'acquisition discount' means the excess of the stated redemption price at maturity over the taxpayer's basis for the obligation.

"(D) RATABLE SHARE.—For purposes of this paragraph, the ratable share of the acquisition discount is an amount which bears the same ratio to such discount as—

"(i) the number of days which the taxpayer held the obligation bears to

"(ii) the number of days after the date the taxpayer acquired the obligation and up to (and including) the date of its maturity."

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (D) of section 1231(b)(1) is amended by striking out "paragraph (6)" and inserting in lieu thereof "paragraph (5)".

(2) Subparagraph (B) of section 341(c)(2) is amended by striking out "(and governmental obligations described in section 1221(5))".

SEC. 7. PROMPT IDENTIFICATION OF SECURITIES BY DEALERS IN SECURITIES.

Subsection (a) of section 1236 (relating to dealers in securities) is amended—

(1) by striking out "before the expiration of the 30th day after the date of its acquisition" and inserting in lieu thereof "before the close of the day on which it was acquired", and

(2) by striking out "expiration of such 30th day" and inserting in lieu thereof "close of such day".

SEC. 8. TREATMENT OF GAIN OR LOSS FROM CERTAIN TERMINATIONS.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1234 the following new section:

SEC. 1234A. GAINS OR LOSSES FROM CERTAIN TERMINATIONS.

"Gain or loss attributable to the cancellation, lapse, expiration, or other termination of a right or obligation with respect to personal property (as defined in section 1092(d)(1)) which is (or on acquisition would be) a capital asset in the hands of the taxpayer shall be treated as gain or loss from the sale of a capital asset."

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by inserting after the item relating to section 1234 the following new item:

"Sec. 1234A. Gains or losses from certain terminations."

SEC. 9. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendment made by this Act shall apply to property acquired by the taxpayer after May 5, 1981, in taxable years ending after such date.

(b) IDENTIFICATION REQUIREMENTS.—

(1) UNDER SECTION 1236 OF CODE.—The amendments made by section 7 shall apply to property acquired by the taxpayer after the date of the enactment of this Act in taxable years ending after such date.

(2) UNDER SECTION 1256(e)(2)(A) OF CODE.—Clause (ii) of section 1256(e)(2)(A) of the Internal Revenue Code of 1954 (as added by this Act) shall apply to property acquired by the taxpayer after December 31, 1981, in taxable years ending after such date.

(c) ELECTION WITH RESPECT TO PROPERTY HELD ON MAY 5, 1981.—If the taxpayer so elects (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe), the amendments made by this Act shall also apply to regulated futures contracts or personal property held by the taxpayer on May 5, 1981, effective for periods after such date in taxable years ending after such date. For purposes of the preceding sentence, the term "regulated futures contract" has the meaning given to such term by section 1256(b) of the Internal Revenue Code of 1954, and the term "personal property" has the meaning given to such term by section 1092(d)(1) of such Code.

(d) NO CARRYBACK TO YEARS ENDING BEFORE MAY 5, 1981.—No amount shall be allowed as a carryback under section 1212(c) of the Internal Revenue Code of 1954 to any taxable year ending on or before May 5, 1981.

—Strike from H.R. 4242, section 321, Exclusion of Interest on Certain Savings Certificates (the All Savers Plan).

Strike from H.R. 4260 (the Conable-Hance substitute to H.R. 4242), section 301, Exclusion of Interest on Certain Savings Certificates (the All Savers Plan).

By Mr. DASCHLE:

(An amendment to H.R. 4242, as reported, and to any amendment in the nature of a substitute to H.R. 4242, the Tax Incentive Act of 1981.)

—At the end of title I of the bill, insert the following new section:

SEC. . DELAY IN RATE REDUCTIONS FOR 1982, 1983, AND 1984 IF FEDERAL SPENDING EXCEEDS REVENUES.

(a) DELAYED APPLICATION.—

(1) IN GENERAL.—In the case of calendar years 1982, 1983, and 1984, if total outlays exceed total revenues for the fiscal year ending in such calendar year, the individual income tax rate and withholding schedules which would otherwise take effect for taxable years beginning in such calendar year shall not take effect.

(2) EXCESS OF OUTLAYS OVER REVENUES DETERMINED UNDER BUDGET RESOLUTION.—For purposes of paragraph (1), the determination of whether total outlays exceed total revenues for a fiscal year shall be such determination as specified in the second concurrent resolution on the budget (and any further concurrent resolution on the budget under section 310 of the Congressional Budget Act of 1974) adopted by the Congress before the end of the calendar year ending in such fiscal year.

(b) PRIOR YEAR'S SCHEDULE TO REMAIN IN EFFECT IF OUTLAYS EXCEED REVENUES.—If, by reason of subsection (a), schedules do not go in effect for taxable years beginning in a calendar year, the schedules in effect for taxable years beginning in the preceding calendar year shall continue to apply.

(c) RATE REDUCTIONS TO COMMENCE WHEN REVENUES EXCEED OUTLAYS.—If any scheduled tax reduction does not go into effect during the calendar year for which it is scheduled by reason of subsection (a), any reduction scheduled to go into effect in subsequent years shall take effect as scheduled unless precluded by the application of paragraph (1).

By Mrs. FENWICK:

—Strike out section 121 and insert in lieu thereof the following:

SEC. 221. ELIMINATION OF THE MARRIAGE PENALTY.

(a) IN GENERAL.—

(1) TAX IMPOSED.—So much of subsection (c) of section 1 (relating to tax imposed) as precedes the table is amended to read as follows:

"(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS) AND CERTAIN MARRIED INDIVIDUALS.—There is hereby imposed on the taxable income of—

"(1) every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)),

"(2) every married individual (as defined in section 143) who—

"(A) does not make a single return jointly with his spouse under section 6013,

"(B) who elects at such time and in such manner as the Secretary prescribes, to have this subsection apply, and

"(C) whose spouse elects, at such time and in such manner as the Secretary prescribes, to have the provisions of this subsection apply, a tax determined in accordance with the following table:".

(2) SPECIAL RULES FOR MARRIED INDIVIDUALS ELECTING SECTION 1(c).—Section 1 is amended by adding at the end thereof the following new subsection:

"(f) MARRIED INDIVIDUAL ELECTING SUBSECTION (c).—In the case of a married individual (as defined in section 143) who elects to have the provisions of subsection (c) apply with respect to his taxable income for any taxable year—

"(1) DEDUCTIONS AND DEPENDENT EXEMPTIONS.—The amount of any—

"(A) deduction allowable by part VI or VII of subchapter B to such individual or the spouse of such individual for the taxable year, or

"(B) personal exemption allowable under section 151(e) to such individual or the spouse of such individual for the taxable year,

shall be allocated between such individual and the spouse of such individual so that 50 percent of such amount is allocated (and allowed as a deduction) to such individual.

"(2) INCOME FROM JOINTLY OWNED PROPERTY.—The income (other than earned income) received by such individual and the spouse of such individual during the taxable year from property held by such individual and the spouse of such individual as tenants in common, joint tenants, or tenants by the entirety, shall be allocated between such individual and the spouse of such individual. The amount allocated to an individual under the preceding sentence shall be an amount which bears the same relationship to such income as the amount of such individual's gross income for the taxable year (determined without regard to this subsection) bears to the sum of—

"(A) such individual's gross income for the taxable year (determined without regard to this subsection), plus

"(B) the gross income of the spouse of such individual for the taxable year (determined without regard to this subsection).

"(3) COMMUNITY PROPERTY LAWS.—The computation of such individual's taxable income shall be made without regard to any community property laws.

"(4) EARNED INCOME.—For purposes of this subsection, the term 'earned income' has the meaning given such term in section 911(d)(2) or 401(c)(2)(C).".

(b) CONFORMING AMENDMENTS.—

(1) Subsection (d) of section 1 is amended—

(A) by inserting "Certain" before "Married" in the heading thereof, and

(B) by inserting ", or who does not elect to have the provisions of subsection (c) apply," after "section 6013".

(2) Subsection (d) of section 63 (relating to the definition of taxable income) is amended—

(A) by inserting ", or who is married and makes an election under section 1(c)" before the comma at the end of paragraph (2), and

(B) by inserting "under section 1(d)" after "return" in paragraph (3).

