SENATE—*Friday, December 4, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

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

Let us pray.

Loving, Heavenly Father, Thy servants have worked long hours under great pressure, which shows no signs of diminishing. I do not pray for relief from responsibility, but for an extraordinary measure of grace. Strengthen the Senators who, under the duress of time and pressure from diverse interests, must make many decisions of great magnitude. Be with their staffs who run the offices and provide the information to make decisions. Be with those who process the mountain of business in and out of the cloakrooms. Be with those who record the debates and transcribe them for the CONGRESSIONAL RECORD with such demanding precision. Bless those who monitor parliamentary order, schedule and voting records. Be with the men and women who provide security at the doors, on the floor and on the street. Help all who are a part of the efficient support system without which the Senate could not function.

And Father, as we near Chanukah and Christmas, when families are more sensitive and fragile than ever, protect our families against the pressures of the Hill. Help us to make our homes a haven and not a Senate annex. Help us to make undivided, uncluttered time for our loved ones, free from distraction. Make us realize that national affairs will fail if our families disintegrate.

Gracious God, grant that these next 3 weeks will be times of peace, good will, hope, and love, to Thy glory and the honor of Thy Son. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

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

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

COMMENDATION OF THE SENATE CHAPLAIN

Mr. STEVENS. Mr. President, I cannot help but reflect on how privileged we are to have the Chaplain open the session of the Senate each day to give us the guidance and, in spite of the heat of battle on the floor, to recall that we are here by the grace of God and due to the confidence of our constituents to continue our democratic process.

S. 1912—RECRUITMENT INCENTIVES AND PAY ADJUSTMENT FOR AIR TRAFFIC CONTROLLERS

Mr. STEVENS. Mr. President, the continued ability of Members of both Houses to attend to important matters with their constituents in their home States and still be present for the critical votes now taking place in this Congress provides ample evidence of a phenomenon for which citizens from all sectors of our populace can be grateful.

Despite the walkout of air traffic controllers in August of this year, our air traffic system is operating at about 80 percent of the prestrike commercial traffic levels.

The grave concerns that attended the impending strike have given way to admiration for the high level of performance delivered by those operating our air traffic system.

I am sure that there is no disagreement about the debt we owe the men and women in the FAA who have kept our air traffic control system operating both safely and efficiently.

However, we need to go beyond feelings of gratitude and admiration for what has been accomplished up to this point. We need to smooth the way for the more permanent adjustments in FAA staffing that remain necessary.

It is critical that we undertake an expedited effort to restaff our air traffic control facilities at the appropriate levels to insure the continued safety of the flying public. Special recruitment procedures and increased emphasis on controller training are necessary.

In recognition of this need, I am submitting legislation to provide special recruitment incentives and to assure that the current work force receives an equitable pay treatment. This body has previously agreed to the need for legislation of this nature when it added substantively identical provisions to the continuing resolution on agency funding.

The bill does not require an additional appropriation because sufficient funding is contained within the FAA appropriation.

Mr. President, this bill would enable the Federal Aviation Administration to appoint retired military and civil service annuitants to positions in the air traffic control system on a temporary basis. They would be hired to fill both controlling and training positions without reducing their annuities. They would be hired to fill short-term needs and would be used only in positions for which they were fully qualified.

It should be emphasized that maintaining safety would be a major consideration in selecting properly qualified annuitants to fill the positions in question.

Safety would be enhanced and not compromised in any manner. When the FAA Administrator determined the need for a special controller recruitment effort had terminated, these special employees would return to their retired status.

Designated classes of FAA employees would also receive an operational responsibility differential equal to 5 percent of their basic rate of pay in recognition of the important role they have played and continue to play in the operation and maintenance of the air traffic control system.

In addition, certain personnel—such as data system specialists and planning and procedures specialists in FAA terminals and centers—would be entitled to receive an operational currency differential of 1.6 percent of their basic pay.

Mr. President, the air traffic controllers who provide training to other air traffic controllers are assuming an extra responsibility on top of their already significant duties. I propose a premium pay of 10 percent of their basic rate of pay to those air traffic controllers.

The premium pay would be in addition to other premium pay to which the controller is entitled.

Further, I am proposing a training provision so that an air traffic controller could receive pay for time spent in a training status in excess of a 40-hour workweek. Pay would be at the basic pay rate, not at overtime rates. These provisions, Mr. President, recognize that intensified training efforts may be necessary to rebuild the air traffic system in a timely manner.

Although the FAA seeks to provide each controller with a meal break, this is not always possible given unusual workload conditions which may arise at a particular facility. Accordingly, my legislation proposes that, on those occasions when a half-hour meal break cannot be granted at a reasonable time during an 8-hour shift, a controller will be paid at one and one-half times his basic rate of pay for the time spent working rather than taking the time that most employees get for a meal break.

The last aspect of my proposal, Mr. President, would clarify the special controller retirement program which guarantees a minimum 50-percent annuity to a retiring controller.

My proposal would amend the controller retirement statute to make clear that a controller who had withdrawn money from the retirement fund would

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

not receive the minimum annuity of 50 percent unless it had been redeposited as is normally required.

As presently drafted section 8336(f) of title 5 could be construed to mean that a controller who resigns and withdraws all of his retirement contributions would still be eligible for a minimum 50-percent annuity upon reemployment. Of course, that is not the intent of the provisions, and this proposal today would clarify that.

Mr. President, I urge the Senate to study this proposal. I hope the Senate will once again support this concept so that we can rebuild our Nation's air traffic control system.

I state to the Senate that today, providing the schedule of the floor permits it, I will conduct a hearing on this legislation at 2 p.m. in room 3302, where we will receive testimony from the Department of Transportation and Administrator Helms of the Federal Aviation Administration.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1912

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4109 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding subsection (a)(1) of this section, the Administrator, Federal Aviation Administration, may pay an individual training to be an air traffic controller of such Administration, during the period of such training, at the applicable rate of basic pay for the hours of training officially ordered or approved in excess of 40 hours in an administrative workweek.".

SEC. 2. Section 5532 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) Notwithstanding any other provision of law, the retired or retainer pay of a former member of a uniformed service shall not be reduced while such former member is temporarily employed, during the period described in paragraph (2) or any portion thereof, under the administrative authority of the Administrator, Federal Aviation Administration, to perform duties in the operation of the air traffic control system or to recruit or train others to perform such duties.

"(2) The provisions of paragraph (1) of this subsection shall be in effect for any period ending not later than December 31, 1984, during which the Administrator, Federal Aviation Administration, determines that there is an unusual shortage of air traffic controllers performing duties under the administrative authority of such Administrator.".

SEC. 3. (a) Chapter 55 of title 5, United States Code, is amended by inserting after section 5546 the following new section:

"§5546a. Differential pay for certain employees of the Federal Aviation Administration

"(a) The Administrator of the Federal Aviation Administration (hereafter in this section referred to as the 'Administrator') may pay premium pay at the rate of 5 percent of the applicable rate of basic pay to—

"(1) any employee of the Federal Aviation Administration who is—

"(A) occupying a position in the air traffic controller series classified not lower than GS–9 and located in an air traffic control center or terminal or in a flight service station;

"(B) assigned to a position classified not lower than GS–10 or WG–10 located in an airway facilities sector; or

"(C) assigned to a flight inspection crewmember position classified not lower than GS–11 located in a flight inspection field office,

the duties of whose position are determined by the Administrator to be directly involved in or responsible for the operation and maintenance of the air traffic control system; and

"(2) any employee of the Federal Aviation Administration who is assigned to a flight test pilot position classified not lower than GS–12 located in a region or center, the duties of whose position are determined by the Administrator to be unusually taxing, physically or mentally, and to be critical to the advancement of aviation safety.

"(b) The premium pay payable under any subsection of this section is in addition to basic pay and to premium pay payable under any other subsection of this section and any other provision of this subchapter.".

(b) The analysis of chapter 55 of such title is amended by inserting after the item relating to section 5546 the following new item:

"5546a. Differential pay for certain employees of the Federal Aviation Administration.".

SEC. 4. Section 5546a of title 5, United States Code (as added by section 3 of this Act), is amended by adding at the end thereof the following subsections:

"(c)(1) The Administrator may pay premium pay to any employee of the Federal Aviation Administration who—

"(A) is occupying a position in the air traffic controller series located in an air traffic control center or terminal;

"(B) is not required as a condition of employment to be certified by the Administrator as proficient and medically qualified to perform duties including the separation and control of air traffic; and

"(C) is so certified.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 1.6 percent of the applicable rate of basic pay for so long as such employee is so certified.

"(d)(1) The Administrator may pay premium pay to any air traffic controller of the Federal Aviation Administration who is assigned by the Administrator to provide on-the-job training to another air traffic controller while such other air traffic controller is directly involved in the separation and control of live air traffic.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 10 percent of the applicable hourly rate of basic pay times the number of hours and portion of an hour during which the air traffic controller of the Federal Aviation Administration provides on-the-job training.

"(e)(1) The Administrator may pay premium pay to any air traffic controller or flight service station specialist of the Federal Aviation Administration who, while working a regularly scheduled 8-hour period of service, is required by his supervisor to work during the fourth through sixth hour of such period without a break of 30 minutes for a meal.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 50 percent of one-half of the applicable hourly rate of basic pay.

"(f)(1) The Administrator shall prescribe standards for determining which air traffic controllers and other employees of the Federal Aviation Administration are to be paid premium pay under this section.

"(2) The Administrator may prescribe such rules as he determines are necessary to carry out the provisions of this section.".

SEC. 5. Section 5547 of title 5, United States Code, is amended by adding at the end thereof the following: "The first sentence of this section shall not apply to any employee of the Federal Aviation Administration who is paid premium pay under section 5546a of this title.".

SEC. 6. Section 8339(e) of title 5, United States Code, is amended by inserting before the period "unless such employee has received, pursuant to section 8342 of this title, payment of the lump-sum credit attributable to deductions under section 8334(a) of this title during any period of employment as an air traffic controller and such employee has not deposited in the Fund the amount received, with interest, pursuant to section 8334(d) of this title".

SEC. 7. Section 8344 of title 5, United States Code, is amend by adding at the end thereof the following new subsection:

"(h)(1) Subject to paragraph (2) of this subsection, subsections (a), (b), (c), and (d) of this section shall not apply to any annuitant receiving an annuity from the Fund while such annuitant is employed, during any period described in section 5532(f)(2) of this title or any portion thereof, under the administrative authority of the Administrator, Federal Aviation Administration, to perform duties in the operation of the air traffic control system or to recruit or train other individuals to perform such duties.

"(2) Paragraph (1) of this subsection shall apply only in the case of any annuitant receiving an annuity from the Fund who, before August 3, 1981, applied for retirement or separated from the service while being entitled to an annuity under this chapter.".

SEC. 8. (a) The amendments made by sections 2, 3, and 7 of this Act shall take effect **at five o'clock ante meridian (Eastern Daylight Time)**, August 3, 1981.

(b) The amendments made by the first section and sections 4 and 5 of this Act shall take effect on the first day of the first applicable pay period beginning after the date of the enactment of this Act.

(c) The amendment made by section 6 of this Act shall take effect on the date of the enactment of this Act.

The PRESIDING OFFICER (Mr. MATTINGLY). The time for the leader has expired.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the acting Democratic leader is recognized for not to exceed 5 minutes.

Mr. STEVENS. Mr. President, I ask unanimous consent that the time allocated to the leader on the other side be allocated to Senator HEFLIN's special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I ask unanimous consent that if we do not use all the time, and I do not think we will, that it be deferred for the minority leader to use later.

Mr. STEVENS. That is entirely agreeable.

The PRESIDING OFFICER. Without objection, it is so ordered.

HONORING AND COMMENDING PAUL W. "BEAR" BRYANT

Mr. HEFLIN. Mr. President, I send a resolution to the desk on behalf of myself, Mr. DENTON, Mr. BUMPERS, Mr. PRYOR, Mr. MATHIAS, Mr. SARBANES, Mr. FORD, Mr. HUDDLESTON, Mr. TOWER, and Mr. BENTSEN. I ask unanimous consent that the Senate proceed to the immediate consideration of this resolution and, if necessary, that we proceed to it in lieu of morning business and that any other technical aspects which might prevent its immediate consideration be waived so that we could proceed to the consideration of this resolution at this time.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

The clerk will state the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 252) honoring and commending Paul W. "Bear" Bryant.

The Senate proceeded to consider the resolution.

Mr. HEFLIN. Mr. President, this is a resolution honoring Coach Paul "Bear" Bryant. There are no original sponsors; they are all joint sponsors, primary sponsors. Two sponsors are from the State of Alabama, where he now resides and coaches. Two sponsors are from the State where he was born, Arkansas. The sponsors from Maryland represent the fact that he started his coaching career at the University of Maryland. The sponsors who are listed from the State of Kentucky represent his career at the University of Kentucky. The Texas sponsors are in connection with his coaching career at Texas A&M.

This is a resolution in which we have attempted to have no cosponsors but to have joint sponsors who have been limted to those particular States which are so important to the marvelous career of Coach Bryant.

Mr. President, in a world such as ours, there are many achievements which, at first glance, appear extraordinary, yet, upon further inspection begin to pale. I rise today to recognize a man whose achievements only become more remarkable the deeper you search.

This past Saturday in Birmingham, Ala., the University of Alabama defeated Auburn University in a football game seen across the Nation on television. The importance of this, as many of you know, is that it constituted the 315th coaching victory for Alabama's great coach, Paul (Bear) Bryant, breaking the record of the late Amos Alonzo Stagg.

Beginning in 1945, Coach Bryant has coached 1 year at the University of Maryland, 8 years at the University of Kentucky, 4 years at Texas A&M University, and almost 24 years at the University of Alabama. Through these moves, and all the changes 37 years have made, one thing has remained constant—Coach Bryant and his teams have always been winners. His record as a head coach is 315 wins, 80 losses and 17 ties. At Alabama, Bryant has coached the Crimson Tide to 224 wins against only 41 losses.

Coach Bryant has been named National Coach of the Year three times. No other coach has been named more than twice. Seven times he has been named Southeastern Conference Coach of the Year, three more than any other coach. He has coached teams to 12 Southeastern Conference championships, 11 at Alabama and 1 at Kentucky, the only one that university has ever won. His teams have won or shared six national championships. No other coach in history ever won more than four national titles.

Coach Bryant has been named Southeastern Conference Coach of the Century, and NCAA Coach of the Decade for the period of 1960–69. After winning that honor, he swept through the 1970's, becoming the first coach ever to win 100 games in a decade.

After growing up in Moro Bottom and Fordyce, Ark., Paul Bryant came to the University on a football scholarship. He played in the 1934 Rose Bowl, and has since coached teams to 28 bowl appearances, including a current streak of 23 at his alma mater.

Another amazing fact about this man is that 44 of his former players or assistant coaches have gone on to become head coaches on the college or professional level, certainly more than any other one person has ever tutored. Among these are Danny Ford of Clemson, Jackie Sherrill of Pittsburgh and Howard Schnellenberger of Miami, whose teams are all among the best in the Nation this year.

The numbers can go on endlessly, it seems, but the dimensions of the man go far beyond mere numbers. Coach Bryant is the only coach or athletic director ever to establish a scholarship fund with personal donations. He has given over $300,000 to the university to be used for scholarships for handicapped and needy students. None of the money can be used for athletics.

As athletic director, Coach Bryant has built an athletic program which is financially sound, while also building an athletic dormitory, a coliseum, a track stadium, a tennis stadium, a natatorium, a club house for the golf course, and enlarging the football stadium. Additionally, acres of tennis courts and recreational facilities for student use have been constructed. All this has been done through athletic receipts, without the use of State money.

His list of honors goes on and on—University Administrator of the Year, Charter Member of the Alabama and Arkansas Sports Halls of Fame, the National Award from the Fellowship of Christians and Jews, the National American Legion Commander's Public Relations Award, and only the third athletic figure to be named to the American Award of Achievement.

Still, this man who had outfought, outcoached, outthought or outlived his peers rises above all this. Perhaps the highest honor he has received, and maintained, is the respect of those who have played for him. The greatest testimony a coach can have is the people who have long since left the athletic program. Ask Coach Bryant's former players about him, and you hear things like "dedication," "proud," "the best," and "like a father."

All this is true of "Bear" Bryant—a coach who has excelled at the challenge of taking a group of very young men and melding them into a whole, making each man's vision of himself interdependent with those of his teammates.

Paul "Bear" Bryant—315 wins and still counting. His winning record is one that may very well never be matched, one that should rightfully be recognized here today, and his life, even beyond football, is that of a winner.

At this time, I yield to the distinguished Senator from Alabama, my colleague, Senator DENTON.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. DENTON. Mr. President, it is a special privilege for me to join with my friend and distinguished colleague from Alabama in offering the resolution honoring Coach Paul W. "Bear" Bryant. He has established himself, as we all know, as the winningest college football coach in the history of that uniquely American sport.

The resolution addresses his coaching victories and many championships. I want to talk of Coach Bryant, as a man who, during his 37 years of coaching, has had a remarkable and salutary effect upon the people with whom he has come in contact and who have been entrusted to his care.

Coach Bryant sets an example. The lines on his face, his expressions, reflect a history of practicing what he preaches. One famous sportswriter said that, even if you have not met Bear Bryant, when he walks into the room he has the kind of face that makes you want to stand up and cheer.

Bear Bryant is a father figure. He has a fine family, and that is no small achievement.

But, Mr. President, I believe Coach Bryant's greatest achievement may be found in an even larger family he has helped produce and lead, the family of American football. Sharing in that special group, in its proud and distinguished heritage, are his players and his staff, their mothers and fathers and children, their teachers and their pastors, and the fans who have been an essential part of his football teams. For that larger family, Coach Bryant is not only father but also leader, teacher, and exemplar of the finest values of humanity and of this country.

A father, a teacher, a mentor must have many positive characteristics. He must comfort, but at the same time he must call out the inner strength of those who depend on him. He must teach the young to look outward and to care for others, not to remain solely within themselves. He must encourage all to maintain

the essential strengths and values of the self while also growing and preparing for the future.

The members of Coach Bryant's football family are remarkably prominent among past and present players and coaches in professional football, and in the ranks of college coaches. Their success reflects and emphasizes his.

In the broad sense, we are all members of "Bear" Bryant's family. We share the joy of his victories, we understand the necessity to learn from defeat. We take pride in what he accomplishes as a coach and as a man.

We should admire his humility. He sees his many accomplishments in football not as personal triumphs for which he alone is responsible. He sees them as collective achievements, in which all his players, his coaching staff, their families and friends, and the fans have played a role. It is a family accomplishment.

Alabama is especially in his debt for his brilliant record at the University of Alabama from 1958 to 1981 but we are all proud of Coach Bryant, and honored to be a part of what he has done, not only now but throughout his career as a coach and throughout his life as a man.

Mr. HEFLIN. Mr. President, I yield to the distinguished Senator from Texas (Mr. TOWER).

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, I am pleased to have this opportunity to cosponsor the resolution by Senator HEFLIN to honor Paul W. "Bear" Bryant, the former football coach of Texas A&M University. Coach Bryant compiled a win-loss record of 25–14–2 while he was at A&M, from 1954 to 1957. He coached 14 All-Southwest Conference players, 5 All-Americans, and the 1957 Heisman Trophy winner, J. David Crow. Another distinguished Texan, Coach O. A. "Bum" Phillips, served as Coach Bryant's assistant at A&M.

Incidentally, at Houston they wish they had "Bum" Phillips back from New Orleans.

Recently, he related an anecdote to me that sheds a bit of light on Coach Bryant's winning philosophy.

It seems that Coach Phillips had just been hired by the "Bear," and was reporting to work for his first practice. The "Bear" told "Bum" to go outside a little early and work on the option play with the quarterbacks and centers, the idea being that he would get to know the players and the plays a little better. "Bum" went out to the football field, and noticed that there were not any footballs. At that time, Coach Bryant came out onto the field, so "Bum" approached him, and asked, "Coach Bryant, you don't imagine that those managers can get any footballs over here in time to start practice, do you?" Coach Bryant responded with a surprised look, and then turned to "Bum" and said matter-of-factly, "I don't know, Coach Phillips. But one thing I do know: I'm certainly not goin' to get 'em!" As he turned to walk to the supply shed, Coach Phillips realized he had just learned the difference between a head coach and an assistant coach. Evidently Coach Bryant made that relationship clear everywhere he went.

I would be remiss, however, if I failed to mention one nemesis of Coach Bryant's, one that he is preparing to face at this very moment. It happens that the upcoming Cotton Bowl will pit the University of Texas Longhorns against Coach Bryant's Crimson Tide. Coach Bryant has done so well in his coaching career, and I wish him well in the future.

I just want to say that Coach Bryant has done extremely well in his coaching career, and I wish him very well in the future. But now that he has broken the record, I see no point in his beating up on the University of Texas on January 1 in Dallas. That would be an enormous embarrassment to the State of Texas.

I do wish him well, with some exceptions.

I ask unanimous consent to enter into the RECORD figures on his coaching career at Texas A&M.

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

"Bear" Bryant coached the Texas A&M football team from 1954 through 1957.

His overall record during those years was 25–14–2.

His record by year is as follows:

1954	1–9–0
1955	7–2–1
1956	9–0–1
1957	8–3–0

He coached a total of 14 all-SWC players; 5 all-Americans; 1 Heisman Trophy winner: John David Crow, 1957.

Mr. TOWER. I might note that his record against my alma mater, Southern Methodist University, is somewhat better than it is against the University of Texas. When he coached at Kentucky we managed to beat him one year, and managed to beat him one year when he was at A&M. But he beat us four times and, therefore, he has a 4–2 record against my alma mater.

I am sorry that some of the record-breaking wins that he received here were missed by the poor old SMU Mustangs. I hope the University of Texas will not be the next victim.

I do wish coach Bryant well. He is a great man. I cherish this opportunity I have had today.

Mr. HEFLIN. I yield to the distinguished Senator from Texas (Mr. BENTSEN).

Mr. BENTSEN. Mr. President, I am pleased to join my distinguished colleagues from Alabama in sponsoring this resolution to honor the winningest college football coach in America, Paul "Bear" Bryant.

We Texans have a very clear memory of coach Bryant, dating back to the 4 years he coached at Texas A&M University. When he first arrived at the college station campus, he is reported to have stomped into a meeting with the 5,000-member student body, rolled up his sleeves, and announced in his low, firm voice: "My name is 'Bear' Bryant and I'm ready to go to work."

The people of Junction, Tex.—about 100 miles west of Austin—easily recall how coach Bryant went to work. He began his first A&M training camp in the summer of 1954 with 96 scholarship players. After 10 days of 110° heat and merciless drills, only 27 players remained. The rest had quit.

Bryant later called the physical and emotional tests he put his players through "terrible." Saying now that he knows more about how to lead his athletes, Coach Bryant admits that "if I had been one of those players, I'd have quit too."

During that first year at Texas A&M, Coach Bryant suffered his one and only losing season, winning only 1 of 10 games. But over the next 3 years, his Aggies lost only five games and won the Southwest Conference Championship. He had the Agges No. 1 in the polls in 1957 with two games to play when he accepted Alabama's offer to return to his alma mater. Nothing was to be said until the season's end, but someone talked and the Aggies were so dispirited that they lost their last two. Nevertheless, John David Crow went on to win A&M's only Heisman Trophy that year.

Coach Bryant earned 25 of his record 315 victories while head coach at Texas A&M. There are those Aggies to this day who still refrain with Coach Bryant's most famous statement "I believe."

There are those who complain that football is only a sport, and that too much emphasis is given to winning. But Coach Bryant is a winner not only because he is a tough taskmaster, but because he cares about his players. and is deeply concerned about the welfare of each athlete. He is involved in each player's future, as he teaches them as much about life as he does about football.

Mr. President, I am very glad that Coach Bryant has etched his name into the record book as the winningest coach this past weekend. I say that because I think it would be a tragedy for him to have to wait another year before gaining that 315th win. I remind my Alabama colleagues that the Crimson Tide will line up against my alma mater for their next game, in the Cotton Bowl. As much as I admire "Bear" Bryant, and wish him the best, I have to say that I will be pulling for the Texas Longhorns on New Year's Day, and for Coach Bryant's 81st loss.

Mr. HEFLIN. Mr. President, I feel that I should respond to the earlier remarks made by my distinguished colleagues from Texas, Senator TOWER and Senator BENTSEN, in a brief manner by saying that when the University of Alabama plays the University of Texas in the Cotton Bowl on January 1, 1981, I think the University of Texas will experience a Junction Day.

Mr. President, I yield to the distinguished Senator from Arkansas (Mr. PRYOR).

Mr. PRYOR. I thank the distinguished Senator from Alabama and his colleague, Senator DENTON for sponsoring the resolution.

I would also like to say, Mr. President, that I am honored to join in this resolution as a cosponsor. I am especially proud that the distinguished Senator from Alabama has recognized the fact that "Bear" Bryant is not from Alabama, that he is, in fact, from Arkansas. In fact "Bear" Bryant was born in Moro Bottom, Ark. Actually, one of the greatest victories of his career was getting out of Moro Bottom, Ark. The only thing they do down there for entertainment is fight bears and swat flies. Every now and then they get to go down on a weekend and see them change the Coke machine, but that is about the extent of their entertainment.

"Bear" Bryant a few years later went to Fordyce—we call it "Fordyce on the Cotton Belt"—where he enjoyed a distinguished high school career for the Fordyce High School Fighting Redbug football team. In 1931, "Bear" Bryant led that small and courageous team to the State championship.

Mr. President, there are many legends surrounding the career of Coach Bryant, including the story that he obtained the nickname of "Bear" when at the age of 16, he wrestled a bear at a carnival in Fordyce, Ark. I would say to my friend from Texas that I think it was one of those Texas carnivals that came through Arkansas during the summer of each year and fleeced all of our people out of their money. Paul Bryant was challenged to fight the bear, went on to pin his opponent, and thus attained that name and great notoriety.

But now, 315 wins later, he deserves this tribute today on the floor of the U.S. Senate.

Fans from all over our State, citizens from our State, and certainly from all across this country, share in this great commendation of coach Paul "Bear" Bryant this morning.

There was something said about "Bear" Bryant the other day when I was watching television, watching him win that 315th game against Auburn. He was interviewed before the game while leaning up against the goalpost. This reporter said, "Coach Bryant, why are you leaning up against the goalpost every time we interview you? You are always leaning up against the goalpost."

He said, "Well, because it's comfortable."

He is a man of few words, of solid philosophy, and great wisdom. He has become not just a coach of a great football team, as our friend from Texas has just said, but he has become a true leader. More than that, he has become a legend and a folk hero of this great country of ours.

It is a wonderful opportunity that Senators from Alabama have given us today to join in this commendation of Paul "Bear" Bryant, one of those great American citizens who take the time to say that maybe things are going all right in this country after all. That is what Paul "Bear" Bryant stands for in my mind.

I do appreciate the opportunity to join with my colleagues this morning.

Mr. HUDDLESTON. Mr. President, I am extremely pleased to be an original cosponsor of this Senate resolution which will honor Paul "Bear" Bryant for his achievements in, and contributions to college athletics. As a coach, "Bear" Bryant has deserved this honor for a long time but it is especially fitting at this point in his career when he has surpassed the record of the great Amos Alonzo Stagg by winning his 315th game.

The honors and awards which have been bestowed upon Coach Bryant over the last 37 years are almost countless. Among the many are National Coach of the Year—three times—Coach of the Century, and Coach of the Decade. He has set records in football which will probably never be surpassed. And every one of those records attest to the fact that Coach Bryant is truly the living legend he is said to be.

The "Bear" will always have a special place in the hearts of all Kentuckians because we had the privilege of knowing him personally. For 8 years from 1946–53 he was head coach at the University of Kentucky. During that period of time, he gave us a taste and love for football which carries over to this day.

During those glorious 8 years, he coached the Wildcats to a 60–23–5 record, gave us three bowl victories, and the Southeastern Conference championship. One of the awards he received while at the university, the Kentucky Man of the Year, symbolizes the admiration and respect we have always had for him.

While we are impressed by the number of wins he has achieved as a coach, we should be equally as impressed by the impact he has had upon the lives of those who have come in contact with him. A true leader is someone who can inspire others to do great things, and by this standard, Coach Bryant is a truly gifted leader of men. Forty-four of his former players or assistant coaches have gone on to become head coaches in either college or professional football. And 61 of his players have made the All-American first team.

Among the many outstanding players he has produced are Joe Namath, Lee Roy Jordan, Scott Hunter, Ken Stabler, Steve Sloan, John Hannah, and Ray Perkins. Although Coach Bryant is a genius at mastering football, his real genius obviously lies in his ability to inspire greatness in others.

I am proud to be an original cosponsor of this resolution and I close my remarks with a personal wish for Coach "Bear" Bryant that he have continued good health, happiness, and success.

The PRESIDING OFFICER (Mr. MATTINGLY). The Chair asks the Senator from Alabama if he will allow the Senator from Georgia to be a cosponsor of the resolution.

Mr. HEFLIN. We will certainly allow the Senator from Georgia to be a cosponsor. I ask unanimous consent that the name of the distinguished Senator from Georgia (Mr. MATTINGLY) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. BUMPERS. Mr. President, I am honored to cosponsor the resolution introduced by the Senator from Alabama, Mr. HEFLIN, honoring Paul "Bear" Bryant for his many coaching accomplishments. Last Saturday, Coach Bryant surpassed the record for total victories by a college football coach held by Amos Alonza Stagg when the Crimson Tide defeated arch rival Auburn in a hard-fought game 28 to 17. His record after 43 years of coaching at Maryland, Kentucky, Texas A&M, and Alabama is a remarkable 315 wins, 80 losses, and 17 ties. This year's team will play Texas in the Cotton Bowl on January 1, 1982.

Mr. President, Paul Bryant was born in Moro Bottom, Ark., near the town of Fordyce. He acquired his now famous nickname of "Bear" in Arkansas at the age of 14 and recently told Jules Loh of the Associated Press the story, which appeared in the November 29, 1981, edition of the Arkansas Gazette.

> A carnival came through and they had this little ole scraggly bear. A man was offering anybody a dollar a minute to wrestle it. I got the bear pinned, holdin' on tight. The man kept whispering, "Let him up. Let him up." He wanted action. Hell, for a dollar a minute I wanted to hold him 'til he died. The bear finally shook loose and so did his muzzle. I jumped off the stage, the man took off and I never did get my money. All I got was some scars on my leg and a name.

After leaving Arkansas, "Bear" Bryant played football at the University of Alabama and after his graduation started on a coaching career. Although he never came back to coach in Arkansas, he coached at Maryland, Kentucky, Texas A&M, and since 1958 at Alabama. He has coached numerous All-Americans and All-Pros including Babe Parrilli, John David Crow, Leroy Jordan, Joe Namath, Ken Stabler, and Richard Todd.

Throughout his coaching career, "Bear" Bryant has conducted himself admirably and set a fine example for thousands of young men. He has contributed a great deal to the development of college athletics and, at a time when so many coaches and athletes were grabbing at the huge sums being offered by the professional teams, it is good to see a remarkable success story of a coach who stayed on the college level and worked with young men for so many years. Again, I am pleased to be a cosponsor of this resolution and I send my congratulations to Coach Bryant and his wife, Mary Harmon.●

IT ALL STARTED IN MARYLAND

● Mr. MATHIAS. Mr. President, I am pleased to join with the distinguished Senator from Alabama, Mr. HEFLIN, in sponsoring a resolution honoring and commending Paul W. "Bear" Bryant.

It is especially satisfying for me to take part in this much deserved tribute because if it were not for the State of Maryland this commemoration might not

be taking place. At least it would probably be sometime in the future. Back in 1945, the administration at the University of Maryland had the judgment to hire a young man, still in his naval uniform and who had been an assistant coach at Alabama and Vanderbilt, to guide the Maryland Terrapins as their head football coach.

At Maryland, "Bear" Bryant compiled a record of six wins, two losses and one tie. The first of his 315 coaching victories came against Guilford College by a score of 60 to 6. Six thousand fans witnessed this first winning game. A player on that Guilford team recently recalled his memories of the game for Sports Illustrated. He said:

The thing I remember is that the crowd sang "Maryland, My Maryland" after each touchdown, even the four they called back. By the end of the first quarter I knew all the words.

Well, Mr. President, they sang "Maryland, My Maryland" many times that season and people have been singing his praises ever since at the University of Kentucky, Texas A&M University, and the University of Alabama.

The University of Maryland had the vision to give him his first head coaching job but it could not keep him. The University of Kentucky made Coach Bryant an offer he could not refuse. Upon hearing of his leaving, 2,500 University of Maryland students staged a protest. Coach Bryant had to talk them back into the classrooms. I believe those students then had an idea of what was to come.

We can all take pride in "Bear" Bryant's accomplishments, not only in what he has done on the playing fields but in the contributions he has made to his players, his school, his community and his Nation. His quest for excellence in all facets of life is an inspiration to us all.

We in Maryland are proud that we were part of the opening chapter of one of the greatest stories in the history of American sport. We only wish we could have kept him a little longer. We have, though, kept a bit of Coach Bryant here, for the present football coach at the University of Maryland, Jerry Claiborne, was once one of his assistants.

Mr. President, I urge that the resolution honoring Paul Bryant be favorably accepted.●

● Mr. FORD. Mr. President, I am extremely pleased to join in sponsoring this resolution to honor Alabama Coach "Bear" Bryant on reaching the remarkable milestone of 315 victories which makes him the winningest coach in the history of college football.

I think the record should show in no uncertain terms that 60 of those victories came when Coach Bryant was at the University of Kentucky between 1946 and 1953 and it cannot be denied that it was in our State where he established his winning reputation.

Coach Bryant still has many friends and admirers in Kentucky where he is warmly remembered and we are just as proud of him as we can be. Indeed, there are a good many Kentuckians who wish the Bear had never left because any State would be proud to have him coaching at one of their universities.

On behalf of all Kentuckians, I extend congratulations to "Bear" Bryant on this impressive achievement. We are delighted to see this well-deserved good fortune come his way, and we wish him many more years of personal happiness and success.●

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 252) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 252

Whereas Paul W. "Bear" Bryant is head football coach and athletic director at the University of Alabama;

Whereas this native of Arkansas has previously coached at the University of Maryland, the University of Kentucky, and Texas A&M University during his thirty-seven-year career;

Whereas he has coached football teams that have won or shared six National Championships and twelve Southeastern Conference Championships;

Whereas he has been named Southeastern Conference Coach of the Century and National Coach of the Decade and has received countless other honors and awards;

Whereas on November 28, 1981, he won his 315th game, surpassing the record for most victories by a head coach in college football, long held by the late Amos Alonzo Stagg; and

Whereas it is appropriate and fitting to recognize him on the occasion of this accomplishment: Now, therefore, be it

Resolved, That the Senate honors and commends Paul W. "Bear" Bryant for his achievements in, and contributions to, college athletics in the United States.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to Paul W. "Bear" Bryant; University of Alabama; University of Maryland; University of Kentucky; Texas A&M University; and the mayors of Moro Bottom, Arkansas, and Fordyce, Arkansas.

The PRESIDING OFFICER (Mr. MATTINGLY). As a Senator from the State of Georgia, the Chair states to the Senator from Alabama that he has placed me in a very difficult position today with the Georgia Bulldogs.

[Laughter.]

Mr. HEFLIN. In reply to the Chair, I would like to point out that the University of Georgia football team is coached by Vince Dooley, an Alabamian.