(3) Clause (i) of section 6012(a)(1)(A) (relating to persons required to make returns of income) is amended—

(A) by striking out ", is not" and inserting in lieu thereof "and is not", and

(B) by inserting "or who is married (as so determined) and makes an election under section 1(c)," before "and for the taxable year".

(4) Subsection (c) of section 42 (relating to general tax credit) is amended by inserting "under subsection (d) of section 1" after "return".

(5) Section 44A (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(A) by inserting ", or a married individual who makes an election under section 1(c) for such year" after "year" the first place it appears in subsection (e)(1)(A),

(B) by inserting "and who has not so elected" after "year" the first place it appears in subsection (e)(1)(B),

(C) by inserting "Certain" before "Married" in the heading of subsection (f)(2), and

(D) by inserting "or make the election provided under section 1(c) for such year" before the period at the end of subsection (f)(2).

(c) FORMS.—The Secretary shall provide a form which enables a married individual electing the provisions of section 1(c) of the Internal Revenue Code of 1954 and the spouse of such individual to make their respective returns of income for the taxable year (required under section 6012 of such Code) on the same form.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1981.

By Mr. FRANK:

—Strike out title V of the bill and insert in lieu thereof the following:

TITLE V—TAX STRADDLES

SEC. 501. POSTPONEMENT OF RECOGNITION OF LOSSES, ETC.

(a) GENERAL RULE.—Part VII of subchapter O of chapter 1 (relating to wash sales of stock or securities) is amended by adding at the end thereof the following new section:

SEC. 1092. STRADDLES.

"(a) RECOGNITION OF LOSS IN CASE OF STRADDLES, ETC.—

"(1) LIMITATION ON RECOGNITION OF LOSS.—

"(A) IN GENERAL.—Any loss with respect to 1 or more positions shall be taken into account for any taxable year only to the extent that the amount of such loss exceeds the unrealized gain (if any) with respect to 1 or more positions which—

"(i) were acquired by the taxpayer before the disposition giving rise to such loss,

"(ii) were offsetting positions with respect to the 1 or more positions from which the loss arose, and

"(iii) were not part of an identified straddle as of the close of the taxable year.

"(B) CARRYOVER OF LOSS.—Any loss which may not be taken into account under subparagraph (A) for any taxable year shall, subject to the limitations under subparagraph (A), be treated as sustained in the succeeding taxable year.

"(2) SPECIAL RULE FOR IDENTIFIED STRADDLES.—

"(A) IN GENERAL.—In the case of any straddle which is an identified straddle as of the close of any taxable year—

"(i) paragraph (1) shall not apply for such taxable year, and

"(ii) any loss with respect to such straddle shall be treated as sustained not earlier than the day on which all of the positions making up the straddle are disposed of.

"(B) IDENTIFIED STRADDLE.—The term 'identified straddle' means any straddle—

"(i) which is clearly identified on the taxpayer's records, before the close of the day on which the straddle is acquired, as an identified straddle,

"(ii) all of the original positions of which (as identified by the taxpayer) are acquired on the same day and with respect to which—

"(I) all of such positions are disposed of on the same day during the taxable year, or

"(II) none of such positions has been disposed of as of the close of the taxable year, and

"(iii) which is not part of a larger straddle.

"(3) UNREALIZED GAIN.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'unrealized gain' means the amount of gain which would be taken into account with respect to any position held by the taxpayer as of the close of the taxable year if such position were sold on the last business day of such taxable year at its fair market value.

"(B) REPORTING OF GAIN.—

"(i) IN GENERAL.—Each taxpayer shall disclose to the Secretary, at such time and in such manner and form as the Secretary may prescribe by regulations—

"(I) each position (whether or not part of a straddle) which is held by such taxpayer as of the close of the taxable year and with respect to which there is unrealized gain, and

"(II) the amount of such unrealized gain.

"(ii) REPORTS NOT REQUIRED IN CERTAIN CASES.—Clause (i) shall not apply—

"(I) to any position which is part of an identified straddle,

"(II) to any position which, with respect to the taxpayer, is property described in paragraph (1) or (2) of section 1221 or to any position which is part of a hedging transaction (as defined in section 1256(e)), or

"(III) with respect to any taxable year if no loss on a position (including a regulated futures contract) has been sustained during such taxable year or if the only loss sustained on such position is a loss described in subclause (II).

"(b) CHARACTER OF GAIN OR LOSS; WASH SALES.—Under regulations prescribed by the Secretary, in the case of gain or loss with respect to any position of a straddle, rules which are similar to the rules of subsections (a) and (d) of section 1091 and of subsections (b) and (d) of section 1233 and which are consistent with the purposes of this section shall apply.

"(c) STRADDLE DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'straddle' means offsetting positions with respect to personal property.

"(2) OFFSETTING POSITIONS.—

"(A) IN GENERAL.—A taxpayer holds offsetting positions with respect to personal property if there is a substantial diminution of the taxpayer's risk of loss from holding any position with respect to personal property by reason of his holding 1 or more other positions with respect to personal property (whether or not of the same kind).

"(B) ONE SIDE LARGER THAN OTHER SIDE.—If 1 or more positions offset only a portion of 1 or more other positions, the Secretary shall by regulations prescribe the method for determining the portion of such other positions which is to be taken into account for purposes of this section.

"(3) PRESUMPTION.—

"(A) IN GENERAL.—For purposes of paragraph (2), 2 or more positions shall be presumed to be offsetting if—

"(i) the positions are in the same personal property (whether established in such property or a contract for such property),

"(ii) the positions are in the same personal property, even though such property may be in a substantially altered form,

"(iii) the positions are in debt instruments of a similar maturity or other debt instruments described in regulations prescribed by the Secretary,

"(iv) the positions are sold or marketed as offsetting positions (whether or not such positions are called a straddle, spread, butterfly, or any similar name),

"(v) the aggregate margin requirement for such positions is lower than the sum of the margin requirements for each such position (if held separately), or

"(vi) there are such other factors (or satisfaction of subjective or objective tests) as the Secretary may by regulations prescribe as indicating that such positions are offsetting.

For purposes of the preceding sentence, 2 or more positions shall be treated as described in clause (i), (ii), (iii), or (vi) only if the value of 1 or more of such positions ordinarily varies inversely with the value of 1 or more other such positions.

"(B) PRESUMPTION MAY BE REBUTTED.—Any presumption established pursuant to subparagraph (A) may be rebutted.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PERSONAL PROPERTY.—The term 'personal property' means any personal property (other than stock) of a type which is actively traded.

"(2) POSITION.—

"(A) IN GENERAL.—The term 'position' means an interest (including a futures or forward contract or option) in personal property.

"(B) SPECIAL RULE FOR STOCK OPTIONS.—The term 'position' includes any stock option which is a part of a straddle and which is an option to buy or sell stock which is actively traded, but does not include a stock option which—

"(i) is traded on a domestic exchange, and

"(ii) is of a type with respect to which the maximum period during which such option may be exercised is less than the minimum period for which a capital asset must be held for gain to be treated as long-term capital gain under section 1222(3).

"(3) POSITIONS HELD BY RELATED PERSONS, ETC.—

"(A) IN GENERAL.—In determining whether 2 or more positions are offsetting, the taxpayer shall be treated as holding any position held by a related person.

"(B) RELATED PERSON.—For purposes of subparagraph (A), a person is a related

person to the taxpayer if with respect to any period during which a position is held by such person, such person—

"(i) is the spouse of the taxpayer, or

"(ii) files a consolidated return (within the meaning of section 1501) with the taxpayer for any taxable year which includes a portion of such period.

"(C) CERTAIN FLOWTHROUGH ENTITIES.—If part or all of the gain or loss with respect to a position held by a partnership, trust, or other entity would properly be taken into account for purposes of this chapter by a taxpayer, then, except to the extent otherwise provided in regulations, such position shall be treated as held by the taxpayer.

"(4) SPECIAL RULE FOR REGULATED FUTURES CONTRACTS.—In the case of a straddle—

"(A) at least 1 (but not all) of the positions of which are regulated futures contracts, and

"(B) with respect to which the taxpayer has not elected to have the provisions of section 1256 apply.

the provisions of this section shall apply to any regulated futures contract and any other position making up such straddle.

"(5) REGULATED FUTURES CONTRACT.—The term 'regulated futures contract' has the same meaning given such term by section 1256(b).

"(e) EXCEPTION FOR HEDGING TRANSACTIONS.—This section shall not apply in the case of any hedging transaction (as defined in section 1256(e)).