The PRESIDING OFFICER. I thank the Senator for recognizing the special status of Coach Dooley.

Mr. HEFLIN. If we go down the list of the top-ranking teams today, we find that Clemson and Georgia, No. 1 and 2, are either coached by "Bear" Bryant proteges or Alabamians.

I would say in a joking manner that I fully realize that whether it is on the floor of the Senate or in other matters, other people always have inferiority complexes when Alabamians are involved.

The PRESIDING OFFICER (Mr. MATTINGLY). I now return to my capacity as Presiding Officer.

Mr. LONG. Mr. President, I should like the RECORD to show that the Senator from Louisiana voted for the resolution.

We, too, commend "Bear" Bryant, one who speaks of winning and playing by the rules, but taking advantage of the rules. He is a great American who believes in discipline and hard work.

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. Under the previous order, the Senator from Texas (Mr. BENTSEN) is recognized for not to exceed 5 minutes.

A SKILLED LABOR CRISIS

VI. SKILLED LABOR TRAINING IN JAPAN AND GERMANY

Mr. BENTSEN. Mr. President, this is the sixth in a series of speeches I am devoting to a review of our shortage of skilled labor. When I began this review back in September, I placed a question mark behind the phrase, "a skilled labor crisis." It was my expectation then to gather data from a variety of sources in assessing whether our Nation, in fact, faces a shortage of skilled workers.

It did not take me long to remove that question mark. Virtually every credible source of data and opinion I solicited confirmed that our Nation does, indeed, confront a serious shortage of skilled workers. This shortage is a current problem, not just a prospective future one. It is a widespread one, as well, reaching from the hospital operating room, the backroom of brokerage houses, the factory floor, and the navy yard, to the computer room.

LABOR SHORTAGES AND INFLATION

The shortage is projected, based on Labor Department data, to total at least 2.5 million jobs this decade. And it threatens to become even worse. Our efforts to rebuild our vital defense sector holds the threat of sharply exacerbating this skilled labor shortage and generating a tidal wave of wage competition for skilled craftsmen and technical personnel.

More alarmingly, labor shortages could hamper this Nation's efforts to enhance our defense capabilities by delaying the delivery of key military components or their effective use and maintenance once delivered.

Shortages which emerged during the Vietnam war buildup added over 1 percentage point to the Consumer Price Index. The linkage today between wage or price changes in one sector and general wage levels—reflected in the widespread explicit or implicit adoption of COLA's—is far stronger now than 15 years ago. Consequently, the impact of skilled labor bottlenecks on inflation will likely be far greater than during the Vietnam period. It is important to note, as well, that the conventional types of goods and services required for that war

are far less prone to inflation and shortages than the high technical goods and services which will be demanded as our civilian and defense sectors expand this decade.

If our economy attains even a semblance of the robust growth projected for it by the administration in the coming years, any defense-related shortages and wage competition will be magnified. And the inevitable pattern of reduced overall labor force growth this decade will generate further pressures on scarce skilled labor supplies and wages.

The upshot, Mr. President, is that we face a shortage of skilled labor which could become an enormous inflationary force over the next several years and a barrier to our efforts to rebuild our defense capabilities. Rising skilled labor costs will be reflected in rising production costs and prices for everything from health care, autos, and dishwashers to desk calculators. The close linkage now between general wage levels, even in labor-surplus occupations, and such prices will result in these rising skilled labor costs rapidly being reflected in all wages and generating a wave of cost-push inflation.

Let me stress, Mr. President, that skilled labor choke points and inflation are not inevitable in the years ahead. Our economy is in a recession now and may experience a prolonged period of stagflation before regaining robust growth. This breathing spell can be utilized to identify and ease our skilled labor shortage and enable our Nation to meet its defense commitments.

As I have noted in earlier talks, we face two options in dealing with that shortage: The refocusing of our Nation's training programs toward skills in critically short supply, and the widespread application of labor-saving devices—an option which will aggravate the shortage of skilled personnel in some occupations initially. These options are not mutually exclusive.

SKILLED LABOR TRAINING PROGRAMS IN JAPAN AND GERMANY

In the balance of my speech today, I will focus on the first option in reviewing the government labor training systems in Japan and West Germany. We have looked to these nations in recent years for insights in dealing with our capital formation and productivity problems. I believe they offer fertile ground. For insights on how we may best deal with our shortage of skilled workers as well.

At my request, the Congressional Research Service prepared a white paper entitled, "Occupational Skill Training in Japan and Germany." It was authored by Mr. Thomas Gabe, analyst in social legislation. Before submitting it for the RECORD, let be briefly summarize its major findings.

JAPAN

The Japanese labor training system reflects the unique lifetime relationship among at least the larger employers and their generally male workers, and features a tight link between wages and age. That system is under pressure today because of the aging of Japan's work force and the resulting wage pressure on production costs.

Despite the role of Japanese women as a flexible labor source—subject to abrupt hiring and layoffs as demand fluctuates—Japanese men of middle age and older are increasingly subject to unemployment. Their age and related wage costs put them at a disadvantage in competing with younger workers for new jobs or for existing jobs when payrolls are shrinking.

Compared to our Government training system, the Japanese target a larger share of their efforts at these older workers. A major emphasis is given to retraining such workers, especially those from distressed industries. This Japanese training system features subsidy payments to employers conducting the retraining which are financed, in part, with employer contributions to their unemployment compensation program—a fund traditionally under far less fiscal pressure than our own compensation program.

Compared to our education system, a much greater emphasis exists in Japan on vocational education at the high school level, with two of every five students receiving vocational schooling.

GERMANY

West Germany has avoided major unemployment among experienced workers by adjusting the number of foreign workers. As in Japan, unemployment insurance contributions by German employers is a major source of funds for the training of workers. The German public education system is utilized far more as a training tool than our own, as well, with as many as 7 out of every 10 high school youths in vocational programs.

Mr. President, I ask unanimous consent to have a paper, entitled, "Occupational Skill Training in Germany and Japan," by the Congressional Research Service, printed in the RECORD.

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

OCCUPATIONAL SKILL TRAINING IN GERMANY AND JAPAN

(A White Paper Prepared for Senator LLOYD BENTSEN)

OCCUPATIONAL SKILL TRAINING IN JAPAN

Introduction

Occupational training in Japan must be viewed in light of established employer-employee relations, as well as changing economic and demographic circumstances.

In Japan the employer assumes many of the "social welfare" functions that have been delegated to government in many other countries. While the same statement could be made about the United States, and many other Western countries, the extent of enterprise-based social policy is much greater in Japan and is generally bolstered by the government. In Japan, most training outside of school is provided by the firm. The government provides support for such training on a limited basis under conditions of extenuating economic circumstance. Government supported training outside the firm is modest.

Economic climate

Following an initial period of high unemployment after World War II, the economic situation within Japan has been characterized by periods of rapid to moderate economic growth, low unemployment, and recurrent structural problems. With the import of new technology and high consumer demand for durable, leisure, and luxury goods, Japan experienced unprecedented economic growth beginning in the mid-1950's and extending through 1973. From 1955 to 1960, the real annual average rate of growth was 8.5 percent, 10.0 percent from 1960 to 1965, and 12.3 percent from 1965 to 1970.[1] In 1955, the unemployment rate was 2.5 percent, and from 1961 to 1974 never strayed above 1.5 percent. More recently, following the 1973 shock in oil prices, Japan's rate of economic growth has declined to the more moderate level of 5 to 6 percent per year. Unemployment had increased to about 2.13 percent in 1977.[2]

As noted by the Organization for Economic Co-Operation and Development,[3] in spite of the generally tight labor markets in post-war Japan, there appears to be very little mobility of workers between firms. Under tight labor market conditions, one might expect that skilled labor could easily be bidded away from competing firms. However, the practice of lifetime employment and seniority based compensation—typifying a substantial portion of the labor market—and the nature of training, greatly minimizes inter-firm labor mobility in Japan. As a result of minimal labor turnover in the firm, employers are able to invest heavily in training of workers with little fear that those investments will be lost.

EMPLOYER-EMPLOYEE RELATIONS

Japan as a "dual economy"

Japan may be characterized as a "dual economy".[4] The lifetime employment and seniority based compensation system has never been universally applied in Japan. Only about half the employees in Japan are employed in enterprises that practice these policies.[5] In general, these policies are limited to the major firms within the modern sectors of the economy, and the government. Other industries, in less productive sectors of the economy, adjust their demand for labor more upon changes in product demand within the economy.[6] Typically, the principal enterprises in the modern sectors of the economy invest heavily in training workers and attempt to hoard their trained workforce. Other firms generally provide less training to workers, and tend to adjust the size of their workforce to changing demands in the economy through layoffs.

Private support of training under the lifetime employment system

Employer-employee relations throughout much of Japan have been characterized by a system of lifetime employment and seniority based compensation. This system dates back to the period of high unemployment in Japan that preceded World War II. The system was most prevalent in government-owned factories and major private firms during this period. The system arrived at by mutual, tacit agreement between management and labor protected workers from outside competition; at the same time it provided the firm with a stable workforce.

Under the system, new workers agree to take jobs at initially low wages. Many employers supplement low wages with company provided benefits, such as housing and transportation to and from work. The employee can expect his/her wages to increase with age, being more a function of seniority in the firm than a reflection of productivity. Gen-

Footnotes at end of article.

erally, once hired, the employee stays with one firm until reaching the age of mandatory retirement—usually between the ages of 55 and 60. The employer generally prefers to hire untrained persons directly out of school, with the expectation that they will stay with the enterprise until reaching the age of mandatory retirement. In turn, the employer provides both general and firm-specific training without fear that these investments would be lost as a result of workers going to other firms.

The nature of training

Within enterprises practicing life-time employment policies, the majority of new hirees come directly out of school. Firms compete to hire the best graduates, and graduates compete to be hired by the most prestigious firms. Firms generally look for graduates who have high intelligence, proper attitudes, and general development potential, rather than specific skills. Once hired, the firm provides training which tends to be firm-specific rather than general in nature. Workers are taught about the history of the company, organizational structure, and the production process related to the firm's products. A team approach is emphasized, with workers being expected to not only learn their own jobs, but the jobs of workers up and down the production line. This type of training is not generally transferable to other firms, nor can it be provided in a general vocational school. Such an approach is seen as reinforcing work group and company loyalty and reducing the routinization of work, thereby assuring minimal turnover.

Pressures for change

Skill Shortages

Up until the 1974–1975 recession, there had been a general shortage of skilled production workers in the Japanese economy. Since then, the slower rate of economic growth has eased the skilled worker shortage somewhat. As a result of the large proportion of young people who have opted to go on to college, employers had been faced with reduced supplies of labor for production workers. In response to the surplus of workers in the managerial ranks, many firms have reduced hiring of college graduates in recent years.

Changing Demographic Conditions

Japan has been undergoing a major demographic transition since the 1950s. Falling birth rates and increased longevity have transformed Japan into a rapidly aging society. The International Labor Organization predicts that by the year 2025, the proportion of population age 55 or over in Japan will reach 29 percent, and 18 percent for the 65 and over age group—the highest of any country in the world.[7] These figures compare with 28.9 percent and 17.2 percent for the U.S., respectively.[8]

The rapidly aging workforce is placing increased stress upon the lifetime employment, early retirement, and seniority based compensation system in Japan. Workers who reach the age of mandatory retirement (55 to 60) may have several years of useful worklife remaining. However, given the aging population, in general, and the aging workforce, in particular, many firms are finding that the seniority based compensation system is becoming prohibitively expensive, as the total wage bill automatically increases each year as a strict function of the age structure in the enterprise. In addition, the swelling in the upper managerial ranks has created bottlenecks, inhibiting promotion of younger workers. As a result, there appears to be little direct incentive for employers to retain older workers. Once having left a firm, middle-aged and older workers experience a difficult time finding re-employment. In addition, many of these workers find that their skills are outmoded, or are not readily transferable to other firms. Unemployment among middle aged and older workers is a particular area of concern for policy makers.

INTERGENERATIONAL SUPPORT OF EDUCATION

The lifetime employment and seniority based compensation system may have an indirect effect upon the provision of education and training, by promoting the intergenerational support of education in Japan. Because income growth so closely parallels the life cycle, families may find that they are in a position to make more substantial investments in their children's education than they otherwise might. The seniority based compensation system is sometimes cited as a major reason why college enrollment has increased so dramatically in Japan in recent years.[9] In 1975, 37.8 percent of high school graduates were going on to universities or two year junior colleges; this compares to about 10.3 percent in 1960.[10]

GOVERNMENT TRAINING POLICY

The Japanese government's training policies generally focus on four levels—the educational system, the provision of training at public vocational training centers support for privately provided training under extenuating economic circumstances, and support to promote the employment of special groups.

Education system

The Japanese Government requires that youth receive nine years of compulsory education. Upon graduation from a secondary school, at age 15, a youth may choose to work, go on to a government financed upper secondary school, or go to a public vocational training center. In 1976, over than 90 percent of secondary school graduates chose to go on to upper secondary school.[11] They had the choice of three types of schools at the upper secondary level—general education, vocational training, or a combination of the two. In 1973, about 41 percent of the students at the upper secondary level were enrolled in vocational courses.[12]

Provision of training at public vocational training centers

The Japanese Government provides vocational training outside the general educational system on a limited basis. In 1979, 421 vocational training facilities were in operation throughout the country, with an annual enrollment of approximately 230,000 trainees.[13] The majority of these centers are funded and operated by the 47 prefectural governments. The training provided by these centers is free, and training, commuting, and lodging allowances are available to recipients of unemployment insurance benefits. In 1980, about one third of the trainees were enrolled in general training courses, designed to prepare participants for initial employment. Placement from the courses tends to be concentrated in smaller firms, where training opportunities are not generally available. The remaining two thirds were enrolled in upgrading training and Occupational Capacity Redevelopment Training.[14] Upgrading training may last from a few days to six months. Occupational Capacity Redevelopment Training, a retraining program designed primarily for the unemployed normally lasts for six months, but may extend up to one year for displaced workers from depressed industries. The upgrading and Occupational Capacity Redevelopment Training programs primarily address the training and retraining needs of middle aged and older workers.

Government support for private training

The Japanese government provides training subsidies to workers and employers under extenuating economic circumstances. One program provides training support to industries during periods of economic downturn, whereas the other provides support for the reconversion of redundant workers in industries that are depressed due to structural causes.

Both of these measures were put in place since the 1973 oil shock. The replacement of the 30-year-old Unemployment Insurance Law with the Employment Insurance Law of 1974 signals the Japanese government's promotion of a "positive employment policy"—a policy designed to achieve the goals of moderate and steady economic growth, stable prices, and full employment.[15]

Countercyclical training subsidies to private industry

In the effort to prevent unemployment and temporary layoffs during periods of economic downturn, the Japanese Government provides training grants and subsidies to certain employers designated by the Minister of Labor. Funding for the program comes from the Employment Stabilization Fund System. The Fund, established in 1977, is financed from contributions made by employers and employees and general revenues under the Employment Insurance (formerly the Unemployment Insurance) law. Thanks to many years of tight labor markets, the Fund has accumulated a large surplus. The grants and subsidies paid out under the Fund are in basic recognition and support of the lifetime employment system, encouraging employers to retain and train workers during economic downturns, rather than to restort to layoffs.

Subsidies are made to employers who have conducted education or training for their employees and have continued to pay normal wages during the business adjustment period.[16] Subsidies cover one half the normal wages (two-thirds of the normal wages for smaller enterprises) for up to 75 days. In addition, a lump-sum grant is awarded to enterprises to offset a proportion of the direct expenses incurred in providing education or training. In cases where employers must convert their operations to adjust to economic conditions, employers may receive subsidies for education and/or training for up to 150 days. In 1979, less than half of the funds budgeted for these subsidies were used by employers.[17]

Training subsidies for structurally depressed industries

The Japanese Government extends special assistance industries under the 1978 Law for Temporary Measures to Rehabilitate Specific Depressed Industries. As of 1980, 39 industries were designated as "depressed" under this law. The majority of depressed industries were concentrated in textiles, fishing and related industries, mining, smelting, and refining of ore, shipbuilding, and plywood manufacturing.[18]

Under this law, employers are provided grants and subsidies to retrain workers they hire from structurally depressed industries.[19] In addition, workers designated under this law are provided extended unemployment benefits and retraining allowances. As an incentive to find employment, displaced workers are provided a bonus (i.e., a share of their unpaid unemployment benefits) if they secure employment prior to the expiration of their benefits. Employers who hire displaced workers from specific depressed industries may secure a subsidy equal to one half the normal wage (two-thirds for middle and small enterprises) for the first six months of employment. In 1979, less than 10 percent of the funds budgeted for these grants and subsidies were used by employers.[20]

Footnotes at end of article.

Other programs

The large proportion of older workers in the economy, combined with the seniority based wage system and mandatory retirement provisions are placing particular pressures on the Japanese labor market and employment security system. Once having left a firm, middle-aged and older workers experience a difficult time finding employment in the Japanese labor market; in 1977, among job applicants age 55 and over, there were ten applicants for every opening.[21] Many firms, already overburdened with the costs of a seniority based compensation system, are not willing to hire middle-aged and older workers, since under the system, they would have to be paid in accordance to their age. In addition, many of these workers find that their skills are outmoded, or are not readily transferable to other firms. Unemployment among these groups within the Japanese economy is a particular area of concern to policy makers.

The Japanese government encourages employers to provide vocational counseling and training to workers who are approaching retirement so that they may acquire the necessary training and knowledge necessary to secure re-employment. The government assumes the costs of such training, regardless of whether it is provided by the enterprise or vocational school.[22]

The Japanese Government provides special incentives to employers to hire middle aged and older workers. Employers who hire middle aged and older workers, without replacing other workers in the process, are eligible for a subsidy equal to one-half of normal wages (two-thirds for medium and small enterprises) for three months for workers aged 45 to 55, and for six months for workers aged 55 to 65 years.[23]

In addition to subsidies for hiring older workers, the Japanese Government provides subsidies for hiring the physically and mentally handicapped, widows, and persons on probation. The government also operates public works projects in areas where mass unemployment occurs.