"(f) CROSS REFERENCE.—

"For provision requiring capitalization of certain interest and carrying charges where there is a straddle, see section 263(g).".

(b) PENALTY FOR FAILURE TO DISCLOSE.—Section 6653 (relating to failure to pay tax) is amended by adding at the end thereof the following new subsection:

"(g) SPECIAL RULE IN CASES OF FAILURE TO REPORT UNREALIZED GAIN ON POSITION IN PERSONAL PROPERTY.—If—

"(1) a taxpayer fails to make the report required under section 1092(a)(3)(B) in the manner prescribed by such section and such failure is not due to reasonable cause, and

"(2) such taxpayer has an underpayment of any tax attributable (in whole or in part) to the denial of a deduction of a loss with respect to any position (within the meaning of section 1092(d)(2)).

then such underpayment shall, for purposes of subsection (a), be treated as an underpayment due to negligence or intentional disregard of rules and regulations (but without intent to defraud).".

(c) APPLICATION WITH SECTION 1233.—Paragraph (2) of section 1233(e) (Defining property to which section applies) is amended by inserting ", but does not include any position to which section 1092(b) applies" after "taxpayer" in subparagraph (A).

(d) CLERICAL AMENDMENTS.—

(1) The table of sections for such part VII is amended by adding at the end thereof the following new item:

"Sec. 1092. Straddles.".

(2) The heading for such part VII is amended to read as follows:

"PART VII—WASH SALES; STRADDLES".

(3) The table of parts for subchapter O of chapter 1 is amended by striking out the item relating to part VII and inserting in lieu thereof the following:

"PART VII. WASH SALES; STRADDLES.".

SEC. 502. CAPITALIZATION OF CERTAIN INTEREST AND CARRYING CHARGES IN THE CASE OF STRADDLES.

Section 263 (relating to capital expenditures) is amended by adding at the end thereof the following new subsection:

"(g) CERTAIN INTEREST AND CARRYING COSTS IN THE CASE OF STRADDLES.—

"(1) GENERAL RULE.—No deduction shall be allowed for interest and carrying charges properly allocable to personal property which is part of a straddle (as defined in section 1092(c)). Any amount not allowed as a deduction by reason of the preceding sentence shall be chargeable to the capital account with respect to the personal property to which such amount relates.

"(2) INTEREST AND CARRYING CHARGES DEFINED.—For purposes of paragraph (1), the term 'interest and carrying charges' means the excess of—

"(A) the sum of—

"(i) interest on indebtedness incurred or continued to purchase or carry the personal property, and

"(ii) amounts paid or incurred to insure, store, or transport the personal property, over

"(B) the sum of—

"(i) the amount of interest (including original issue discount) includible in gross income for the taxable year with respect to the property described in subparagraph (A), and

"(ii) any amount treated as ordinary income under section 1232(a)(4)(A) with respect to such property for the taxable year.

"(3) EXCEPTION FOR HEDGING TRANSACTIONS.—This subsection shall not apply in the case of any hedging transaction (as defined in section 1256(e)).".

SEC. 503. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1256. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

"(a) GENERAL RULE.—For purposes of this subtitle—

"(1) each regulated futures contract held by the taxpayer at the close of the taxable year shall be treated as sold for its fair market value on the last business day of such taxable year (and any gain or loss shall be taken into account for the taxable year),

"(2) proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account by reason by paragraph (1),

"(3) any gain or loss with respect to a regulated futures contract shall be treated as—

"(A) short-term capital gain or loss, to the extent of 40 percent of such gain or loss, and

"(B) long-term capital gain or loss, to the extent of 60 percent of such gain or loss, and

"(4) if all the offsetting positions making up any straddle consist of regulated futures contracts to which this section applies (and such straddle is not part of a larger straddle), sections 1092 and 263(g) shall not apply with respect to such straddle.

"(b) REGULATED FUTURES CONTRACTS DEFINED.—For purposes of this section, the term 'regulated futures contract' means a contract—

"(1) which requires delivery of personal property (as defined in section 1092(d)(1)) or an interest in such property;

"(2) with respect to which the amount required to be deposited and the amount which may be withdrawn depends on a system of marking to market; and

"(3) which is traded on or subject to the rules of a domestic board of trade designated as a contract market by the Commodity Futures Trading Commission or of any board of trade or exchange which the Secretary determines has rules adequate to carry out the purposes of this section.

"(c) TERMINATIONS.—The rules of paragraphs (1), (2), and (3) of subsection (a) shall also apply to the termination during the taxable year of the taxpayer's obligation with respect to a regulated futures contract by offsetting, by taking or making delivery, or otherwise. For purposes of the preceding sentence, fair market value at the time of the termination shall be taken into account.

"(d) ELECTIONS WITH RESPECT TO MIXED STRADDLES.—

"(1) ELECTIONS.—The taxpayer may elect to have this section—

"(A) apply to all positions of all mixed straddles of the taxpayer in the same manner as if all such positions were regulated futures contracts; or

"(B) not apply to all regulated futures contracts which are part of all mixed straddles.

"(2) TIME AND MANNER.—An election under paragraph (1) shall be made at such time and in such manner as the Secretary may by regulations prescribe.

"(3) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under paragraph (1) shall apply to the taxpayer's taxable year for which made and to all subsequent taxable years, unless the Secretary consents to a revocation of such election.

"(4) MIXED STRADDLE.—For purposes of this subsection, the term 'mixed straddle' means any straddle (as defined in section 1092(c))—

"(A) at least 1 (but not all) of the positions of which are regulated futures contracts, and

"(B) with respect to which each position forming part of such straddle is clearly identified, before the close of the day on which such position is acquired, as being part of such straddle.

"(e) MARKED TO MARKET NOT TO APPLY TO HEDGING TRANSACTIONS.—

"(1) SECTION NOT TO APPLY.—Subsection (a) shall not apply in the case of a hedging transaction.

"(2) DEFINITION OF HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any transaction if—

"(A) such transaction is entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily—

"(i) to reduce risk of price change or currency fluctuations with respect to property which is held or to be held by the taxpayer, or

"(ii) to reduce risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or obligations incurred or to be incurred, by the taxpayer,

"(B) the gain or loss on such transactions is treated as ordinary income or loss, and

"(C) before the close of the day on which such transaction was entered into, the taxpayer clearly identifies such transaction as being a hedging transaction.

"(3) SPECIAL RULE FOR SYNDICATES.—

"(A) IN GENERAL.—Notwithstanding paragraph (2), the term 'hedging transaction' shall not include any transaction entered into by a syndicate.

"(B) SYNDICATE DEFINED.—For purposes of subparagraph (A), the term 'syndicate'

means any partnership or other entity (other than a C corporation)—

"(i) if at any time interests in such entity have been offered for sale in any offering required to be registered with any Federal or State agency having authority to regulate the offering of securities for sale, or

"(ii) if more than 35 percent of the losses of such entity during any period are allocable to limited partners or limited entrepreneurs (within the meaning of section 464(e)(2)).

In the case of any person which is a dealer in securities, the Secretary may on a case-by-case basis increase the percentage under clause (ii).

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) C CORPORATION.—The term 'C corporation' means any corporation other than an electing small business corporation (as defined in section 1371(b)).

"(ii) HOLDING ATTRIBUTABLE TO ACTIVE MANAGEMENT.—An individual shall not be treated as a limited partner or limited entrepreneur (within the meaning of section 464(e)(2)) with respect to any entity for any period during which such individual actively participates in the management of such entity.

"(f) SPECIAL RULES.—

"(1) DENIAL OF CAPITAL GAINS TREATMENT FOR PROPERTY IDENTIFIED AS PART OF A HEDGING TRANSACTION.—For purposes of this title, gain from any property shall in no event be considered as gain from the sale or exchange of a capital asset if such property was at any time identified under subsection (e)(2)(C) by the taxpayer as being part of a hedging transaction.

"(2) SUBSECTION (a)(3) NOT TO APPLY TO ORDINARY INCOME PROPERTY.—Paragraph (3) of subsection (a) shall not apply to any gain or loss which, but for such paragraph, would be ordinary income or loss.".

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1256. Regulated futures contracts marked to market.".

SEC. 504. CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.