OCCUPATIONAL SKILL TRAINING IN GERMANY

Vocational skill training in the Federal Republic of Germany is supported by the government through its compulsory education system and an active manpower policy. Each of these will be discussed below, after first describing the economic climate in Germany.

ECONOMIC CLIMATE

Except for a brief period following World War II, Germany has been able to effectively eliminate unemployment, at least by U.S. standards. The unemployment rate displayed a near steady decline from 7.2 percent in 1950 to 1.3 percent in 1960, with the exception of a temporary pause at 3.7 percent in 1957 and 1958. During the 1960s, and until 1974, the unemployment rate hovered around 1 percent, except for a brief recession in 1967 and 1968 when it increased to about 2 percent. During the 1974–1975 world wide recession, induced by the rapid rise in oil prices, Germany's unemployment nearly reached 4.7 percent, but has dropped and held steady at about 3.5 percent since then.[24]

Foreign workers have played an important role in labor market adjustment processes within the German economy. Prior to the 1974–1975 recession, foreign workers augmented an otherwise diminishing labor force. As a result of early retirement and prolonged education among the young, the employment rate in Germany fell from 60.1 percent in 1962 to 53.6 percent in 1976.[25] Over this period, the native population grew from 55.9 million to 57.6 million. At the same time, the foreign population grew from 0.9 million to 3.8 million, largely as a result of foreign "guest workers."

Over the last several years, it could be argued that Germany has "exported" much of its unemployment through contracting its use of foreign workers.[26] In November 1973, in anticipation of a slow down in the economy, Germany stopped immigration of foreign workers from outside the European community and tightened the extension of work and residence permits. As a result, the number of foreign workers decreased by some 700,000 from September 1973 to September 1977, the equivalent of a 2.7 percent reduction in the active labor force.[27]

GERMAN EDUCATION SYSTEM

Under German law, 12 years of education is compulsory. Educational and vocational paths are selected very early in life. By the time a child is ten years old, after just four years of elementary school, parents and children, in consultation with teachers, must select the type of secondary school the child will enter. Once a choice has been made, parents and children are usually bound by the decision through the remainder of their educational and vocational careers.[28]

Three types of schools are available. Enrollment is on a competitive basis. The Gymnasium provides an academic curriculum up to age 18 in preparation for a university education. The Realschule offers a technical course of study resulting in an intermediate degree at age 18 and then possible entrance to an upper level technical school. The Hauptschule provides a basic course of study up to age 15. At age 15, the student typically becomes employed as an apprentice or unskilled laborer. Statutory day-release from work allows the youth to attend school on a part-time basis until reaching the age of 18. In 1974, 19 percent of secondary school students attended Gymnasium, 12 percent were in Realschulen, and 41 percent in Hauptschulen.[29] The other 28 percent attend Berufschulen, which are part-time vocational schools, which essentially carry on the work of the Hauptschule. Consequently, 70 percent of German youth are in vocational tracks.

The Berufschule

The Berufschule, or vocational, trade, or apprenticeship school, is an adjunct to the full-time school system. It is part of what is commonly referred to as the "Dual System," in which the youth receives part-time instruction in a vocational school (usually for 6 to 12 hours a week), and works the rest of his/her time as an apprentice.[30] The Berufschulen draw most of their students from the Hauptschulen—in 1974, 81.8 percent came from Hauptschulen, 17.2 percent from Realschulen, and 0.3 percent from Gymnasium.[31]

Typically, a student would enter a Berufschule at age 15, after having passed the lower secondary school exam. Although the law does not require passing the exam for entrance to a Berufschule, it has become the common practice.[32] In 1976, about one quarter of the Hauptschule students failed to pass the exam. Some Berufschulen offer remedial courses for these students. In addition, the Federal Employment Institute, under the Federal Minister of Labor and Social Affairs, makes funds available to charitable organizations, local authorities, and employers to offer remedial courses. Upon entering the Berufschule, the youth enters into an apprenticeship agreement, or training contract, which must be mutually agreed upon by the youth, the youth's parents, the school, and the employer.

Vocational training provided through the Berufschule is sometimes criticized as providing too narrow a specialization, by training students in a particular craft rather than in a broad occupational field. In 1974, some 500 different training schemes existed.[33]

The Organization for Economic Co-ordination and Development claims that the vocational schools are in a state of crisis.[34] Per pupil expenditures in vocational schools lag behind what is spent in other schools. The system is short on teachers, and actual teaching time is less than required by law. There has been little coordination between industrial training and academic schooling.

The structure and health of the economy affects the amount and type of training opportunities available to students. This is reflected in a number of ways. For example, only about 16 percent of the companies in Germany provide education and training. The companies that have training and education facilities generally tend to be large. However, about half of the youth in training work for small companies.[35] In 1976, about 240,000 youth were working in jobs that did not have facilities for vocational training.[36] Some employers argue that they provide adequate training in spite of the lack of specific training facilities. They back up their claims by noting "high success rates" of trainees in "Handwerk" (craft skills) examinations.[37]

Several means of addressing some of the problems mentioned above have been proposed (we don't know if these have been implemented). One measure would establish a system of grants and taxes imposed on companies. Companies which increased their apprenticeships would receive a grant. Companies would be taxed when the demand for training within their industry exceeds the supply of training positions. A second measure would expand the number of training positions through "extracompany" or "group training centers."[38] Further details are not available on these proposals.

MANPOWER POLICY

The Federal Republic of Germany has assumed an active manpower policy stance, in conjunction with economic and social policy, to strike a balance between the multiple, competing, objectives of full employment, price stability, increased production, and a healthy balance of payments.[39] Efforts to promote these goals are embodied in the Employment Promotion Act of 1969.

THE EMPLOYMENT PROMOTION ACT OF 1969

The principal focus of the Employment Promotion Act of 1969 is to prevent employment problems from occurring, as opposed to merely counteracting problems once they arise. Specific functions authorized under the Act include: vocational counseling, job placement, job counseling, promotion of vocational training, special assistance to the hard-to-employ (handicapped), payments to maintain work during temporary shortages of work resulting from seasonal variations and bad weather, payments to create employment, and the provision of unemployment compensation benefits as a supplement when suitable job vacancies do not exist or when vocational training opportunities do not exist. For purpose of this discussion, we will focus primarily upon vocational training.

Administration

The Federal Employment Institute (Bundesanstalt fur Arbeit) is responsible for carrying out the provisions of the Employment Promotion Act. The Institute is a self-governing public corporation, subject to government supervision. Membership on the corporate governing council is equally divided between worker's representatives, employers, and public corporations. The Federal Minister of Labor and Social Affairs has the

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Footnotes at end of article.

power to put specific rules and regulations under the Employment Promotion Act into effect, if, after one year's notice, the governing council has not already done so. The Institute's budget requires approval of the Federal Government. Activities conducted by the Institute are mainly financed through the unemployment insurance system fund. Contributions to the fund are based upon 3 percent of gross wage or salary income, shared equally between employers and workers. Direct contact with the public is made through 146 local offices.

Education and training provisions

The Employment Promotion Act has a number of provisions to support education and training. In addition to initial training, the Act provides for further training and education, and retraining. These provisions recognize the changing nature of work, resulting from integration of new technology and changing demand for goods and services in the economy. In addition, these provisions—for training, further training, and retraining—would appear to address problems inherent in the existing educational system. In particular, support for vocational education and training in later life may be one means of compensating for the near irrevocable education and career decisions which occur so early in life under the existing education system.[40] Calls for reform of the education system have been loud in recent years, but change has been difficult to effect.

Adult training

The 1969 Law established the right of each citizen to be given individual assistance in obtaining further training or retraining. Until 1976, the law provided generous financial assistance to gainfully employed adults to retrain to make up for obsolescent skills, to assist in the transfer to more secure jobs, and to acquire additional education to further knowledge within their current vocation. In 1971, occupational training schemes accounted for about 30 percent of the Federal Institute's total expenditure.[41] Specific provisions included the defrayal of direct education and training expenses, as well as an allowance equal to up to 90 percent of the participant's last net income.[42] "Settling-in grants," an on-the-job training subsidy to employers, could pay up to 60 percent of a worker's wage for up to one year.[43]

With the onset of the 1974–1975 recession, the German Government introduced more restrictive measures for extending financial assistance for further training and retraining for adults. Beginning in 1976, financial support is extended to those applicants who have been working for at least five years (including training periods). Regulations governing the type of training which qualifies for financial support have also been tightened. Reimbursement rates vary depending upon whether a course is considered "necessary" or "reasonable" by the Institute.[44] The training allowance for a course deemed to be "reasonable" amounts to 58 percent of the applicant's last net income, while it is 80 percent for a course deemed to be "necessary". With the introduction of the more restrictive provisions, enrollment for continued training in 1976 dropped by 50 percent over previous years.

Training for the Hard to Employ

Since 1976, there has been an increased emphasis upon training for the long term unemployed (i.e., persons unemployed for one year or more). Employers who hire the long-term unemployed are eligible for 80 percent wage subsidy for up to two years.[45] Work Councils, supported by the Protection Against Dismissals Act,[46] help to assure that workers who are hired under the subsidy are not subsequently discharged, or that other workers are not subsequently displaced by the subsidized workers.

Youth Training

As of 1976, training for youth, provided by the Federal Employment Institute, was relatively small in comparison to adult training and retraining programs. Stingl[47] reports that in 1976, the Institute provided training to 27,800 youth in 858 courses. This compares to about 150,851 adults in training and retraining courses in that same year—260,362 adults in 1975.[48] Without more recent data, it is difficult to say whether savings from the recent reductions in adult training and retraining are being redirected toward youth.

Mr. BENTSEN. Mr. President, let me conclude this speech by noting that my next talk in this series will review the implications for our skilled labor shortage of the application of robotics.

FOOTNOTES

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[14] Conversation with Jim Orr, Office of Foreign Economic Research, Bureau of International Labor Affairs, U.S. Department of Labor, October 6, 1981.

[15] Japan, The Japanese Institute of Labour, p. 13.

[16] Japan, The Japanese Institute of Labour, p. 20–21.

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[36] Ibid., p. 6.

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[38] Ibid., p. 4.

[39] Manpower Policy in Germany, p. 23.

[40] Lenhardt, Gero. Problems in Reforming Recurrent Education for Workers. Comparative Education Review. October 1978. p 452–463.

[41] Manpower Policy in Germany, p. 70.

[42] Lenhardt, Problems, p. 459.

[43] Manpower Policy in Germany, p. 71.

[44] Lenhardt, Problems, p. 459.

[45] Joint Report of Labor Union Study Tour Participants. Economic Dislocation: Plant Closings, Plant Relocations and Plant Conversion. May 1, 1979. p. 24.

[46] The Protection Against Dismissals Act of 1969 bars the "socially unjustified" dismissal of any worker after a probationary period of six months.

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SENATOR HART'S SPEECH ON THE THREAT OF NUCLEAR WAR

Mr. PRYOR. Mr. President, I wish to call to the attention of my colleagues a speech delivered recently by the distinguished Senator from Colorado (Mr. HART) at Cornell University on the subject of the prevention of nuclear war. I believe this subject and the comments made by Senator HART should have the attention of every Senator and, indeed, of every American.

I ask that the address made at Cornell University, Ithaca, N.Y. on November 11, 1981 be printed in the RECORD.

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

ADDRESS BY SENATOR GARY HART

I am honored to be part of this nationwide convocation on the prevention of nuclear war. There is no more important issue before our society.

For nearly forty years, nuclear weapons have posed the gravest threat to our society; today, they are becoming an immediate threat to our survival.

For nearly forty years, nuclear weapons have had the power to render war unthinkable; today, there are those who think about a limited nuclear war—and think it can be won.

For nearly forty years, our nation has sought to lead the world away from the abyss of nuclear war; today we have managed—incredibly—to cast aside that sense of purpose.

Today there are almost no constraints on the nuclear arms race between the superpowers. The spread of nuclear weapons worldwide is unchecked. And major governments lack the will to pull us back from the edge of the nuclear abyss.

These developments are incompatible with the security of America; they are incompatible with the dream of America; and they are incompatible with the survival of America.

I would like to ask two questions. First, how many of you here today were alive when we dropped the Hiroshima bomb? Would you raise your hands? Now, the second question: How many of you remember air raid drills in your schools—huddling in basements or under your desks?

Very few of you remember. But American leaders who knew war—who led men in battle and saw men die—saw nuclear weapons tested and used and were awed. They thought nuclear arms would make war itself impossible. In General Douglas MacArthur's words:

". . . this very triumph of scientific annihilation—this very success of invention—has destroyed the possibility of war's being a medium for the practical settlement of international differences . . . Global war has become a Frankenstein to destroy both sides. No longer is it a weapon of adventure—the shortcut to international power. If you lose, you are annihilated. If you win, you stand only to lose . . . [war] contains now only the germs of double suicide."

Remember those words. And remember they were spoken at a time when the U.S. and Soviet Union, combined, measured their strategic weapons in the hundreds. Today, our two nations together have about 20,000 each more powerful than the Hiroshima bomb. Then, most were carried on slow-moving bombers that could be recalled. Now, most are on missiles—weapons on a hair-trigger. Now, 30 minutes or less lie between launch and irrevocable destruction.

Who can comprehend the meaning of tens of millions dead?

Who can comprehend millions more severely burned, unable to reach hospitals that, at best, might care for one thousand nationwide?

Who can comprehend still millions more blinded, wandering sightless in a post-attack world, simply because they looked up when the first flash came?

And who can comprehend rebuilding such a society—not just repairing physical injury, but restoring a sense of order in a world ruled by mobs, struggling over scraps of food, with no reason for human restraint?

Faced with this dark vision, no one should think lightly of nuclear war. Just as important, none of us can refuse to think about it at all.

If we refuse to think about it, we entrust our survival to think-tank theoreticians with pocket-size bomb damage calculators.

If we refuse to think about it, we entrust our survival to those who believe nuclear war can be neat and clean—who believe nuclear war would merely throw our economy back to the 1920s—who believe nuclear weapons permit such a thing as a surgical strike.

If we refuse to think about it, we entrust our survival to leaders who believe that limited nuclear war can be fought and won—and who might act on that belief.

The idea of limited nuclear war is an attempt to rationalize insanity.

Yet fantasies of limited nuclear war are embraced at the highest councils of our government. They are now driving our weapons decisions—like the decision to build the neutron bomb which could lower the threshold of nuclear war. They are fragmenting our NATO alliance while the Soviet threat in Poland and Afghanistan demands more than ever that we stand as one. They are allowing the Soviet Union to pose as a leader for peace, and to portray us as an obstacle to peace.

And, while a few leaders indulge in these fantasies, other nations dream other nightmares. No longer are there two nations that possess the power of ultimate destruction; now there are six. In a decade, there may be ten or twenty or more. And can anyone say with confidence that Iraq or Libya or Pakistan will show restraint in the use of a nuclear weapon?

And what of the terrorist groups now active in many of the world's nations? Nuclear terrorism is the new nightmare that haunts us—not nation making war on nation, but an isolated terrorist group imposing its will on the world.

Not armies of scientists working with ultrasecret technologies, but a few individuals building a nuclear bomb with some basic physics and a few pounds of plutonium.

Not weapons hurled thousands of miles on complex rockets—but one container in an abandoned warehouse in an American or European or Israeli city.

This is the ultimate nuclear nightmare—and, too soon, we may drift into it, never to awake.

So it is time to wake those who believe nuclear war simply can never happen. It is time to wake those who ignore the lessons of past civilizations—civilizations which, like us, dreamed they would last forever.

Such belief today is more than harmless dreaming—it is sheer arrogance.

It is sheer arrogance to believe the United States and Soviet Union can increase their nuclear forces beyond any rational level, and still expect other nations to forego these weapons themselves.

It is sheer arrogance to talk of exploding a nuclear bomb as a demonstration of strength, and expect our allies and adversaries not to be concerned.

It is sheer arrogance to believe that arms can be piled on arms without consequence—this on a globe where once distant countries are today's neighbors, where the weapons we have today will be the weapons others have tomorrow.

It is sheer arrogance to believe we can promote the spread of nuclear materials around the globe and not one day see the Fifth Horseman of nuclear terrorism ride upon some American or European or Israeli city.

All this is sheer arrogance and it is dangerous arrogance. So it is time to reawaken all our leaders to their most solemn responsibility—the prevention of nuclear war.

It will take a supreme effort of national and innternational will to carry us safely to the twenty-first century. If we are to make this effort, we must first banish three pervasive errors.

The first error is that controlling nuclear weapons amounts to being soft on national security. Arms limitations enhance our national security. They are checks on our adversaries, not rewards to our friends. And to the precise extent arms control agreements limit the size of the Soviet force, they are essential to our national security.

The second error is that unilateral disarmament holds our best hope for averting nuclear war. In my view, such a course would lead to the war we seek to prevent. It would encourage dangerous miscalculations by adversaries we seek to deter. The profound paradox of our time still stands—the very terror and certainty of these weapons is necessary to prevent their use.

The third error is that the spread of nuclear weapons throughout the world is an issue separate and distinct from the superpower arms race. In fact, the two are intimately related. We cannot demand restraint from other nations while we act without restraint ourselves. Each time a new country joins the nuclear club, efforts at worldwide arms control are seriously complicated and the threat of nuclear terrorism is increased.

I would like to stand before you and offer a magic formula to end the nuclear arms race and prevent the outbreak of nuclear war. The simple truth is that there is no simple plan. We are dealing with decades of mutual suspicion. We are dealing with a powerful technological momentum that drives both sides. And we are dealing with the gruesome desire of many countries to assert their national pride with deadly weapons.