Section 1212 (relating to capital loss carrybacks and carryovers) is amended by adding at the end thereof the following new subsection:

"(c) CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.—

"(1) IN GENERAL.—If a taxpayer (other than a corporation) has a net commodity futures loss for the taxable year and elects to have this subsection apply to such taxable year, the amount of such net commodity futures loss—

"(A) shall be a carryback to each of the 3 taxable years preceding the loss year, and

"(B) to the extent that, after the application of paragraphs (2) and (3), such loss is allowed as a carryback to any such preceding taxable year—

"(i) 40 percent of the amount so allowed shall be treated as a short-term capital loss from regulated futures contracts, and

"(ii) 60 percent of the amount so allowed shall be treated as a long-term capital loss from regulated futures contracts.

"(2) AMOUNT CARRIED TO EACH TAXABLE YEAR.—The entire amount of the net commodity futures loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried back under paragraph (1). The portion of such loss which shall be carried to each of the 2 other taxable years to which such loss may be carried back shall be the excess (if any) of such loss over the portion of such loss which, after the application of paragraph (3), was allowed as a carryback for any prior taxable year.

"(3) AMOUNT WHICH MAY BE USED IN ANY PRIOR TAXABLE YEAR.—An amount shall be allowed as a carryback under paragraph (1) to any prior taxable year only to the extent—

"(A) such amount does not exceed the net commodity futures gain for such year, and

"(B) the allowance of such carryback does not increase or produce a net operating loss (as defined in section 172(c)) for such year.

"(4) NET COMMODITY FUTURES LOSS.—For purposes of paragraph (1), the term 'net commodity futures loss' means the lesser of—

"(A) the net capital loss for the taxable year determined by taking into account only gains and losses from regulated futures contracts and positions to which section 1256 applies, or

"(B) the sum of the amounts which, but for paragraph (6)(A), would be treated as capital losses in the succeeding taxable year under subparagraphs (A) and (B) of subsection (b)(1).

"(5) NET COMMODITY FUTURES GAIN.—For purposes of paragraph (1)—

"(A) IN GENERAL.—The term 'net commodity futures gain' means the lesser of—

"(i) the capital gain net income for the taxable year determined by taking into account only gains and losses from regulated futures contracts, or

"(ii) the capital gain net income for the taxable year.

"(B) SPECIAL RULE.—The net commodity futures gain for any taxable year before the loss year shall be computed without regard to the net commodity futures loss for the loss year or for any taxable year thereafter.

"(6) COORDINATION WITH CARRYFORWARD PROVISIONS OF SUBSECTION (b)(1).—

"(A) CARRYFORWARD AMOUNT REDUCED BY AMOUNT USED AS CARRYBACK.—For purposes of applying subsection (b)(1), if any portion of the net commodity futures loss for any taxable year is allowed as a carryback under paragraph (1) to any preceding taxable year—

"(i) 40 percent of the amount allowed as a carryback shall be treated as a short-term capital gain for the loss year, and

"(ii) 60 percent of the amount allowed as a carryback shall be treated as a long-term capital gain for the loss year.

"(B) CARRYOVER LOSS RETAINS CHARACTER AS ATTRIBUTABLE TO REGULATED FUTURES CONTRACT.—Any amount carried forward as a short-term or long-term capital loss to any taxable year under subsection (b)(1) (after the application of subparagraph (A)) shall, to the extent attributable to losses from regulated futures contracts, be treated as loss from regulated futures contracts for such taxable year.

"(7) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) REGULATED FUTURES CONTRACT.—The term 'regulated futures contract' means any regulated futures contract (as defined in section 1256(b)) to which section 1256 applies. Such term includes any position treated as a regulated futures contract under section 1256(d)(1).

"(B) EXCLUSION FOR ESTATES AND TRUSTS.—This subsection shall not apply to any estate or trust.".

SEC. 505. CERTAIN GOVERNMENTAL OBLIGATIONS ISSUED AT DISCOUNT TREATED AS CAPITAL ASSETS.

(a) GENERAL RULE.—Section 1221 (defining capital asset) is amended by striking out paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(b) TREATMENT OF AMOUNTS RECEIVED ON SALE OR OTHER DISPOSITION.—Subsection (a) of section 1232 (relating to bonds and other evidences of indebtedness) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—

"(A) IN GENERAL.—On the sale or exchange of any short-term Government obligation, any gain realized which does not exceed an amount equal to the ratable share of the acquisition discount shall be treated as ordinary income. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held less than 1 year.

"(B) SHORT-TERM GOVERNMENT OBLIGATION.—For purposes of this paragraph, the term 'short-term Government obligation' means any obligation of the United States or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia which is issued on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue. Such term does not include any obligation the interest on which is not includible in gross income under section 103 (relating to certain governmental obligations.)

"(C) ACQUISITION DISCOUNT.—For purposes of this paragraph, the term 'acquisition discount' means the excess of the stated redemption price at maturity over the taxpayer's basis for the obligation.

"(D) RATABLE SHARE.—For purposes of this paragraph, the ratable share of the acquisition discount is an amount which bears the same ratio to such discount as—

"(i) the number of days which the taxpayer held the obligation, bears to

"(ii) the number of days after the date the taxpayer acquired the obligation and up to (and including) the date of its maturity.".

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (D) of section 1231(b)(1) is amended by striking out "paragraph (6)" and inserting in lieu thereof "paragraph (5)".

(2) Subparagraph (B) of section 341(c)(2) is amended by striking out "(and governmental obligations described in section 1221(5))".

SEC. 506. PROMPT IDENTIFICATION OF SECURITIES BY DEALERS IN SECURITIES.

Subsection (a) of section 1236 (relating to dealers in securities) is amended—

(1) by striking out "before the expiration of the 30th day after the date of its acquisition" and inserting in lieu thereof "before the close of the day on which it was acquired (before the close of the following day in the case of an acquisition before January 1, 1982)", and

(2) by striking out "expiration of such 30th day" and inserting in lieu thereof "close of such day".

SEC. 507. TREATMENT OF GAIN OR LOSS FROM CERTAIN TERMINATIONS.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1234 the following new section:

Sec. 234A. GAINS OR LOSSES FROM CERTAIN TERMINATIONS.

"Gain or loss attributable to the cancellation, lapse, expiration, or other termination of a right or obligation with respect to personal property (as defined in section 1092(d)(1)) which is (or on acquisition would be) a capital asset in the hands of the taxpayer shall be treated as gain or loss from the sale of a capital asset.".

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by inserting after the item relating to section 1234 the following new item:

"Sec. 1234A. Gains or losses from certain terminations.".

SEC. 508. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this title shall apply to property acquired and positions established by the taxpayer after June 23, 1981, in taxable years ending after such date.

(b) IDENTIFICATION REQUIREMENTS.—

(1) UNDER SECTION 1236 OF CODE.—The amendments made by section 506 shall apply to property acquired by the taxpayer after the date of the enactment of this Act in taxable years ending after such date.

(2) UNDER SECTION 1256(e)(2)(C) OF CODE.—Section 1256(e)(2)(C) of the Internal Revenue Code of 1954 (as added by this title) shall apply to property acquired and positions established by the taxpayer after December 31, 1981, in taxable years ending after such date.

(c) ELECTION WITH RESPECT TO PROPERTY HELD ON JUNE 23, 1981.—If the taxpayer so elects (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe) with respect to all regulated futures contracts or positions held by the taxpayer on June 23, 1981, the amendments made by this title shall apply to all such contracts and positions, effective for periods after such date in taxable years ending after such date. For purposes of the preceding sentence, the term "regulated futures contract" has the meaning given to such term by section 1256(b) of the Internal Revene Code of 1954, and the term "position" has the meaning given to such term by section 1092(d)(2) of such Code.

—Strike out section 601 of the bill.

By Mr. LEVITAS:

(Amendments to Conable-Hance; amendment in the nature of a substitute.)

—Add at the end of title I, subtitle A, the following new section:

"(5) TAX REDUCTIONS FOR 1983 AND 1984 ONLY IF CERTAIN CONDITIONS ARE MET.—

"(A) IN GENERAL.—Paragraphs (3) and (4) shall apply if (and only if) the Secretary determines, and publishes such determination in the Federal Register, before October 15, 1982, that all of the following conditions have been met:

"(i) The deficit in the Federal budget for fiscal year 1982 was $37.7 billion or less.

"(ii) The Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor Statistics, for September 1982 was 300 or less.