So far, the struggle to overcome these obstacles has been an unequal fight, for we, as a nation, have not confronted the problem of nuclear war. Fewer than one thousand Americans in government and universities are working actively to reduce nuclear arms. One thousand times their number are working to build them.

It is time to apply the full strength of our nation to the byzantine nuclear threat. There are common-sense steps to be taken—steps that will once more put us on course toward peace.

The first step is to direct our nation's military policies to the prevention of nuclear war.

This means judging our weapons by a new standard—will they increase or decrease the risk of nuclear war.

It means improved nuclear command and control so we never use nuclear weapons in ignorance or error.

It means building verifiability into our weapons so we can negotiate arms control agreements based on mutual knowledge, not mutual trust.

It means better intelligence collection so our national defense decisions rest on information, not speculation.

And it means strong conventional armed forces, so nuclear weapons are the last line of defense, not the first.

The second step is to resume serious negotiations with the Soviet Union. And we must reorient the purpose of those negotiations—away from the numbers game that has become an end in itself and back to the original goal, the prevention of nuclear war.

Reducing the numbers of arms is not an unimportant goal, but it is insufficient. It must be buttressed by measures that pull the two sides apart, in space and in time, to reduce the incentive to use these weapons in some future crisis. Europe provides a good example. If the coming negotiations on nuclear arms in Europe only limit the numbers of medium-range systems on hair trigger alert, then they will have failed.

For, whatever the numbers, those missiles are on a hairtrigger. Their short flight time provides a powerful incentive for shooting first and asking questions later. To remove that hair-trigger, we must negotiate to move Soviet missiles out of range of Western Europe. In return for this, we could consider not placing our own missiles on European soil. To use these weapons, each side would have to move them within range of Europe. This would provide a cooling-off period—a firebreak, if you will—and lessen the chances of nuclear war.

These measures will never be achieved until we decide we must talk—and talk seriously.

That word "seriously" is fundamental. For officials in both governments may devise proposals that sound like progress, but are really constructed to prevent any progress at all. And our discussions are doomed to remain discussions—unless both sets of leaders are committed to reducing the chance of war.

Unfortunately, we haven't even negotiated on strategic arms with the Soviets since the SALT II Treaty was signed in 1979. And the current administration does not plan to resume talks on strategic limitations until

next spring. This is too long to wait. It's time—now—to resume arms negotiations. Whatever the difficulties of reaching agreement, the dangers of not trying are worse.

The third step on a course toward peace is a tough, determined policy to prevent the further spread of nuclear weapons. Our ability to develop such a policy rests on our willingness to stop our international trade in nuclear technology.

For three decades, we have tried to maintain a distinction between peaceful and military uses of nuclear energy. The fact is, no such distinction exists. There is only a thin line of technology. And we and other world nuclear suppliers are edging closer and closer to that line.

For example, today's nuclear reactors have produced about 140 tons of plutonium—enough to make 28,000 Nagasaki-sized bombs. So far, most of that plutonium is locked in spent nuclear reactor fuel. But the technology to unlock it exists, and several nations, including Libya, are trying to buy it.

What assurances do we have that the separated plutonium would be used in conventional nuclear plants—and not in weapons? None.

And what assurances do we have that plutonium will not find its way to terrorists bent on nuclear blackmail? None.

Yet most plans for nuclear energy envision spent fuel reprocessing and breeder reactors—which produce more plutonium than they use as fuel—as standard elements of the nuclear fuel cycle.

Our policy of nuclear exports make us and the other exporting nations—the "reliable suppliers" of our own potential destruction. By continuing that policy, we are squandering the brief moments left to prevent the further spread of nuclear arms.

At a minimum, we and the other nuclear suppliers must recognize that the world's interest in peace, security, and survival far outweighs the economic benefits of nuclear trade. Our first step is clear: we must agree to stop exporting technologies and materials that can be used to make nuclear bombs. We should set an example for the rest of the world.

The fourth, final, and absolutely essential step is to marshal our economic and political strength to the cause of peace and human progress around the world. Blustering rhetoric and saber-rattling are no substitute for a foreign policy aimed at diminishing the risks of a dangerous world. It will take active, courageous diplomacy—in the Middle East, in Central America, in southern Africa, and elsewhere, to help defuse the regional conflicts that can explode into broader confrontations. And it will take an affirmative American effort, together with the efforts of like-minded nations, to address the world's human needs—its need for food, its need for health, its need for hope. Left unattended, these unmet human needs are the seeds of war.

Twenty-four years ago, to this week, General Omar Bradley told another school convocation:

"If I am sometimes discouraged, it is not by the magnitude of the problem, but by our colossal indifference to it. I am unable to understand why—if we are willing to trust in reason as a restraint on the use of a readymade ready-to-fire bomb—we do not make greater, more diligent, and more imaginative use of reason and human intelligence in seeking an accord and compromise which will make it possible for mankind to control the atom and banish it as an instrument of war."

If today's convocations here at Cornell and elsewhere can begin to alter this "colossal indifference," then we will have moved toward a safer world. For if you are forced to think about nuclear war—to contemplate its likelihood and its consequences—then you, your family, your university, your community, your nation, will be compelled to act.

Today, a day to honor those who have given their lives for this country, it is appropriate to think about our personal visions of this nation. We each have these visions, our own ideal of what we want this country to stand for and accomplish. But I believe these personal visions share at least one element in common—that the purpose of America is peace, a secure peace.

With that purpose, we are here today. Without it, we will fail. And in such purpose there is hope.

RECOGNITION OF SENATOR COCHRAN

The PRESIDING OFFICER (Mr. ANDREWS). Under the previous order, the Senator from Mississippi (Mr. COCHRAN) is recognized for not to exceed 15 minutes.

THE VOTING RIGHTS ACT

Mr. COCHRAN. Mr. President, I have been addressing this body for several weeks now about legislation I have introduced, S. 1761, to amend the Voting Rights Act of 1965.

The purpose of this amendment is to assure the nationwide protection of voters' rights by making available a preclearance procedure in every State. Political subdivisions would be required to apply for a declaratory judgment in local Federal district court for the preclearance of any change in election or voting laws. The United States would be the named defendant, and process would be served upon the Attorney General. The Department of Justice would have the normal 60-day period to answer and interpose an objection if it believes the change is discriminatory. All interested persons or groups would be notified of the action. The bill also provides for an expedited proceeding, including a priority setting in district court and an automatic stay on appeal.

At the time I introduced this bill, I pointed out that the proposal was developed by William C. Keady, chief judge for the Northern District of Mississippi, and George C. Cochran, who is on the faculty of the School of Law at the University of Mississippi, in an article to be published soon in the Kentucky Law Journal, Volume 69, No. 4, 1980–81.

Mr. President, the Keady/Cochran article, entitled "Section 5 of the Voting Rights Act: A Time for Revision," provides an extensive historical background of the development of the act and, in particular, section 5. It discusses the operation and impact of section 5, well-documented with statistical data. Finally, it develops the new preclearance proposal, introduced now as S. 1761.

Mr. President, I ask unanimous consent that excerpts from this article, with footnotes and exhibits being omitted, be printed in the RECORD.

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

SECTION 5 OF THE VOTING RIGHTS ACT:

A TIME FOR REVISION

(By William Colbert Keady)

The Voting Rights Act of 1965 represents significant legislation which, notwithstanding certain limitations, has given life to the fifteenth amendment. Experience under the Act, and in particular Section 5, shows that despite the assault upon our federalism, affected jurisdictions have not suffered from its enactment but have in fact been strengthened politically on account of greater electoral participation on the part of minority voters. Furthermore, there is every reason to believe that the beneficial effects of this legislation would insure to the advantage of all jurisdictions to which it would be applied. The time has come to lay aside arguments concerning which region of our country has the worst record of excluding minorities from the political process. The Republic, given its historical pursuit of equality, can have no greater source of strength in the future than that deriving from the nationwide eradication of discrimination in matters of franchise.

The purpose of this article is not to laud the Voting Rights Act as ingeniously conceived legislation for preventing disenfranchisement of minorities; nor is it to condemn Congress for enacting and maintaining this regional legislation based in large measure upon findings made in 1965. It is also not the authors' intent to become ensnared in the ongoing dialogue concerning matters such as substantive interpretations given Section 5 by the courts and the Attorney General. Furthermore, it is not the authors' wish that this discussion have the taint of past efforts which utilized the rhetoric of "nationwide application" as a vehicle to rid Section 5 of its vitality. Rather, we believe there is much to be learned from the past sixteen years and that this experience, if correctly evaluated, clearly justifies the continuance of Section 5's preclearance requirement, a requirement, however, which should be administered by the judicial system created under Article III of our Constitution.

Thus, this article is designed to proffer two explicit propositions: (1) Congress should amend Section 5 to provide for nationwide application; and (2) Section 5's procedural mechanisms should be revised to discard both a seldom used judicial remedy and a cumbersome administrative procedure and to replace them with a judicial remedy in the United States District Courts under conditions guaranteeing expeditious resolution of Section 5 preclearance requirements.

I. THE OPERATION AND IMPACT OF SECTION 5

As originally enacted, Section 5 prohibited certain states and their political subdivisions from enacting or seeking to administer "any voting qualification or prerequisite to voting, or standard, practice, or procedure with respect to voting different from that in force or effect on November 1, 1964" without advance federal approval. The Act was amended in 1970 to extend to political units which maintained a "test or device" with respect to voting and in which less than fifty percent of the eligible voting population registered or voted in the 1968 election. In 1975, the Act was further broadened to include jurisdictions with more than five percent language minorities which, as of November 1, 1972, had election materials printed in English only and in which less than fifty percent of the voting age population registered and voted in the 1972 presidential election.

With a legislative history indicating that the term "procedure" was considered "to be all-inclusive of any kind of practice" relating to voting, the United States Supreme Court has, beginning with *Allen* v. *State Board of Elections* in 1969, given the Section broad and wide-ranging scope. Since the Act was designed to preclude "the subtle, as well as the obvious, state regulations which have the effect of denying citizens their right to vote because of their race," Section 5 scrutiny is triggered if the change or modification has "a potential for discrimination." Thus, the purpose for enacting a change in

voting is irrelevant to a determination of whether the state or subdivision must comply with Section 5, and federal preclearance must be had even if the legislation or other change was enacted for the purpose of complying with the Act. Section 5 preclearance must be met whether the change is one in polling places, candidate qualifications, boundary alterations, reapportionment, redistricting, annexations, changes from ward to at-large elections, alterations in procedures for casting write-in ballots, or even with respect to a requirement that public employees take unpaid leaves of absence when campaigning for elective office. Indeed, there would seem to be few state actions which relate to the electoral process that would not be subject to the proscriptions of Section 5.

Pursuant to Section 5, voting changes are not given effect until the political unit in question receives a declaratory judgment in the United States District Court for the District of Columbia "that such qualification, prerequisite, standard, practice, or procedure does not have the purpose and will not have the effect of denying or abridging the right to vote on account of race or color." Alternatively, the state or political subdivision may submit the proposed change to the Attorney General and enforce the new voting practice if no objection to the proposal is entered within sixty days after submission. If neither action is taken prior to implementation, private parties or the Attorney General may bring suit before a local three-judge district court to enjoin enforcement. In the latter instance, the sole issue to be addressed is whether the enactment is subject to Section 5; the district court is not empowered to determine whether the change has a discriminatory purpose or effect.

The Act itself, in conjunction with a Section 5 preclearance requirement which is both "unusual, and in some respects . . . severe," has produced startling results in the jurisdictions to which it applies. An analysis of black voter registration in the six states covered by Section 5 since its inception reveals . . . dramatic increases. . . .

* * * * *

1978 data shows that the South fares not significantly worse, and in some instances better, than any area of the nation with regard to the difference between black and white voter registration. . . .

* * * * *

Furthermore, preliminary information concerning 1980 registration indicates that while 8.4 percent fewer blacks than whites registered throughout the entire country, the registration difference was only 6.9 percent in the South.

The extent of black voting strength is perhaps best reflected in the numbers of black elected officials within the jurisdictions subject to Section 5. From 1974 to 1980, there was an increase of 63.5 percent in the number of black elected officials nationwide. In four of the six states that have been covered by Section 5 since 1965, however, the increases were much higher.

Indeed, in 1980, Mississippi had the highest number of such officials of all states in the nation, and Louisiana was second. If the analysis is directed toward per capita black elected officials, i.e., ratio of black elected officials to black population, it is significant that three of the six affected states rank among the nation's ten highest in this regard. Finally, the positive impact of Section 5 is perhaps best demonstrated by the startling fact that "a majority of white [congressional] representatives from the American South supported" extension of the Voting Rights Act in 1975.

The preclearance mechanism has undoubtedly served to effectuate the right of minority voters to participate in the electoral process by identifying and preventing both obvious and subtle attempts to prevent electoral participation solely on the basis of race. Moreover if preclearance were eliminated, it is probable that local and state governments would reinstate voting procedures which would irreparably harm black citizens and other minorities by impinging, directly or indirectly, upon their right of suffrage. The manner in which preclearance is currently implemented, however, should be cause for concern. The requirement should and must be extended to the remainder of the United States. In addition to retaining this requirement which has proved so effective in a limited portion of our country, such action would serve to insure that the proscription of disenfranchisement provided by the fifteenth amendment becomes a reality for minority voters nationwide.

II. PRECLEARANCE IN THE DISTRICT COURT FOR THE DISTRICT OF COLUMBIA: DESIRE FOR UNIFORMITY AND MISTRUST OF SOUTHERN JURISTS

The principal rationale offered for the original decision in 1965 to limit jurisdiction of Section 5 declaratory judgment actions to a three-judge district court in the District of Columbia was to insure uniformity of interpretation. Although not a single suit had been filed in the court seeking a declaratory judgment concerning the purpose or effect of a voting change, the uniformity justification was again relied upon five years later when Section 5 was renewed as originally enacted. Congressional critics, however, began to emphasize the weak underpinnings of the rationale. Senator Ervin, for example, unsuccessfully seeking to divest the court of plenary jurisdiction by means of amendment, argued:

There were many specious reasons given at the time of passage of this bill for denying all courts jurisdiction except the District Court of the District of Columbia. One was that we needed uniform interpretation. That was a specious reason, because we have 10 separate and district U.S. courts of appeals sitting in the 10 circuits handing down, in some cases, different interpretations of the law and those interpretations are ultimately made uniform by appeals to the Supreme Court of the United States.

By the end of 1974 only five suits had been filed, resulting in three published opinions. Despite meager judicial activity, proponents for retention of the District of Columbia court as the only viable judicial avenue for preclearance maintained that "the United States District Court for the District of Columbia [is an] expert in the area, ha[s] developed familiarity with the impact of discriminatory voting systems," and "has built up a degree of expertise on the Voting Rights Act that is invaluable." The response of legislators to suggestions that Section 5 jurisdiction be expanded to all United States District Courts because of minimal utilization of the District of Columbia forum, however, revealed an assumption implicit in the Act as expressed by Senator Tunney of California:

"I might say, in all honesty . . ., I think that in the area of civil rights there is a great deal of peer pressure on judges in the South. . . . I think there is a lot of peer pressure, and I would only have to point to the fact that recently the Supreme Court unanimously reversed a three-judge court in Mississippi that had approved a reapportionment measure . . . ."

The response by Senator Morgan of North Carolina to Senator Tunney's implicit attack upon the competence and integrity of Southern jurists was direct and emotional:

"For the Senator from California . . . to stand here and say that the judges—to indict the Federal judiciary in the South, is beyond my imagination.

"And for the Senator to say that just because the Supreme Court reversed a decision of a three-judge panel in Mississippi is an indictment of the Federal judiciary in the South which, again is beyond my comprehension, and I resent it . . . I resent it."

During the House debates, Representative Kindness introduced an amendment to divest the District of Columbia court of sole jurisdiction. His argument that there was "no particular expertise built up" by that court was successfully countered by responses citing the "need for uniformity" and remarks making reference to the Supreme Court reversal of the three-judge court in Mississippi. There was, however, yet another justification proffered which, until that time, remained undisclosed. As articulated by a major advocate of retaining Section 5 without amendment.

"[T]he Department of Justice desires to centralize all litigation about this matter right here in the District of Columbia. . . . The Department of Justice in this and other areas of national importance feels that they should build up a body of jurisprudence right in the District of Columbia and it is they, more than the civil rights group, that really want to locate this here, rather than the regional aspects."

An examination of the relevant statistical data evinces the speciousness of this explanation and those that preceded it. During the years 1975 through 1980, only eighteen suits for declaratory relief were initiated, resulting in seven published opinions. Thus, after fifteen years of experience with the Act, only twenty-three suits have been filed, ten of which resulted in published opinions. It is therefore apparent that the quest for "uniformity" has never been realized, and the resulting "expertise" justification with respect to adjudicating "purpose or effect" transgressions can only be considered a myth.

More important, the pattern established by covered jurisdictions of avoiding the District of Columbia court during this sixteen-year period demonstrates that there is not, in fact, a functional judicial remedy for those situations where these jurisdictions have either refused or been unable to submit to the preclearance process of the Department of Justice. Such factors as time, distance, expense and other logistical burdens, or a notion of the futility of invoking such a judicial remedy may, collectively or individually, compel affected jurisdictions to refrain from utilizing an isolated segment of the judicial system. Practically speaking, therefore, judicial review is not presently a feasible alternative. Consequently, the legislative processes of over 7,000 political subdivisions are now subject to the virtually unreviewable decision-making process within the Office of the Attorney General of the United States. As we shall see, the history and current status of this administrative process demonstrates the compelling need for its elimination.

III. ADMINISTRATIVE PRECLEARANCE: THE BIRTH AND EVOLUTION OF A CONGRESSIONAL AFTERTHOUGHT

As originally proposed, preclearance was to be limited to declaratory relief before a three-judge court in the District of Columbia. In the wake of hearings before a House Subcommittee, however, several legislators expressed concern over the probability of delays if this procedure were to be the sole avenue of relief for jurisdictions subject to Section 5. Since validly enacted laws would be suspended pending declaratory relief, the consensus of opinion was that if such "drastic effects must be visited" on covered states, "resolution of this class of cases should be handled expeditiously [sic]."

Testifying before the Senate Judiciary Committee, Attorney General Katzenbach recognized the tensions which result from state laws being held in such a lengthy

state of suspended preclearance and proffered a remedy in the following dialogue:

"Senator ERVIN. It seems to me that is a drastic power which can hardly be reconciled with the federal system of government. . . ."

"Attorney General KATZENBACH. I think it is quite a strong power, Senator. The effort is to prevent this constant slowing down process which occurs when States enact new laws that may clearly be in violation of the 15th amendment, but you have to go through the process of getting judicial determinations of that. It takes a long time. In the interval the purposes of the act are frustrated.

"Now, there may be better ways of accomplishing this. I do not know if there are. There are some here I can imagine, a good many provisions of State law, that could be changed that would not in any way abridge or deny the right; . . . except for the fact that some members of the committee, I think, including yourself, have had difficulty with giving the Attorney General discretion on some of these things—perhaps this could be improved by applying it only to those laws which the Attorney General takes exception to within a given period of time. Perhaps that would remove some of the burdens."

Attorney General Katzenbach's suggestion of vesting the Attorney General with such discretion apparently impressed Congress for the committee bill incorporated the 60-day administrative preclearance provision which—without further debate on the issue—became a permanent and the most important segment of the Voting Rights Act. Its inclusion may be best described as an "afterthought, . . . a practical way to avoid the onerous task of preparing and filing a lawsuit in the District of Columbia." It soon became apparent, however, that such administrative preclearance was fraught with difficulties which were not and could not have been anticipated in 1965.

The 1970 congressional renewal hearings provided a forum for discussion of problems encountered during the first five years of the Section's operation. The major criticisms centered around administrative burdens resulting from the unexpected number of submissions to the Department of Justice and the potentiality that political considerations might enter into the Department's decision-making process. With regard to the former, Assistant Attorney General David Norman, one of Section 5's original drafters, expressed doubts as to the "effectiveness" of administrative preclearance because of the Attorney General's inability to apply purpose or effect criteria to current submissions, ever-increasing demands on limited personnel to make extensive, independent investigations of all submissions, and the deluge of inconsequential changes submitted pursuant to the expansive interpretation accorded the Act in Allen.

Prior to the Supreme Court's broad interpretation of Section 5 set forth in Allen, neither the Department of Justice nor the affected jurisdictions were certain of the parameters of the Section. The immediate impact of the ruling was therefore significant. In 1968, the year prior to the decision, there were only 110 submissions for preclearance to the Department; for 1970 that number had more than doubled to 255.

Ostensibly as a response to these administrative burdens, Attorney General Mitchell presented a Nixon Administration bill to amend Section 5 to abrogate preclearance, both administrative and judicial, and vest the Department of Justice with sole power to invoke the jurisdiction of local three-judge courts nationwide when there was "reason to believe" that a "standard, practice or procedure with respect to voting . . . has the purpose or effect of denying or abridging the right to vote" on the basis of race. Mitchell stressed the inefficiencies of administrative preclearance and contended that the Department not only was encountering difficulties in making informed judgments with respect to discriminatory effects but was also unable, at that time, to monitor and secure submission of all changes.

Furthermore, the Attorney General argued that the need for conducting extensive investigations prior to making a determination hindered the Department in its effort to perform the tasks required of it under Section 5. Thus, Mitchell's testimony can be perceived as an attempt to establish two points: (1) the impropriety of vesting what is essentially a judicial function in an administrative body not accompanied by procedural or due process safeguards; and (2) the idea that no sensitive lawmaker "would . . . have [designed Section 5] as it [is] structured, because . . . the processes provided under which the Attorney General must make a decision are not adequate. They result in arbitrary decisions without sufficient information."

Congress found Mitchell's contentions unpersuasive, perhaps in large measure on account of suspicions of legislators that considerations of a purely political nature served as motivation for the Administration's proposal. The tenor of the Nixon Administration and its perceived hesitancy to enforce vigorously the Voting Rights Act served to bring to mind views expressed in 1965 in opposition to the Act:

"[W]e view with much concern the broad discretionary powers placed in the hands of the Attorney General. . . . Without suggesting any criticism of the present incumbent, we foresee a multitude of opportunities for political manipulation by an Attorney General who is inclined to do so. This is especially true since in recent times several Attorneys General, Republican and Democrat, have been closely tied to the political campaigns prior to their taking office. Of all the grants of authority to the Attorney General . . ., including the ability to consent to the entry of declaratory judgments . . ., it does not require a great deal of imagination to see that the authority to approve or disapprove State laws stands out as the power most subject to abuse."

Such concerns surfaced in the disapproval of the Department's handling of Section 5 one year later when the House Civil Rights Oversight Subcommittee held hearings in response to complaints that "the Attorney General has failed . . . to carry out the intent of Congress, and has disregarded recent Supreme Court decisions protecting the right of all Americans to exercise their right to vote." At the outset, fears of political manipulation were voiced in light of the fact that no suits had been filed with the District of Columbia court, and it appeared more than possible to Subcommittee members that covered jurisdictions had reason to believe they would receive more "sympathetic consideration" from the Attorney General. David Norman, who one year earlier expressed concern as to Section 5's effectiveness, was again the Administration's chief spokesman.

Norman countered the legislators' suspicions by explaining that any maladministration resulted from the increased burdens upon the Department arising from the broad construction of Section 5 mandated by Allen and the fact that many submissions raised complex issues dealing with "reapportionment, redistricting and . . . annexation[s]" which would "best be treated in the courts." Responding to the latter point, Congressman Wiggins recalled that administrative preclearance "was intended to permit an expeditious, prompt response on behalf of a State submitting a relatively minor problems and thus avoid unnecessary court delays" while it was "contemplated that complicated issues . . . would be resolved in the District Court for the District of Columbia." Conceding that Wiggins' understanding "might have been discussed around the halls of Congress," Norman noted that "Congress didn't authorize the Attorney General to decide that this thing is tough and, therefore, it ought to go into court."

As a solution to the problem, he noted that the Department was considering proposing an amendment to Section 5 providing for an initial clearance of submissions before hearing examiners, with judicial review in a court of appeals under procedures authorized by the Administrative Procedure Act. Subsequently, however, a representative of the Civil Rights Commission expressed his disapproval of this proposal on the ground that it would "create a very time-consuming, very dragged-out administrative procedures."

At the close of the hearings, the House Subcommittee could arrive at only one solution—to force political subdivisions to engage in the "onerous task of preparing and filing a lawsuit in the District of Columbia." This proposal mirrored that of the Director of the Civil Rights Commission, who suggested that "when questions [of preclearance] get that complicated . . . the Attorney General should just interpose an objection and allow the [covered] jurisdiction to go to court in the District of Columbia and resolve it in [that court]."

Such an approach, however, presented the Subcommittee with a dilemma inasmuch as this procedure could be conducive to even greater delay and therefore contrary to the Act's purpose. This problem was resolved by the determination that the burden should be placed upon the submitting authority since "[c]overed jurisdictions [are] supposed to avail themselves of the faster route to preclearance only when the submitted changes [are] readily assessable as nondiscriminatory." Finally, the Report concluded that the Attorney General had failed to implement properly the preclearance procedure and that complaints of the Act's unenforceability would subside if the burden of proof were placed squarely on the shoulders of the submitting jurisdiction. The Attorney General's regulation placing the burden of proof upon affected jurisdictions utiliizng the administrative preclearance procedure, as in declaratory judgment suits in the District of Columbia court, was subsequently upheld by the Supreme Court in *Georgia* v. *United States*.

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Concern with the efficacy of administrative preclearance outlined above remain viable today. An examination of data from the past six years reveals a steady increase in the rate of submissions accompanied by a constant decrease in the percentage of objections.

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Indeed, the deluge of submissions provoked the following analysis by Justice Powell:

"[N]o senior officer in the Justice Department—much less the Attorney General—could make a thoughtful, personal judgment on an average of twenty-five preclearance petitions per day. Thus, important decisions made on a democratic basis . . . are finally judged by unidentifiable employees of a federal bureaucracy, usually without anything resembling an evidentiary hearing."

As noted earlier, the limited judicial review afforded covered jurisdictions has resulted in a restricted utilization of that alternative. Furthermore, administrative review of Section 5 submissions often takes place in the face of approaching elections whose occurrence is contingent upon the Department's determination. These realities combine to render crucially important the decisions made by these "unidentifiable em-

ployees" of the Justice Department. This process is equally critical to the interests of minorities in light of the plenary authority afforded the Attorney General's decision. Under the Supreme Court's decision in Morris v. Gressette, the decision of the Department is not subject to review. With respect to a decision not to object to a proposed electoral adjustment, "it matters not whether the Attorney General fails to object because he misunderstands his legal duty . . .; because he loses the submission; or because he seeks to subvert the Voting Rights Act" for, under all circumstances, the decision is unreviewable.

With the Department's decision-making process now virtually immune from judicial intervention, it is critical that the procedures employed by the Department in performing the preclearance function be closely evaluated. As a congressional "afterthought", this delegation of authority is practically without legislative history. It is nonetheless indisputable that present administrative practices are markedly divergent from those which could have been reasonably foreseen by Congress in 1965.

The Department has adopted the same standards for review as those employed by the District of Columbia District Court in declaratory judgment actions. As such, the administrative preclearance procedure now requires review of the multitude of political, social, economic and legal criteria employed by that court to determine whether the purpose/effect standard has been met. To amass pertinent information and evaluate its content, the Department maintains within its Voting Rights Section a "submission unit" which has primary responsibility for the preclearance process. This unit consists of one attorney, a paraprofessional director and eleven paraprofessionals, sometimes referred to as paralegal analysts, and is instructed to look for "suspicious type changes" which include "at-large elections, reductions in the number of polling places, changes in the location of polling places and redistricting." Among the staff's responsibilities is investigation of motive and impact, which in turn is largely accomplished by "telephone calls to on-site persons." Information independent of the submission is gathered from minority interest groups and other interested individuals within the submitting jurisdiction, and in turn assimilated in a decision-making process relying upon "the preparation and analysis of . . . demographic and legal information [which] is in the hands of paraprofessionals who possess neither demographic/statistical skills nor legal training." Thereafter, the paralegal assistants make the "initial (and normally upheld) determinations with respect to whether or not the proposed change has a discriminatory purpose or effect."

A recent review of the submission unit's performance by the Government Accounting Office (GAO) revealed that "59 percent of [sampled] changes . . . did not have all data required by Federal regulations." In addition, the inefficiency of the unit was found inasmuch as "some submission files could not be located and data inaccuracies . . . limited the use of the Department's computer system which maintains data on identified changes." Indeed, a GAO representative testified that staff members "have no way of managing the data they get in from the jurisdictions; who reported—who gave their objections, who submitted submissions, who made changes that they didn't submit."

Utilization of a "permanent registry" (a compilation of individuals and groups interested in submissions) and other techniques for obtaining relevant information from minority groups was likewise found inadequate. After noting that a review of 271 randomly selected submissions showed that only fifty-five percent contained comments by interested groups or persons, the Report commented upon the followup with respect to those groups or persons: "[T]he Department's [own] records showed that individuals or groups commenting were informed of the review decision in less than 1 percent of the cases sampled.

"Consequently, minority groups and individuals may not have adequate information to detect changes implemented despite the Department's objections." Similarly, responses from a sampling of minority interest groups as to their impressions of the effectiveness of Section 5 revealed the following: thirty-five percent had no knowledge of Department preclearance procedures; ninety percent were not on the mailing list, and over half were unaware of its existence; twenty-five percent knew of significant changes that had not been submitted; and eighty percent had rarely or never been consulted by Department representatives. Indeed, "[t]his sense of removal from the decision process was reinforced by the minority respondents' belief that [Department] approval of changes opposed by minority leaders was a more important problem than a covered jurisdiction's failure to submit.

Given the fact that an immense number of submissions are received by the Department and must be reviewed by a small number of personnel within only sixty days, each passing day becomes critical. Although in *Georgia* v. *United States* the Supreme Court agreed with the Department's argument that the 60-day period may be tolled by a request for additional information, the process has been described as "hectic, with letters usually being mailed at the last possible moment," and the request for additional information is often reserved as the Department's "trump card." The GAO Report made corroborative findings as follows:

"[I]n about 6.8 percent of the submissions reviewed, a Department decision was not rendered until at least 100 days from the initial receipt of the submission.

"Despite [the requirement that submissions be handled expeditiously] over 50 percent of . . . requests [for additional information] were made on the 60th day after receipt of the initial submissions, over 70 percent were made at least 55 days after receipt, and only 2 percent within 30 days.

"In over 50 percent of the cases reviewed, the Department did not notify jurisdictions of its decision until at least 56 days after it had complete information. Notification was given within 30 days for fewer than one out of every six changes."

In addition to the GAO Report, several reported decisions confirm the fact that the Department has encountered difficulties in complying with the time limitation. Not only have objections been imposed on the last day, but the Department has found it necessary to argue, unsuccessfully, that Georgia allows tolling periods for more than one request for additional information.

Although it has expended a great deal of professional energy in other areas, the Department remains plagued by the continuing serious problem of covered jurisdictions failing to preclear all voting changes. The GAO Report's conclusion on this issue is unmistakably clear:

"The Voting Rights Act has been in effect for over 12 years, yet there is little assurance that covered States and localities are complying with the act's preclearance provision. We found that the Department of Justice had limited formal procedures for determining that voting changes were submitted for review as required by the act or for determining whether jurisdictions implemented changes over the Department's objection."

The Report also reveals that the Federal Bureau of Investigation "identified 102 unsubmitted changes [on behalf of the Department] of which 60 were still unsubmitted as of October 1976. Moreover, although "[the] Attorney General objected to 257 of the reported 13,433 submissions . . . the Department has not initiated formal monitoring procedures for making sure that jurisdictions do not implement a voting change over the Department's objection." A study paralleling that of the GAO indicates that perhaps the GAO Report even understates the problem. Continuing activity in the lower courts dealing with unsubmitted changes and a compilation by former Texas Representative Barbara Jordon listing sixty counties and 170 Texas cities which have never submitted a change evince the fact that the problem of unprecleared changes is a significant one.

There is also a growing sense of frustration by those who perceive that the required adversarial and investigatory nature of the Department is becoming increasingly debilitated by "professional" relationships established between Department attorneys and local officials. Those who take this point of view perceive a negotiating process between "fraternal professionals" which, while conducive to Section 5 compliance, results in enforcement at a "suboptimal level." The problems posed by this relationship are indicated in this discussion of the process:

"[T]he almost unanimous selection by covered jurisdictions of the administrative procedure option . . . when they seek to comply with the preclearance requirement is indicative of their preference for the kinds of outcomes which are obtainable through the lawyer-bureaucrat bargaining process. These enforcement practices when coupled with the inability of the Department of Justice to detect many of the unsubmitted voting changes, or to follow up effectively to make certain that jurisdictions do not implement changes to which the Department had [sic] objected, suggest an enforcement pattern in which state and local governments retain a considerable amount of discretion over the manner in which they exercise their reserved power to conduct elections."

The Civil Rights Commission lends credence to this conclusion when it states that while it is "evident that minorites still need the protection of the Voting Rights Act," the unfortunate "lack of enforcement by the executive branch of Government" remains a problem.

The nationwide aspects of voter discrimination have also affected the Department's activities in the last five years. Responding to a portion of the critique by the GAO as to the manner in which it utilizes its professional resources, the Department pointed out that since "Section 5 does not reach all jurisdictions . . ., litigation is required to challenge *many* dilutive apportionment plans." It noted that four constitutional dilution suits had been filed since 1976, that sixteen were under "serious investigation" and that a study had been completed of "40 northern and western states to uncover dilution problems." As a result, an investigation of "three northern cities" was soon to be undertaken.

IV. THE PROPOSAL

The most salient conclusions to be derived from the foregoing examination are easily summarized. First, the present avenue of judicial preclearance is totally inadequate. Second, the administrative preclearance alternative has sufficiently served the interests of neither covered jurisdictions nor minority citizens. Third, both methodological weaknesses and political vulnerabilities of the administrative remedy render the decisions of the Attorney General highly suspect from the viewpoint of covered jurisdictions and minority citizens alike. Fourth, as statistics have shown, an ever-increasing rate of submissions for preclearance can be expected in the future. This burden will remain in-

surmountable if the Department continues in its role as the only viable avenue for preclearance, a state of affairs incompatible with the expeditious, considered treatment envisioned by the formulators of the remedy. Fifth, the problem of unsubmitted changes continues unabated and the Department appears unable to devise a monitoring mechanism capable of assuring compliance with the Act. Finally, the question whether covered jurisdictions implement electoral changes despite objection from the Attorney General remains unanswered.

The Department was surely correct when, in responding to the GAO Report, it argued that too much was being expected from the Voting Rights Section and that the Act, as presently structured, "relies to a considerable extent on voluntary action by the covered jurisdictions" as well as "private lawsuits [for] effective enforcement." Indeed, such conclusions merely restate in another form a critique made by a staff attorney nearly a decade ago who, after reviewing the judicial construction given Section 5, concluded that "the Attorney General [was] playing a role in [its] enforcement . . . far beyond that originally envisioned."

Despite the serious flaws evident in this procedure, however, they in no way detract from the fundamental proposition that the social benefits generated by the preclearance requirement clearly outweigh its present inadequacies. Indeed, the mere presence of preclearance has a deterring effect on public officials who, but for its existence, would be far less concerned with avoiding discriminatory actions resulting in impediments to the effective utilization of the franchise by minorities.