"(iii) The average investment yield for United States Treasury bills with maturities of 91 days (which were auctioned during the third quarter of calendar year 1982) was 8.5 percent or less.

"(B) TAX REDUCTIONS MAY TAKE EFFECT WITHOUT REGARD TO CONDITIONS IF CONGRESS AND PRESIDENT AGREE.—Notwithstanding subsection (a), paragraphs (3) and (4) shall apply if before November 1, 1982—

"(i) the President determines, and publishes such determination in the Federal Register, that such paragraphs shall apply, and

"(ii) neither House of Congress adopts a resolution indicating that such paragraphs shall not apply.

"(C) SCHEDULES FOR 1983 AND THEREAFTER IF CONDITIONS ARE NOT MET.—If paragraphs (3) and (4) do not apply, the Secretary shall, not later than November 15, 1982, prepare and publish in the Federal Register, the schedules which shall apply for taxable years beginning in 1983 and later. Such schedules shall reflect the tables under section 3402(a) which took effect on July 1, 1982, but as if such tables reflected a 5-percent reduction effective on such date."

Page 8, line 2, strike out "The schedules" and insert in lieu thereof "Except as provided in paragraph (5), the schedules".

Page 11, line 2, strike out "The schedules" and insert in lieu thereof "Except as provided in paragraph (5), the schedules".

Page 19, line 3, strike out "and".

Page 19, line 6, strike out "date.'" and insert in lieu thereof "date, and".

Page 19, after line 6, insert the following:

"(iii) on January 1, 1983, if paragraphs (3) and (4) of section 1(b) does not apply.'"

By Mr. LUKEN:

—After section 102 of the bill, insert the following:

SEC. 104. ADJUSTMENT TO INSURE THAT INFLATION WILL NOT RESULT IN TAX INCREASES.

(a) ADJUSTMENTS TO INDIVIDUAL INCOME TAX RATES.—Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(f) ADJUSTMENTS IN TAX TABLES SO THAT INFLATION WILL NOT RESULT IN TAX INCREASES.—

"(1) IN GENERAL.—Not later than December 15 of 1984 and each subsequent calendar year, the Secretary shall prescribe tables which shall apply in lieu of the tables contained in subsections (a), (b), (c), (d), and (e) with respect to taxable years beginning in the succeeding calendar year.

"(2) METHOD OF PRESCRIBING TABLES.—The table which under paragraph (1) is to apply in lieu of the table contained in subsection (a), (b), (c), (d), or (e), (which is in effect for taxable years beginning in the preceding calendar year), as the case may be, with respect to taxable years beginning in the following calendar year shall be prescribed—

"(A) by increasing—

"(i) the maximum dollar amount on which no tax is imposed under such table, and

"(ii) the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed under such table,

by the cost-of-living adjustment for such calendar year,

"(B) by not changing the rate applicable to any rate bracket as adjusted under subparagraph (A)(ii), and

"(C) by adjusting the amounts setting forth the tax to the extent necessary to reflect the adjustments in the rate brackets.

If any increase determined under subparagraph (A) is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10 (or if such increase is a multiple of $5, such increase shall be increased to the next highest multiple of $10).

"(3) COST-OF-LIVING ADJUSTMENT.—For purposes of paragraph (2), the cost-of-living adjustment for any calendar year is the percentage (if any) by which—

"(A) the CPI for the preceding calendar year, exceeds

"(B) the CPI for the calendar year 1983.

"(4) CPI FOR ANY CALENDAR YEAR.—For purposes of paragraph (3), the CPI for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on September 30 of such calendar year.

"(5) CONSUMER PRICE INDEX.—For purposes of paragraph (4), the term 'Consumer Price Index' means the Consumer Price Index for all-urban consumers published by the Department of Labor.".

(b) DEFINITION OF ZERO BRACKET AMOUNT.—Subsection (d) of section 63 (defining zero bracket amount) is amended to read as follows:

"(d) ZERO BRACKET AMOUNT.—For purposes of this subtitle, the term, 'zero bracket amount' means—

"(1) in the case of an individual to whom subsection (a), (b), (c), or (d) of section 1 applies, the maximum amount of taxable income on which no tax is imposed by the applicable subsection of section 1, or

"(2) zero in any other case.".

(c) PERSONAL EXEMPTIONS.—

(1) GENERAL RULE.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(2) EXEMPTION AMOUNT.—Section 151 is amended by adding at the end thereof the following new subsection:

"(f) EXEMPTION AMOUNT.—For purposes of this section, the term 'exemption amount' means, with respect to any taxable year, $1,000 increased by an amount equal to $1,000 multiplied by the cost-of-living adjustment (as defined in section 1(f)(3)) for the calendar year in which the taxable year begins. If the amount determined under the preceding sentence is not a multiple of $10, such amount shall be rounded to the nearest multiple of $10 (or if such amount is a multiple of $5, such amount shall be increased to the next highest multiple of $10).".

(d) RETURN REQUIREMENTS.—

(1) AMENDMENTS TO SECTION 6012.—

(A) Clause (i) of section 6012(a)(1)(A) is amended by striking out the dollar amount and inserting in lieu thereof "the sum of the exemption amount plus the zero bracket amount applicable to such an individual".

(3) Clause (ii) of section 6012(a)(i)(A) is amended by striking out the dollar amount and inserting in lieu thereof "the sum of the exemption amount plus the zero bracket amount applicable to such an individual".

(C) Clause (iii) of section 6012(a)(1)(A) is amended by striking out the dollar amount and inserting in lieu thereof "the sum of twice the exemption amount plust the zero bracket amount applicable to a joint return".

(D) Paragraph (1) of section 6012(a) is amended by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount".

(E) Paragraph (1) of section 6012(a) is amended by adding at the end thereof the following new subparagraph:

"(D) For purposes of this paragraph—

(i) The term 'zero bracket amount' has the meaning given to such term by section 63(d).

"(ii) The term 'exemption amount' has the meaning given to such term by section 151(f).".

(2) AMENDMENTS TO SECTION 6013.—Subparagraph (a) of section 6013(b) (3) is amended—

(A) by striking out "$1,000" each place it appears and inserting in lieu thereof "the exemption amount",

(B) by striking out "$2,000" each place it appears and inserting in lieu thereof "twice the exemption amount", and

(C) by adding at the end thereof the following new sentence "For purposes of this subparagraph, the term 'exemption amount' has the meaning given to such term by section 151(f).".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

By Mr. MOORE:

—Strike all of title II, subtitle F, "Treatment of Existing Carryovers of Certain Distressed Industries," beginning on page 150, line 1 through page 156, line 19.

By Mr. PEPPER:

—Paragraph (2) of section 221(b) of the Internal Revenue Code of 1954 (as proposed to be added by section 122 of the bill) is amended—

(1) by striking out clauses (ii) and (iii) of subparagraph (A) and redesignating clauses (iv) and (v) of such subparagraph as clauses (ii) and (iii), respectively, and

(2) by adding at the end thereof the following new sentence: "Such term includes an amount received as a pension or annuity which arises from an employer-employee relationship or from a tax-deductible contribution made to a retirement plan or Individual Retirement Account.".

—At end of title VII, add the following new section:

SEC. 709. BORROWING BY OLD-AGE AND SURVIVORS INSURANCE TRUST FUND FROM THE DISABILITY INSURANCE TRUST FUND OR HOSPITAL INSURANCE TRUST FUND.

Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(l)(1) If in any month the assets of the Federal old-age and survivors insurance trust fund are insufficient to provide that such trust fund shall have assets equal to or greater than 25 percent of the amount disbursed from that trust fund during the 12 immediately preceding months, the managing trustee may borrow (without interest) from the Federal disability insurance trust fund or the Federal hospital insurance trust fund, for deposit in the Federal old-age and survivors insurance trust fund, an amount not to exceed the difference between the assets of the Federal old-age and survivors insurance trust fund and 15 percent of the amount so disbursed from such trust fund.

"(2) If the assets of the Federal old-age and survivors insurance trust fund in any month equal or exceed 25 percent of the amount disbursed from that trust fund during the 12 immediately preceding months, all amounts that would otherwise thereafter be paid into that trust fund shall instead be paid into the above-mentioned trust fund from which the Federal old-age and survivors insurance trust fund has borrowed sums pursuant to paragraph (1), except so much as shall be required to maintain the assets of the Federal old-age and survivors insurance trust fund at 25 percent of the amount so disbursed, until the loan (or loans) under this subsection are repaid.".