It is the authors' proposal that, with the exclusion of states or political subdivisions having a de minimis percentage of minorities, Section 5 be amended to provide for nationwide application and that political units be required to bring a declaratory judgment action in local United States District Courts for preclearance of electoral alterations. The amended statute would provide that any state or political subdivision desiring to implement a voting change having a "potential for discrimination," be required, prior to such implementation, to file a complaint naming the United States as a defendant in the United States District Court for the judicial district in which the submitting jurisdiction is located. The relief sought would be identical to that currently found in Section 5 proceedings, namely, a declaration that the proposed change does not "have the purpose and will not have the effect of denying the right to vote on the basis of race or color." The burden of proof would continue to fall upon the submitting political unit.

Upon filing the complaint, appropriate notice would be required to inform interested parties other than the United States that the political unit is proposing a change within the scope of Section 5. This notice should take two forms: first, publication in local newspapers for three consecutive weeks; and second, actual service of the complaint upon interested persons or organizations who could have their names placed in a "permanent registry" to be kept in the office of each district court clerk. Any person residing within the political subdivision or any organization existing therein desiring to object to the proposed voting change would be allowed to intervene as a matter of right within sixty days after publication or receipt of the complaint.

Appended to the complaint should be that information now required by regulation issued by the Attorney General. The United States would be allowed sixty days to answer, with a tolling of the period occurring after one request for additional information. This tolling period would also apply to private parties, and any supplemental information provided to the Department would be served on those persons or organizations receiving the complaint. If the United States fails to answer, and if no person or organization intervenes within the specified period, the court would enter an uncontested judgment allowing the jurisdiction to implement the proposed change. The rendering of such judgment would not, however, preclude subsequent constitutional challenges. Obviously, the judgment could be set aside as provided in Federal Rule of Civil Procedure 60(b), in which event the action would be calendared for trial as though the allegations of the complaint had been controverted in the first instance.

Preclearance actions would be given a priority setting in the district court, with a statutory right of mandamus available to insure promptness, e.g., sixty days after the Section 5 issue is joined. Decisions adverse to the United States or intervening parties should be automatically stayed upon filing notice of appeal, with an expedited appeal granted as a matter of right. Expedited appeals should also be granted to submitting jurisdictions desiring review of adverse Section 5 decisions.

Moreover, if the defense should include constitutional counterclaims, the Section 5 portion would be separated from other issues which may be reserved for later determination. In any case, resolution of the Section 5 issue would be appealable by the aggrieved party on an expedited basis as an interlocutory order. Where the appellant or appellants are private parties, a cost-free transcript would be provided. Appellate courts should handle Section 5 appeals on a priority identical to that currently afforded criminal cases.

The authors are convinced that the proposal and suggested guidelines for its implementation would facilitate more expeditious and thoughtful resolution of the questions surrounding Section 5 changes in voting matters. In the first place, it is likely that many petitions filed under the revised procedure, absent any objection, can be disposed of summarily. In such cases, federal preclearance would be expeditously obtained, with the political unit free to implement the voting change upon reasonable notice to the public. The proposed amendments would also allow a local district court to determine all statutory and constitutional issues in one lawsuit, something that is now forbidden by Section 5. Moreover, if the latest Department of Justice compilations are empirically sound (51 objections out of 7,340 submissions in 1980), the minimal increase in caseload for the federal judicial system which this proposal would bring about is surely a small price to pay for a procedure which insures more meaningful participation by affected minorities in the electoral process.

Resolution of Section 5 conflicts would be further expedited under this proposal since the burdens heretofore placed upon the Department will be shared with those most affected by the Act, namely, minority voters. Given the broad provision for intervention of outside parties, the protection of minority interests will no longer hinge upon determinations made by "unidentifiable employees" within the office of the Attorney General. Moreover, with the United States retained as a defendant, the expertise and experience of those attorneys in the Voting Rights Section can be employed where they are most needed: in complex matters such as annexations, reapportionment and redistricting which "account for over two-thirds of . . . Section 5 objections." Finally, the provision of an automatic stay coupled with the right to an expedited appeal renders any decision adverse to the United States or intervening minority parties by a "biased forum" totally meaningless since no change can be implemented until it receives appellate approval.

An award of attorneys' fees is also critical to effective implementation of the proposal. Since "Congress depends heavily upon private citizens to enforce the fundamental rights involved," the 1975 amendments included an incentive for private parties to bring meritorious actions by allowing a court to assess a reasonable attorney's fee in such actions. This provision derives from the recognition that "[f]ee awards are a necessary means of enabling private citizens to vindicate these Federal rights." The Committee studying the proposed amendments found that "fee awards are essential if the Constitutional requirements and federal statutes . . . are to be enforced. We find that the effects of such fee awards are ancillary and incident to securing compliance with these laws, and that fee awards are an integral part of the remedies necessary to obtain such compliance."

As the Second Circuit noted:

"Attorneys' fees are awarded to recompense those who by helping to protect basic rights are thought to have served the public interest. A principal purpose of the legislation is to encourage people to seek judicial redress of unlawful discrimination.

"In short, imposition of full attorneys' fees is a useful and needed tool of the court to fully protect plaintiffs' rights as American citizens and voters. . . ."

It must be noted, however, that the attorneys' fees provision is a two-edged sword inasmuch as fees may be imposed against a private party, or his attorney, if intervention is found to be "frivolous, vexatious or brought or maintained for harassment purposes." The attorney fee provision therefore operates to make certain that frivolous litigation will be minimal while at the same time encouraging the initiation by private parties of well-founded claims of discriminatory disenfranchisement.

Finally, this proposal contemplates that the problem of noncompliance with the Act be addressed in traditionally equitable terms, thus forcing political units to realize that such failures to obey the law inevitably pose threats of dire consequences both to the political unit and its citizens. Furthermore, it would seem that this problem will diminish because of two considerations. First, as noted earlier, there is presently minimal participation by minorities in the preclearance process as currently structured by the Department of Justice. Under the proposal, a substantial measure of participation by minorities in the process should result in a "brooding presence" ever ready to raise the noncompliance issue in a readily-accessable forum. Second, familiarity with the local district court as the forum in which all disputes may be resolved by traditional means as opposed to the current alien and distant administrative remedy should enhance participation in the preclearance process.

V. CONCLUSION

The federal judiciary has historically been the guardian of the constitutional rights of all citizens. In that capacity, no more important business concerns the courts than the vital function of shielding from unlawful state action every citizen's right of franchise. It is time—indeed long past time—to invoke the full authority of federal judges throughout the United States in an effort to realize the fundamental objectives of Section 5. The process of administrative preclearance represents an unfortunate failure on the part of the Congress to utilize that segment of government traditionally vested with the duty of preserving federal rights. The time for change is now.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 5

minutes, with statements therein limited to 2 minutes each.

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended until 11:45 a.m. under the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL PETROLEUM COUNCIL'S REPORT ON U.S. ARCTIC OIL AND GAS

Mr. MURKOWSKI. Mr. President, yesterday the National Petroleum Council (NPC) met to discuss and review its report entitled "U.S. Arctic Oil and Gas." The NPC then presented the report to the Secretary of Energy, per the request of that office of April 9, 1980. On that date, the Secretary of Energy requested that the NPC undergo a study of the U.S. Arctic in terms of resource assessment, available recovery technology and environmental impacts of hydrocarbon exploration. Secretary of Energy, James Edwards and Secretary of the Interior, James Watt were present this morning and praised the NPC for the results contained in their report on the Arctic.

Today I am applauding the NPC for their efforts on this much needed assessment of our Arctic energy potential. Specifically, Mr. President, I think it to be extremely significant that the NPC estimates that there are 24 billion barrels of oil and 109 trillion cubic feet of gas yet to be discovered in the U.S. Arctic. There has been further speculation by some members of the NPC that one-half of the undiscovered hydrocarbons in this country may be found in the Arctic, both onshore and offshore.

As I stated before the Senate on April 29, 1981, it is my intention to make the development of a national Arctic research policy one of my priorities in the 97th Congress. The NPC report simply reinforces the need for such a policy. The report recommends that continued private and public Arctic research is necessary and important to the national interest and should be encouraged. The NPC report also recommends that Federal and State governments should provide necessary assistance to local communities and governments in understanding and planning for the significant community development that will accompany oil and gas development in the Alaskan Arctic.

Mr. President, on July 31, 1981, I introduced S. 1652, the Arctic Research and Policy Act of 1981. The purpose of that legislation is to create mechanisms necessary to develop and implement an Arctic research policy. I have been anxiously awaiting the NPC report in light my interest in this issue. Having studied the report recommendations, I am pleased that the industry shares many of my concerns relating to energy development in the Arctic. I am looking forward to working closely with the NPC, the scientific community, and the Native community in the Arctic to make a stable and sound Federal Arctic research policy a reality.

Mr. President, I ask unanimous consent that a summary of the NPC report be printed in the RECORD at this point.

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

SUMMARY OF NPC REPORT

On April 9, 1980, the National Petroleum Council (NPC), a federal advisory committee to the Secretary of Energy, was requested by the Secretary to undertake a comprehensive study of Arctic area oil and gas development.

In requesting the study, the Secretary of Energy specified that:

"The study should include: resource assessment information; an engineering economic analysis for exploration, development, and production activities; a state-of-the-art presentation on the adequacy of available recovery technology and prospects for innovative technology required by the harsh Arctic climate; an assessment of the environmental impact of Arctic oil and gas operations and of the available mitigating measures; a comprehensive review of the adequacy of the existing oil and gas transportation infrastructure and proposals for improving this situation; and a discussion of any international jurisdictional questions that may affect Arctic area development."

The complete text of the Secretary's request letter and a description of the National Petroleum Council are provided in Appendix A.

To assist in its response to the Secretary's request, the NPC established the Committee on Arctic Oil and Gas Resources under the chairmanship of Robert O. Anderson, Chairman of the Board, Atlantic Richfield Company. Jan W. Mares, Assistant Secretary for Fossil Energy, U.S. Department of Energy, served as Government Cochairman of the committee. The committee established a coordinating subcommittee and seven task groups to provide coordination and technical advice for the committee. Rosters of these study groups are included in Appendix B.

The broad membership of these groups includes representatives of both major and independent petroleum-related companies; federal, state, and local governments; the academic community; the environmental movement; organized labor; consultants; and Alaskan native organizations. As might be expected with such a diverse membership, all participants do not necessarily endorse each finding and recommendation; however, this report represents a consensus of the participants' views.

GEOGRAPHIC AREA OF THE U.S. ARCTIC

In discussions with representatives of the U.S. Department of Energy during the early stages of this study, the Arctic area referenced in the Secretary's request letter was defined as seabed and subsoil under the resource jurisdiction of the United States north of the Aleutian Islands offshore and land territory north of the Brooks Range onshore. Accordingly, the terms "U.S. Arctic" or "Alaskan Arctic" as used in this report includes the Bering Sea, a sub-Arctic region.

Due to differences in physical environment, operational requirements, and industry's expertise in the Arctic, three geographic regions, as shown in Figure 1, were defined for the purposes of this study. Region I, onshore Alaska north of the Brooks Range, is composed of the coastal plains and the foothills of the Brooks Range. Region II, the Bering Sea, includes a broad continental shelf less than 650 feet (200 meters) in water depth; however, the southwest portion of the region falls off rapidly to extreme water depths. This region is characterized by seasonal ice and severe storms. Region III, the offshore area north of the Bering Strait, includes the Beaufort and Chukchi Seas. This region also has a continental shelf that falls off gradually to 650 feet in depth and more rapidly to greater depths. The majority of this region is characterized by multi-year ice with ice ridges that may reach a thickness of 150 feet (45 meters), although the area very near the coast may be ice free for as much as three months a year.

TASK GROUPS

Seven task groups were established to provide specialized expertise for the development of this report. Experts in the areas of jurisdictional issues, resource assessment, exploration, production, transportation, environmental protection, and economics provided the data and support for this report.

The Jurisdictional Issues Task Group defined, for the purposes of this report, the territorial and seabed and subsoil limits of the United States in the Arctic area, applying principles embodied in international agreements and in the Draft Convention on the Law of the Sea. The Task Group also identified areas of state/federal dispute, native claims, and land withdrawal that may affect oil and gas operations in the Arctic.

The Resource Assessment Task Group made estimates of the conventionally recoverable undiscovered oil and gas resources in the Arctic, utilizing the expert opinions of 17 organizations or individuals that responded anonymously to the NPC Assessment of Arctic Oil and Gas Potential questionnaire. An independent public accounting firm aggregated the survey results for 20 geologic, geographic, or jurisdictional areas. Using Monte Carlo techniques, the Task Group provided resource assessments for the total Arctic area and the three regions previously described.

Petroleum operations in the Arctic were examined by three Task Groups: Exploration, and Transportation. Each of these task groups developed a comprehensive review of all factors related to Arctic operations, especially the limitations of conventional methods and the opportunities for the development of innovative techniques to be used in the Arctic. These task groups also developed cost data on Arctic operations and examined the effect of the Arctic environment on the timely development of oil and gas resources.

The Economics Task Group utilized the output from the other task groups to determine the economic attractiveness of selected areas and to calculate their economically attainable resources. In addition, the sensitivity of these results to changes in key parameters such as timing were evaluated, and total capital requirements were estimated.

The Environmental Protection Task Group examined the Physical and biological environment in which petroleum operations may occur, noted the effect these operations may have upon the environment, examined the risk avoidance and mitigation techniques that can be employed to protect the Arctic environment, and identified environmental data needs. In addition, the impact of operations upon Alaskan native populations as well as legislative and regulatory contraints to oil and gas development were studied.

The work of these seven task groups is the basis for this report and many of their findings have been incorporated into it. The working papers submitted by the individual task groups for the use of the Coordinating Subcommittee are available from the office of the National Petroleum Council. A listing and abstracts of these working papers are presented in Appendix G.

FINDINGS AND RECOMMENDATIONS

FINDINGS

It is the Committee's judgment that oil and gas production from undeveloped areas in the U.S. Arctic could make a significant contribution to the nation's future energy supply. This judgment is based on the analyses set forth in this report and on the

expertise of the study participants, and is supported by the following findings:

Substantial undiscovered oil and gas resources are believed to exist in the Arctic regions of the United States. The total potentially recoverable undiscovered oil and gas resources in the U.S. Arctic are estimated to be approximately 24 billion barrels of oil and 109 trillion cubic feet of total gas, or a total of 44 billion barrels of oil and oil-equivalent gas.

It is also estimated that there is a 1 percent probability that the total undiscovered recoverable resources in this area could exceed 99 billion barrels of oil and oil-equivalent gas; there is an estimated 99 percent probability that the total undiscovered recoverable resources will exceed approximately 13 billion barrels of oil and oil-equivalent gas. These resources constitute a significant portion of total U.S. undiscovered oil and gas. It is felt that the Arctic Slope and the Bering, Beaufort, and Chukchi Seas all contain basins with significant promise.

The basic technology is available to safely explore for, produce, and transport oil and gas in most of the U.S. Arctic. Industry experience in the North Slope area, Cook Inlet, Gulf of Alaska, Canadian Arctic, North Sea, and in other cold, hazardous, or deep-water areas provides the basis for the design, construction, and operation of systems in Arctic regions. Proven technology exists for onshore operations.

Proven technology and sufficient information and technical expertise for advanced design work is available for the industry to proceed confidently with operations in water as deep as 650 feet in the southern Bering Sea and to about 200 feet in the more severely ice-covered areas of the northern Bering, Chukchi, and Beaufort Seas. These capabilities will allow development of prospective areas in all of the northern Bering Sea, most of the southern Bering Sea, and well out into the ice-covered areas of the Chukchi and Beaufort Seas.

Long lead times are required prior to production in the Arctic because of its harsh climate, remote location, and the large scale of the projects. Depending on the location, at least 9 to 14 years will be required for planning, permitting, exploration, development drilling, design work, facility construction, and transportation system construction. These timing projections are felt to be near the minimums under improved business and regulatory conditions; even in an emergency, development could be accelerated by only a few years because of the unalterable physical obstacles.

Economic analyses indicate that it will be attractive for industry to develop U.S. Arctic oil and gas if sufficiently large resources are found to support the costly development, production, and transportation systems that are required to operate in the region. Oil and gas operations in the hostile environment of the remote Arctic regions will be much more costly than those experienced in other climates. A significant cost associated with developing large resource volumes will be the major new transportation systems, either marine or pipeline, required to move the oil and gas to the market. Based on the assumptions used in these analyses, it appears that 18 to 21 billion barrels of the 24 billion barrels of potentially recoverable undiscovered oil will be economically recoverable.

Of the 109 trillion cubic feet (TCF) of potentially recoverable natural gas and natural gas liquids, 68 TCF is non-associated and 41 TCF is associated, i.e., produced with oil from the same reservoir. Under the assumptions used in these analyses, 10 TCF of non-associated gas will be economically recoverable. At a 10 percent rate of return criterion, 22 billion barrels of oil and oil-equivalent gas are estimated to be economic. Certain key assumptions made and bases established in these economic analyses must be kept in mind in interpreting the economic findings since they have significant effects on the analyses and could yield low-side estimates.

In this study, the more complex economics of associated gas were not evaluated, nor were the economics of the incremental use of the Trans-Alaska Pipeline System or the proposed Alaska Natural Gas Transportation System considered. The volume of economically recoverable gas would likely increase substantially if existing or planned production and/or transportation systems are in place and available at the time of development, since the analysis assumes grass roots investments are required for all oil and gas production and transportation.

Some individual companies, utilizing their own internal assumptions and assessments, have considerably more optimistic estimates of economically recoverable gas. An optional portion of the NPC resource assessment survey requested participant estimates of the economically attainable resource. Limited responses suggest that 14 billion barrels of oil, 34 TCF of non-associated gas, and 20 TCF of associated gas, or a total of 24 billion barrels of oil and oil-equivalent gas, would be economically recoverable. This total is very similar to that obtained by the detailed analyses in this report.