By Mr. RAHALL:

—Paragraph (4) of section 168(b) of the Internal Revenue Code of 1954, as added by section 201 of the bill, is amended by adding at the end thereof the following new sentence: "Subparagraph (B) shall not apply to property described in section 48(1)(17)(A)(ii) with a present class life of 18 years or less."

Subsection (f) of section 168 of the Internal Revenue Code of 1954, as added by section 201 of the bill, is amended by adding at the end thereof the following:

"(8) CERTAIN COAL-RELATED POLLUTION CONTROL EQUIPMENT.—This subsection shall not apply to any property described in section 48(1)(17)(A)(ii)."

Paragraph (11) of section 48(a) of such Code, as added by section 201 of the bill, is amended by inserting before the period "and to any property described in 48(1)(17)(A)(ii)."

Subsection (b) of section 201 of the bill is amended by adding at the end thereof the following new paragraph:

(3) ENERGY PERCENTAGE TO APPLY TO COAL UTILIZATION PROPERTY.—

(A) Subparagraph (A) of section 48(1)(2) is amended by striking out "or" at the end of clause (viii), by inserting "or" at the end of clause (ix), and by inserting after clause (ix) the following new clause:

"(x) coal utilization property,".

(B) Subsection (1) of section 48 is amended by redesignating paragraph (17) as paragraph (18) and by inserting after paragraph (16) the following new paragraph:

"(17) ENERGY PERCENTAGE TO APPLY TO COAL UTILIZATION PROPERTY.—

"(A) COAL UTILIZATION PROPERTY.—The term 'coal utilization property' means public utility property which is—

"(i) a boiler or burner the primary fuel for which will be coal,

"(ii) pollution control equipment required (by Federal, State, or local regulations) to be installed in connection with equipment described in paragraph (1), or

"(iii) coal cleaning equipment.

"(B) SPECIAL RULE.—Paragraph (18) shall not apply to coal utilization property."

By Mr. SAVAGE:

—Strike out subtitle A of title II (relating to expense-method depreciation) and insert in lieu thereof the following:

Subtitle A—Shorter Useful Lives

SEC. 201. 30 PERCENT REDUCTION IN USEFUL LIVES.

(a) IN GENERAL.—Section 167 is amended by adding at the end thereof the following subsection:

"(t) 30 PERCENT REDUCTION IN USEFUL LIVES.—Notwithstanding any other provision of this section, the taxpayer shall be entitled to use a useful life for any property which is 30 percent less than the shortest useful life permitted under—

"(1) subsection (m) for such property, or

"(2) facts and circumstances, if no useful life for such property is prescribed under subsection (m)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 1980.

—Strike out title IV of the bill (relating to estate and gift tax provision).

By Mr. STARK:

—Strike out subsection (c) of section 810 of the bill (relating to effective date for property transferred to employees subject to certain restrictions) and insert in lieu thereof the following:

(c) EFFECTIVE DATE.—The amendment made by subsection (a), and the provisions of subsection (b), shall apply to transfers after July 21, 1981.

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By Mr. ALEXANDER:

—At the appropriate place in title I insert the following new section:

SEC. TAX REDUCTIONS TAKE EFFECT ONLY AFTER A BALANCED FEDERAL BUDGET ACHIEVED.

(a) GENERAL RULE.—Notwithstanding any provision of this subtitle—

(1) no amendment made by this subtitle shall apply to any taxable year beginning before the calendar year described in subsection (b), and

(2) the amendments made by this subtitle shall apply to taxable years beginning in the calendar year described in subsection (b) and in calendar years thereafter in the same manner as they would have without regard to this section.

(b) YEAR IN WHICH AMENDMENTS TAKE EFFECT.—For purposes of subsection (a), the calendar year described in this subsection is the first calendar year (after 1980) which begins after the close of a fiscal year with respect to which the Secretary of the Treasury determined that there was no deficit in the Federal budget.

By Mr. PHILLIP BURTON:

—Strike from H.R. 4260 (the Conable-Hance substitute to H.R. 4242) title V (tax straddles) in its entirety, and substitute therefore the following language:

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Straddle Tax Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. POSTPONEMENT OF RECOGNITION OF LOSSES, ETC.

(a) GENERAL RULE.—Part VII of subchapter 0 of chapter 1 (relating to wash sales of stock or securities) is amended by adding at the end thereof the following new section:

"SEC. 1092. STRADDLES.

"(a) GENERAL RULE.—In the case of a straddle—

"(1) that portion of any loss with respect to such straddle which exceeds the recognized gain with respect to such straddle shall be treated as sustained not earlier than the close of the balanced period, and

"(2) the running of the holding period for each position which is part of such straddle shall be suspended for the balanced period.

"(b) STRADDLE DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'straddle' means offsetting positions with respect to personal property.

"(2) OFFSETTING POSITIONS.—A taxpayer holds offsetting positions with respect to personal property if there is a substantial diminution of the taxpayer's risk of loss from holding any position with respect to personal property by reason of his holding 1 or more other positions with respect to personal property (whether or not of the same kind).

"(3) PRESUMPTION.—

"(A) IN GENERAL.—For purposes of paragraph (2), 2 or more positions shall be presumed to be offsetting if—

"(i) the positions are customarily treated as offsetting positions (whether or not such positions are called a straddle, butterfly, or any similar name),

"(ii) the aggregate margin requirement for such positions is lower than the sum of the margin requirements for each such position (if held separately), or

"(iii) there are such other factors as the Secretary may by regulations prescribe as indicating that such positions are offsetting.

"(B) PRESUMPTION MAY BE REBUTTED.—Any presumption established pursuant to subparagraph (A) may be rebutted if the taxpayer establishes to the satisfaction of the Secretary that the positions were not offsetting.

(c) BALANCED PERIOD.—

"(1) IN GENERAL.—For purposes of this section, the term 'balanced period' means any period during which the taxpayer holds the straddle plus the 30-day period after the day on which the positions which make up the straddle cease to be offsetting.

"(2) SHORTENING OF 30-DAY PERIOD WHERE TAXPAYER DISPOSES OF ALL POSITIONS.—If, before the close of the 30-day period specified in paragraph (1), the taxpayer disposes of all of the positions which make up a straddle, the balanced period shall be treated as ending on the day on which the taxpayer makes the last such disposition.

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PERSONAL PROPERTY.—The term 'personal property' means—

"(A) commodities,

"(B) evidences of indebtedness,

"(C) currency, and

"(D) any other type of personal property (other than publicly traded stock which is not commodity substitute stock).

"(2) POSITION.—

"(A) IN GENERAL.—The term 'position' means an interest (including a futures contract or option).

"(B) SUCCESSOR POSITION.—If the taxpayer (within the period beginning 30 days before and ending 30 days after the date of the disposition of a position) acquires a successor position, such successor position—

"(i) shall be treated as the same position as the position to which it succeeds, and

"(ii) shall be treated as held on each day which intervenes between the disposition of the interest which it succeeds and the day on which such successor interest is acquired.

For purposes of the preceding sentence, personal property acquired by the taxpayer pursuant to a futures contract, option, or other interest shall be treated as a successor position to such interest.

"(3) POSITIONS HELD BY RELATED PERSONS, ETC.—

"(A) IN GENERAL.—In determining whether 2 or more positions are offsetting, the taxpayer shall be treated as holding any position held by a related person.

"(B) RELATED PERSON.—For purposes of subparagraph (A), a person is a related person to the taxpayer if—

"(i) the relationship between such person and the taxpayer would result in a disallowance of losses under section 267 or 707(b), or

"(ii) such person and the taxpayer are under common control (within the meaning of subsection (b) or (c) of section 414).

For purposes of clause (i), an individual's family shall consist only of such individual, such individual's spouse, and a child of such individual who has not attained the age of 18.

"(C) CERTAIN FLOW-THROUGH ENTITIES.—If part or all of the gain or loss with respect to a position held by a partnership, trust, or other entity would properly be taken into account for purposes of this chapter by a taxpayer with respect to whom the entity is not a related person, then, except to the extent otherwise provided in regulations—

"(i) such position shall be treated as held by the taxpayer, and

"(ii) the offsetting positions held by the taxpayer shall be treated as held by the entity.

"(4) PUBLICLY TRADED STOCK; COMMODITY SUBSTITUTE STOCK.—

"(A) PUBLICLY TRADED STOCK.—The term 'publicly traded stock' means any stock of a corporation which is regularly traded on an established securities market.

"(B) COMMODITY SUBSTITUTE STOCK.—The term 'commodity substitute stock' means any stock of a corporation 80 percent or more in value of the business and investment assets of which consist of interests in commodities. For purposes of this subparagraph, the term 'business and investment assets' means assets used or held for use in the trade or business, and assets held for investment.

"(e) EXCEPTION FOR HEDGING TRANSACTIONS.—This section shall not apply in the case of any hedging transaction (as defined in section 1256(e)).

"(f) CROSS REFERENCE.—

"For provision requiring capitalization of certain interest and carrying charges where there is a straddle, see section 263(g)."

(b) CLERICAL AMENDMENTS.—

(1) The table of sections for such part VII is amended by adding at the end thereof the following new item:

"Sec. 1092. Straddles."

(2) The heading for such part VII is amended to read as follows:

"PART VII—WASH SALES; STRADDLES".

(3) The table of parts for subchapter O of chapter 1 is amended by striking out the item relating to part VII and inserting in lieu thereof the following:

"Part VII. Wash sales; straddles."

SEC. 3. CAPITALIZATION OF CERTAIN INTEREST AND CARRYING CHARGES IN THE CASE OF STRADDLES.

Section 263 (relating to capital expenditures) is amended by adding at the end thereof the following new subsection:

"(g) CERTAIN INTEREST AND CARRYING COSTS IN THE CASE OF STRADDLES.—

"(1) GENERAL RULE.—No deduction shall be allowed for interest and carrying charges properly allocable to personal property which is part of a straddle (as defined in section 1092(b)). Any amount not allowed as a deduction by reason of the preceding sentence shall be chargeable to the capital account with respect to the personal property to which such amount relates.

"(2) INTEREST AND CARRYING CHARGES DEFINED.—For purposes of paragraph (1), the term 'interest and carrying charges' means—

"(A) interest on indebtedness incurred or continued to purchase or carry the personal property, and

"(B) amounts paid or incurred to insure, store, or transport the personal property.

"(3) EXCEPTION FOR HEDGING TRANSACTIONS.—This subsection shall not apply in the case of any hedging transactions (as defined in section 1256(e))."

SEC. 4. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

(a) GENERAL RULE.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by adding at the end thereof the following new section:

"SEC. 1256. REGULATED FUTURES CONTRACTS MARKED TO MARKET.

"(a) GENERAL RULE.—For purposes of this subtitle—

"(1) each regulated futures contract held by the taxpayer at the close of the taxable year shall be treated as sold for its fair market value (and any gain or loss shall be taken into account for the taxable year),

"(2) proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account by reason of paragraph (1),

"(3) any gain or loss with respect to a regulated futures contract shall be treated as—

"(A) short-term capital gain or loss, to the extent of percent of such gain or loss, and

"(B) long-term capital gain or loss, to the extent of percent of such gain or loss, and

"(4) if all the offsetting positions making up any straddle consist of regulated futures contracts to which this section applies, sections 1092 and 263(g) shall not apply with respect to such straddle.

"(b) REGULATED FUTURES CONTRACTS DEFINED.—For purposes of this section, the term 'regulated futures contract' means a contract—

"(1) which requires delivery of personal property (as defined in section 1092(d)(1)) or an interest in such property,

"(2) with respect to which the amount required to be deposited and the amount which may be withdrawn depends on a system of marking to market, and

"(3) which is subject to the rules of a domestic board of trade or domestic exchange or of any foreign board of trade or foreign exchange which the Secretary determines has rules adequate to carry out the purposes of this section.

"(c) TERMINATIONS.—The rules of paragraphs (1), (2), and (3) of subsection (a) shall also apply to the termination during the taxable year of the taxpayer's obligation with respect to a regulated futures contract by taking or making delivery or otherwise. For purposes of the preceding sentence, fair market value at the time of the termination shall be taken into account.

"(d) ELECTIONS WITH RESPECT TO MIXED STRADDLES.—

"(1) ALL POSITIONS UNDER MARK TO MARKET.—The taxpayer may elect to have this section apply to all positions of each mixed straddle of the taxpayer in the same manner as if all such positions were regulated futures contracts.

"(2) ALL POSITIONS UNDER SECTION 1092.—The taxpayer may elect to have this section not to apply to all regulated futures contracts—

"(A) which are part of a mixed straddle, and

"(B) which, before the close of the day on which acquired by the taxpayer, are clearly identified as being part of a mixed straddle.

"(3) TIME AND MANNER.—An election under paragraph (1) or (2) shall be made at such time and in such manner as the Secretary may by regulations prescribe.

"(4) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under paragraph (1) or (2) shall apply to the taxpayer's taxable year for which made and to all subsequent taxable years, unless the Secretary consents to a revocation of such election.

"(5) MIXED STRADDLE.—For purposes of this subsection, the term 'mixed straddle' means any straddle (as defined in section 1092(b)) if at least 1 (but not all) of the positions which are a part of such straddle are regulated futures contracts.

"(e) MARK TO MARKET NOT TO APPLY TO HEDGING TRANSACTIONS.—

"(1) SECTION NOT TO APPLY.—Subsection (a) shall not apply in the case of a hedging transaction.

"(2) DEFINITIONS.—

"(A) HEDGING TRANSACTION.—For purposes of this subsection, the term 'hedging transaction' means any transaction if—

"(i) such transaction is entered into by the taxpayer in the normal course of the taxpayer's trade or business primarily to reduce risks from price movements of inventory held or to be held by the taxpayer, and

"(ii) before the close of the day on which such transaction was entered into, the taxpayer clearly identifies such transaction as being a hedging transaction.

"(B) INVENTORY.—For purposes of this subsection, the term 'inventory' means property described in paragraph (1) of section 1221.

"(3) SPECIAL RULE FOR SYNDICATES.—

"(A) IN GENERAL.—Notwithstanding paragraph (2)(A), the term 'hedging transaction' shall not include any transaction entered into by a syndicate.

"(B) SYNDICATE DEFINED.—For purposes of subparagraph (A), the term 'syndicate' means any partnership or other entity (other than a C corporation)—

"(i) if at any time interests in such entity have been offered for sale in any offering required to be registered with any Federal or State agency having authority to regulate the offering of securities for sale, or

"(ii) if more than 35 percent of the losses of such entity during any period are allocable to limited partners or limited entrepreneurs.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) C CORPORATION.—The term 'C corporation' means any corporation other than an electing small business corporation (as defined in section 1371(b)).

"(ii) HOLDING ATTRIBUTABLE TO ACTIVE MANAGEMENT.—An individual shall not be treated as a limited partner or limited entrepreneur with respect to any entity for any period during which such individual actively participates in the management of such entity.

"(f) SPECIAL RULES.—

"(1) DENIAL OF CAPITAL GAINS TREATMENT FOR PROPERTY IDENTIFIED AS PART OF A HEDGING TRANSACTION.—For purposes of this title, gain from any property shall in no event be considered as gain from the sale or exchange of a capital asset if such property was at any time identified under subsection (e)(2)(A)(ii) by the taxpayer as being part of a hedging transaction.

"(2) SUBSECTION (a)(3) NOT TO APPLY TO ORDINARY INCOME PROPERTY.—Paragraph (3) of subsection (a) shall not apply to any gain or loss which, but for such paragraph, would be ordinary income or loss."

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1256. Regulated futures contracts marked to market."

SEC. 5. CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.

Section 1212 (relating to capital loss carrybacks and carryovers) is amended by adding at the end thereof the following new subsection:

"(c) CARRYBACK OF LOSSES FROM REGULATED FUTURES CONTRACTS TO OFFSET PRIOR GAINS FROM SUCH CONTRACTS.—

"(1) IN GENERAL.—If a taxpayer (other than a corporation) has a net commodity futures loss for the taxable year and elects to have this subsection apply to such taxable year, the amount of such net commodity futures loss—

"(A) shall be a carryback to each of the 3 taxable years preceding the loss year, and

"(B) to the extent that, after the application of paragraphs (2) and (3), such loss is allowed as a carryback to any such preceding taxable year—

"(i) percent of the amount so allowed shall be treated as a short-term capital loss from regulated futures contracts, and

"(ii) percent of the amount so allowed shall be treated as a long-term capital loss from regulated futures contracts.

"(2) AMOUNT CARRIED TO EACH TAXABLE YEAR.—The entire amount of the net commodity futures loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried back under paragraph (1). The portion of such loss which shall be carried to each of the 2 other taxable years to which such loss may be carried back shall be the excess (if any) of such loss over the portion of such loss which, after the application of paragraph (3), was allowed as a carryback for any prior taxable year.

"(3) AMOUNT WHICH MAY BE USED IN ANY PRIOR TAXABLE YEAR.—An amount shall be allowed as a carryback under paragraph (1) to any prior taxable year only to the extent—

"(A) such amount does not exceed the net commodity futures gain for such year, and

"(B) the allowance of such carryback does not increase or produce a net operating loss (as defined in section 172(c)) for such year.

"(4) NET COMMODITY FUTURES LOSS.—For purposes of paragraph (1), the term 'net commodity futures loss' means the lesser of—

"(A) the net capital loss for the taxable year determined by taking into account only gains and losses from regulated futures contracts, or

"(B) the sum of the amounts which, but for paragraph (6)(A), would be treated as capital losses in the succeeding taxable year under subparagraphs (A) and (B) of subsection (b)(1).

"(5) NET COMMODITY FUTURES GAIN.—For purposes of paragraph (1)—

"(A) IN GENERAL.—The term 'net commodity futures gain' means the lesser of—

"(i) the capital gain net income for the taxable year determined by taking into account only gains and losses from regulated futures contract, or

"(ii) the capital gain net income for the taxable year.

"(B) SPECIAL RULE.—The net commodity futures gain for any taxable year before the loss year shall be computed without regard to the net commodity futures loss for the loss year or for any taxable year thereafter.

"(6) COORDINATION WITH CARRYFORWARD PROVISIONS OF SUBSECTION (b)(1).—

"(A) CARRYFORWARD AMOUNT REDUCED BY AMOUNT USED AS CARRYBACK.—For purposes of applying subsection (b)(1), if any portion of the net commodity futures loss for any taxable year is allowed as a carryback under paragraph (1) to any preceding taxable year—

"(i) percent of the amount allowed as a carryback shall be treated as a short-term capital gain for the loss year, and

"(ii) percent of the amount allowed as a carryback shall be treated as a long-term capital gain for the loss year.

"(B) CARRYOVER LOSS RETAINS CHARACTER AS ATTRIBUTABLE TO REGULATED FUTURES CONTRACT.—Any amount carried forward as a short-term or long-term capital loss to any taxable year under subsection (b)(1) (after the application of subparagraph (A)) shall, to the extent attributable to losses from regulated futures contracts, be treated as loss from regulated futures contracts for such taxable year.

"(7) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) REGULATED FUTURES CONTRACT.—The term 'regulated futures contract' means any regulated futures contract (as defined in section 1256(b)) to which section 1256 applies. Such term includes any position treated as a regulated futures contract under section 1256(d)(1).

"(B) EXCLUSION FOR ESTATES AND TRUSTS.—This subsection shall not apply to any estate or trust."

SEC. 6. CERTAIN GOVERNMENTAL OBLIGATIONS ISSUED AT DISCOUNT TREATED AS CAPITAL ASSETS.

"(a) GENERAL RULE.—Section 1221 (defining capital asset) is amended by striking out paragraph (5) and by redesignating paragraph (6) as paragraph (5).

"(b) TREATMENT OF AMOUNTS RECEIVED ON SALE OR OTHER DISPOSITION.—Subsection (a) of section 1232 (relating to bonds and other evidences of indebtedness) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN SHORT-TERM GOVERNMENT OBLIGATIONS.—

"(A) IN GENERAL.—On the sale or exchange of any short-term Government obligation, any gain realized which does not exceed an amount equal to the pro rata share of the acquisition discount shall be treated as ordinary income. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held less than 1 year.

"(B) SHORT-TERM GOVERNMENT OBLIGATION.—For purposes of this paragraph, the term 'short-term Government obligation' means any obligation of the United States or any of its possessions, or of a State or any political subdivision thereof, or of the District of Columbia which is issued on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue. Such term does not include any obligation the interest on which is not includable in gross income under section 103 (relating to certain governmental obligations).

"(C) ACQUISITION DISCOUNT.—For purposes of this paragraph, the term 'acquisition discount' means the excess of the stated redemption price at maturity over the taxpayer's basis for the obligation.

"(D) RATABLE SHARE.—For purposes of this paragraph, the ratable share of the acquisition discount is an amount which bears the same ratio to such discount as—

"(i) the number of days which the taxpayer held the obligation, bears to

"(ii) the number of days after the date the taxpayer acquired the obligation and up to (and including) the date of its maturity."

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (D) of section 1231(b)(1) is amended by striking out "paragraph (6)" and inserting in lieu thereof "paragraph (5)".

(2) Subparagraph (B) of section 341(c)(2) is amended by striking out "(and governmental obligations described in section 1221(5))".

SEC. 7. PROMPT IDENTIFICATION OF SECURITIES BY DEALERS IN SECURITIES.

Subsection (a) of section 1236 (relating to dealers in securities) is amended—

(1) by striking out "before the expiration of the 30th day after the date of its acquisition" and inserting in lieu thereof "before the close of the day on which it was acquired", and

(2) by striking out "expiration of such 30th day" and inserting in lieu thereof "close of such day".

SEC. 8. TREATMENT OF GAIN OR LOSS FROM CERTAIN TERMINATIONS.

(a) General Rule.—Part IV of subchapter P of chapter 1 (relating to special rules for determining capital gains and losses) is amended by inserting after section 1234 the following new section:

"SEC. 1234A. GAINS OR LOSSES FROM CERTAIN TERMINATIONS.

"Gain or loss attributable to the cancellation, lapse, expiration, or other termination of a right or obligation with respect to personal property (as defined in section 1092(d)(1)) which is (or on acquisition would be) a capital asset in the hands of the taxpayer shall be treated as gain or loss from the sale of a capital asset."

(b) CLERICAL AMENDMENT.—The table of sections for part IV of subchapter P of chapter 1 is amended by inserting after the item relating to section 1234 the following new item:

"Sec. 1234A. Gains or losses from certain terminations."

SEC. 9. EFFECTIVE DATES.

(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this Act shall apply to property acquired by the taxpayer after May 5, 1981, in taxable years ending after such date.

(b) IDENTIFICATION REQUIREMENTS.—

(1) UNDER SECTION 1236 OF CODE.—The amendments made by section 7 shall apply to property acquired by the taxpayer after the date of the enactment of this Act in taxable years ending after such date.

(2) UNDER SECTION (e) (2) (A) OF CODE.—Clause (ii) of section 1256(e)(2)(A) of the Internal Revenue Code of 1954 (as added by this Act) shall apply to property acquired by the taxpayer after December 31, 1981, in taxable years ending after such date.

(c) ELECTION WITH RESPECT TO PROPERTY HELD ON MAY 5, 1981.—If the taxpayer so elects (at such time and in such manner as the Secretary of the Treasury or his delegate shall prescribe), the amendments made by this Act shall also apply to regulated futures contracts or personal property held by the taxpayer on May 5, 1981, effective for periods after such date in taxable years ending after such date. For purposes of the preceding sentence, the term "regulated futures contract" has the meaning given to such term by section 1256(b) of the Internal Revenue Code of 1954, and the term "personal property" has the meaning given to such term by section 1092(d)(1) of such Code.

(d) NO CARRYBACK TO YEARS ENDING BEFORE MAY 5, 1981.—No amount shall be allowed as a carryback under section 1212(c) of the Internal Revenue Code of 1954 to any taxable year ending on or before May 5, 1981.

—Strike from H.R. 4260 (the Hance-Conable substitute to H.R. 4242) sections 601, 602, 603, and 611 of title VI, subtitles A and B, entitled "ENERGY PROVISIONS."

Strike from H.R. 4242, some or all of the sections of title VI, subtitle A, (sections 601, 602, 603, 604 and 605) entitled "CHANGES IN THE WINDFALL PROFIT TAX."

—Strike from H.R. 4260 (the Conable-Hance substitute to H.R. 4242) "SECTION 402, REDUCTION IN MINIMUM RATES OF TAX."

Strike from H.R. 4242 "SECTION 402, REDUCTION IN MINIMUM RATES OF TAX."