Pre-exploratory resource assessment or economic analysis, while useful, should not be given undue weight in the decision to open a basin for leasing. Until a considerable amount of exploratory drilling is conducted in each and every basin, any assessment of potential resources or economically recoverable resources and whether the resources will be oil and/or gas must be taken as a preliminary estimate.

Several promising sedimentary basins extend across international boundaries both to the east and to the west. The boundary with the Soviet Union is defined by the Convention of 1867; no agreement exists as to the continental shelf boundary with Canada. No promising areas were identified beyond the seabed and subsoil under the resource jurisdiction of the United States as they are defined by the Draft Convention on the Law of the Sea.

Year-round oil and liquefied natural gas tanker operations to ports south of the Bering Strait are feasible and practical. In severe ice areas north of the Bering Strait, year-round tanker operations can probably be established, but the ability to maintain a continuous uninterrupted schedule is uncertain. Significant interruptions of tanker arrivals would require additional facilities if continuous production from a field is to be maintained. The cost of these facilities or the loss of revenues resulting from production cutbacks would reduce the amount of economically recoverable oil and gas in marginal areas.

Many benefits can accrue to Alaskans from the oil industry's activities in their state. Some of the income from lease sales, royalties, and taxes will provide additional support for government programs. Industry operations have provided employment, a source for emergency medical aid, and communications. Industry personnel and equipment have been used for rescue operations, and company personnel are usually active in their local communities.

Native interests exert an important influence over oil and gas development in the Arctic. Through their native-owned corporations, Alaskan natives control more than 40 million acres of land throughout Alaska that they wish to see developed in a manner that will meet their social and financial goals. Subsistence activities, particularly hunting and fishing, are of vital importance in preserving their cultural heritage and integrity. The oil and gas industry must be responsive to these interests.

Impacts from oil and gas development on the lifestyle of the Alaskan native population can be anticipated, managed, and made beneficial by improvements in communication among all parties involved and by careful long-term joint planning. It is in both the communities' and industry's best interests to develop good practical planning capabilities in order to prepare for future petroleum developments. Such planning is necessary to help alleviate citizen concern about their lifestyle and livelihood and to maximize opportunities for these citizens resulting from the development activities while avoiding adverse impacts.

The Arctic environment is important and sensitive, but impacts from the development of oil and gas resources can be minimized or avoided. The ecology in this region, both onshore and offshore, is important. Although accelerated activities in undeveloped areas will require an extension of existing information and technology, no problems are perceived that are beyond the demonstrated capability of the industry to solve. Prudent designs and methods of operation will allow oil and gas development to co-exist with commercial fisheries, recreational activities, and subsistence needs that are dependent on biological resources.

A complicated regulatory system created by federal, state, and local governments to control oil and gas activities has delayed and added to the cost of Arctic oil and gas development. This system is made more complex by overlapping jurisdictions, by limited coordination between agencies, and by the lack of a clear federal policy regarding Arctic development. There appears to be unanimous agreement by all affected parties that this regulatory system needs to be redesigned.

RECOMMENDATIONS

To assist the nation in realizing the oil and gas potential of the U.S. Arctic, the federal government should implement and maintain a clear, comprehensive policy for Arctic oil and gas development. This policy should be responsive to the national need for domestic resources, consistent with national energy policies. Expedited development of oil and gas resources and multiple use of Arctic lands, both onshore and offshore, should be an integral part of this policy, consistent with local needs and concerns. State and local governments should be encouraged to support this policy. Accordingly, the Committee makes the following specific recommendations:

A stable lease schedule offering federal Arctic lands for private exploration and development should be established, with all areas both onshore and offshore having oil and gas potential included in the schedule. Areas with the greatest potential should be scheduled for early leasing. Scheduled lease sales need not be delayed until comprehensive information on physical and biological environmental conditions is available, or until specific site information is available; such information can be developed well in advance of any significant onsite work. Adequate provisions exist under present law to allow withholdings of tracts with potentially significant environmental problems until mitigating measures are developed.

The leasing system should be made responsive to the unique conditions encountered in the development of oil and gas in the U.S. Arctic. Each lease sale should include a sufficient amount of acreage to justify necessary operating systems. Acreage offered for the first sale in a frontier area should cover all major exploration prospect features in the entire basin or area of interest so as to expedite the evaluation of prospective areas. The primary lease term for OCS leases should be at least 10 years because remote operating areas combined with hostile climate require lengthy lead time

preparations. An automatic "suspension of production" provision should become a part of leasing policy so that marginal discovered resources can be retained by the lease owner until economic transportation can be justified.

A comprehensive exploratory drilling effort extending to all areas thought to have undiscovered resources should be undertaken by industry to define the true oil and gas potential of the U.S. Arctic. Several resource assessments of the type prepared for this report have been completed by others. Additional similar analyses will not enhance real knowledge of the region's resources until the promising areas have been leased, tested by drilling, and important new data are obtained.

A specific existing agency should be designated the responsibility for expediting permitting actions in the Arctic. A common procedure should be established to ensure that both its own permits and those of other involved agencies are expedited. The most important way to accelerate and improve efficiency is to streamline and simplify the laws and regulatory processes relating to leasing and permitting. Overlapping responsibilities of regulatory agencies should be eliminated. Such changes would allow government to be more pragmatic in its decision making. Statutes and procedures that unnecessarily delay operations or are not applicable to the Arctic should be modified or eliminated. Deadlines should be set for procedural requirements and for approvals. Such initiatives should be aimed at expediting energy development while fully responding to substantive environmental and socio-economic needs.

Government agencies with legislated responsibilities for conducting operations in support of exploration, production, and transportation activities in the Arctic should be organized and staffed to meet in a timely manner those responsibilities. Some of these responsibilities include search and rescue, oil spill surveillance, weather and ice forecasting, structure accreditation, vessel inspection, preparation of environmental impact statements, and surface and air navigational aids.

Continued private and public Arctic research is important to the national interest and should be encouraged and supported where necessary. Research and development in Arctic technology for operations in hostile environments will lead to evolutionary improvements in operating systems. Efforts to enhance knowledge of ice conditions, ice properties, and ice forces should be stressed. Biological research and monitoring should be continued. Federally funded research programs should focus on collection and characterization of fundamental data and testing programs of broad issue. Timely and rapid dissemination of information obtained by government agencies should be required.

The federal and state governments should provide necessary assistance to local communities and governments in understanding and planning for the community development that will evolve with oil and gas development. Particular attention should be given to determining the most efficient means of funding comprehensive and continuous planning efforts.

Sources of funding should be identified for government and community programs and activities related to development of oil and gas in the U.S. Arctic. Both lease sales and production royalties provide substantial sources of funds directly attributable to oil and gas industry activities. A portion of these direct revenues could be used to ensure that appropriate governmental support is provided. Stability of funding is required for effective execution of these programs.

More detailed findings and recommendations can be found in the chapters of this report.

Arctic oil and gas exploration began in Alaska with the U.S. Geological Survey's (USGS) surface work in 1901. In 1904, oil seeps were found on what is now the National Petroleum Reserve-Alaska (NPRA). This 23.6-million-acre area was designated the Naval Petroleum Reserve Number 4 (NPR–4) by Executive Order in 1923, and some geological mapping occurred shortly thereafter. From 1944 until 1953, the Navy, in conjunction with civilian drilling contractors, conducted an extensive geological mapping and exploratory drilling program on the NPR–4. Renewed government exploration in the NPRA was undertaken in the 1970s. Commercial quantities of oil and gas were not found.

During 1949 and 1950, in an effort to develop a natural gas fuel supply for the Navy's Barrow Camp, several test wells were drilled in the vicinity. These South Barrow wells were the first development wells drilled and completed in the U.S. Arctic. They furnished proof that hydrocarbons could be produced in the Arctic region.

In 1968, the Prudhoe Bay oil field was discovered east of the NPRA. After this field was discovered, two alternate transportation options were considered: tanker movement through the Northwest Passage, and pipelining across Alaska to an ice-free port. The pipeline option was chosen on the basis of reliability, and pipe was ordered. The design called for a 48-inch-diameter line with a potential capacity of 2 million barrels per day, initially equipped to deliver 1.2 million barrels per day across an 800-mile route from Prudhoe Bay to an ice-free terminal in Valdez, Alaska.

Opposition to the pipeline by environmentalists and disputes over land ownership led to a series of legislative, environmental, and judicial hearings that delayed the start of construction for five years. Construction of the Trans-Alaska Pipeline System (TAPS) began in April 1974, and the pipeline was completed and went into service in mid-1977. Upon completion of TAPS, the field was placed on continuous production.

During the early 1970s an extensive research and development program was carried out by industry to solve the many problems associated with oil operations in the Arctic. The success of these programs is attested to by the fact that some 350 wells have been completed, and oil is being produced and transported at a rate of 1.5 million barrels per day. A total of approximately 2 billion barrels of oil have been moved to market as of the end of 1981. A second, smaller field, Kuparuk, is now being developed, and production is expected to commence in 1982.

Development of the Prudhoe Bay field and construction of TAPS and the Valdez terminal were conducted under the most rigorous design and quality control specifications ever imposed upon onshore petroleum operations. Successful operation of this system has been achieved and it represents a model for future land pipelines and terminals.

RESOURCES

An evaluation of the potential oil and gas resources in the sedimentary basins of the U.S. Arctic was made based on a review of published information, USGS data, and a survey of the study participants. It was established that as of August 1980, 16.5 billion barrels of recoverable oil and oil-equivalent gas had been discovered on the North Slope of Alaska. Of this total, 10.2 billion barrels are oil and 35.4 trillion cubic feet (TCF) are gas. An additional 44 billion barrels of undiscovered recoverable oil and oil-equivalent gas resources are expected to be present in the Arctic. Of these total undiscovered resources, it was estimated that 24 billion barrels will occur as oil, and the remainder will consit osf 109 TCF of gas and natural gas liquids. Of this gas total, 68 TCF are expected to occur as non-associated gas and 41 TCF should be associated with oil production.

Although there are at least 10 highly prospective areas, the largest resources are estimated to occur in the Beaufort Shelf and the Navarin Basin Shelf. It was also concluded that there is a 1 percent chance that the total quantity of undiscovered recoverable oil and oil-equivalent gas could exceed 99 billion barrels, and a 99 percent chance that it could exceed 13 billion barrels. These undiscovered resources may constitute as much as 40 percent of the total undiscovered recoverable oil and gas resources remaining within U.S. jurisdiction.

Basins appearing to have a low potential should not be ignored. Additional basic geological information could cause significant revisions, either upward or downward, in the estimates. Confirmation of these estimates can be achieved only by extensive leasing and exploratory drilling.

TECHNOLOGY

Large-scale Alaskan North Slope operations and extensive experience in the Cook Inlet, the Canadian Arctic, and the North Sea have demonstrated that, with an economic incentive, the petroleum industry can rapidly develop sufficient technology to safely conduct exploration, design and operate production facilities, and provide transportation in cold, remote, and ice-covered regions, both onshore and offshore. The fundamental techniques of exploration, production, and transportation in Arctic regions are not significantly different than those used elsewhere. The novel problem is the design and operation of systems that can cope with severe sea ice.

Continuing research, development, and engineering programs will provide basic information and technology for successful site-specific designs. Technological advances that have the greatest economic potential relate to improving the ability to operate exploration, drilling, production, and transportation systems efficiently during all seasons. This requires coping with low temperatures, poor visibility, storm waves in the Bering Sea, and particularly, the extreme sea ice conditions in the Chukchi and Beaufort Seas.

Exploration technology in the Arctic requires that the usual geological techniques be modified to accommodate weather and specific environmental concerns, but no unique methods are needed or employed. The same is true for geophysical work, although seasonal considerations more generally control the use of heavy geophysical equipment on the tundra and affect the accessibility of offshore areas containing sea ice. The drilling of an exploratory well in the Arctic differs from drilling in other climates in that special techniques have been developed for drilling safely in permafrost areas.

Offshore drilling sites must be located in areas free of sea ice or must have a platform or island as a drilling base able to withstand the moving pack ice. Remote locations make logistical support of operations very difficult. These considerations lead to substantially higher costs than those encountered in less hostile regions. Most of the future geological and geophysical technology that will improve exploration will not be Arctic-specific but will be applicable in all areas.

Production technology for Arctic regions requires similar considerations of weather, and climate, especially in the design, construction, and installation of production

facilities under adverse conditions. Installations and operations must be designed for permafrost, both onshore and in some offshore locations. Offshore structures for drilling, production, storage, and loading that will successfully resist sea ice are a major requirement. It should be possible to develop safe designs for offshore production islands or platforms within the time period required to lease, explore, and delineate a major oil or gas field.

Additional information on sea ice and its associated problems is being obtained through research programs. These research programs should be continued, as they are needed to compel novel designs and will lead to more cost-efficient operations. Modular construction in temperate climates with transportation of large modules to the sites is a proven method of reducing construction costs.

Transportation technology for oil in Arctic regions has been successfully developed for onshore pipelines, as demonstrated by TAPS. Marine transportation has not reached the same level of development. Appropriate tankers and icebreakers can be designed to provide year-round reliable operations to ports south of the Bering Strait handling either crude oil or liquefied natural gas. Marine vessel operations north of the Bering Strait appear less reliable, and there is a need for more icebreaker experience in this area before tankers are considered an attractive transportation system. Marine pipeline operations in the Arctic should be similar to operations in the North Sea and Cook Inlet, but will be more difficult and demanding because weather and logistics are more severe. As in the case of exploration and production, extended knowledge of the characteristics, conditions, and dynamics of sea ice is needed to optimize and ensure reliability in Arctic marine operations.

ECONOMICS

Limited economic evaluations of the Arctic oil and gas resources were made based on assessments of potential resources, costs, and schedules for operations developed in this study. These evaluations demonstrate that large reserves are required to support the high cost of oil and gas field development and associated transportation systems. When transportation systems can be shared by producing areas, significantly improved economics are obtained.

The economic resource base was calculated by combining the reserve evaluations with the resource assessments. Estimates of the capital investment required for exploration, production, and transportation facilities were developed and the sensitivity of the economics to various factors were evaluated.

In evaluation of the oil resources, the economic resource base analysis showed that when applying a 10 percent return as an investment criterion and deleting presently infeasible areas, the total risked mean assessment was reduced from 24 billion barrels to 21 billion barrels. At a 15 percent return it was reduced to 18 billion barrels of economically recoverable oil. The analysis indicates little opportunity for a 20 percent rate of return to be achieved. These results assume that grass roots investments are required for all oil production and transportation and that no incremental use of the TAPS line would be possible at the time of development.

Evaluation of non-associated gas resources showed that when applying a 10 percent return criterion, the risked mean assessment of 68 TCF of potentially recoverable non-associated gas is reduced to 10 TCF of economically recoverable gas. In no case was a 15 percent rate of return shown to be achieved. No evaluation was made of the more complex economics of producing associated gas, which could improve the prospects of gas development. Gas transportation from the North Slope was evaluated only on the basis of transporting LNG by tanker from different ports. No case comparable to the proposed Alaska Natural Gas Transportation System (ANGTS) was developed, nor were evaluations of the economics of the incremental use of the ANGTS line developed. Use of this system could substantially increase the economically recoverable gas.

Although considerable variation was shown in the economics for different areas, the uncertainties inherent in estimating all factors in frontier basins, especially the undiscovered resource base, suggest that none of the prospective basins should be excluded from early leasing and exploration.

IMPACTS

While benefits of oil and gas operations have been demonstrated, it is inevitable that substantial oil and gas development in the U.S. Arctic regions will have some impact on rural Alaskan populations and on the surrounding environment. The experience of the petroleum industry in recent years demonstrates that such impacts can be managed in a beneficial manner with minimal adverse effects on the environment.

The Arctic area contains about 45,000 inhabitants located in six regional centers and about 60 small villages. This population is distributed over thousands of square miles along the northern and northwestern coasts of Alaska from the Alaskan/Canadian border through the Aleutian Islands. Because oil and gas development is likely to occur only at a few specific points, many of the native villages will not directly experience the impact of development.

In the few communities that would be directly affected, expansion will occur in community structure, shoreline resources, local labor markets, and housing. Employment and business opportunities will evolve that could benefit those who choose to participate. In order to maximize these opportunities and minimize any adverse impacts, it is necessary to develop adequate long-term planning and good industry/native relationships.

Environmental impacts can be minimized or avoided in the Arctic by operating practices that have been and continue to be developed by the oil and gas industry in their operations throughout the world, particularly at Prudhoe Bay, the TAPS corridor, the Cook Inlet, the North Sea, and the Canadian Arctic. The Arctic environment is both fragile and biologically important; however, the risk of significant disturbance can be minimized. Accelerated activities in new geographic areas will require an extension of existing technology. However, no problems are perceived that are beyond the projected capability of the industry. As discoveries of oil and gas are made, additional site-specific data will be developed, and research, development, and information gathering will continue. With this information and a continuing commitment to good practices by industry, environmental impacts should be negligible and oil and gas development can proceed safely and successfully in the Arctic.

REGULATION

Both the leasing of prospective areas and the permitting of operations in the Arctic are under government control. A multitude of statutes, regulations, and policies have been developed at federal, state, and borough levels, resulting in an elaborate series of regulatory constraints that have increased costs and delayed all aspects of oil and gas development. A major impediment to Arctic development would be removed if these policies and procedures were simplified and expedited.

The aggressive leasing program undertaken by the State of Alaska has made the present Prudhoe Bay development possible. Most of the rest of the area onshore is under federal control and has been closed to development for many years. A limited program to open a portion of the NPRA is under way, but most of the highly prospective North Slope area under federal jurisdiction is still unavailable for exploration activity. The offshore leasing schedule as of July 1981 does not offer some of the most promising areas until 1984 or later. Acceleration and simplification of leasing for these areas would allow oil and gas development to proceed more effectively.

The complicated regulatory system that has been imposed on the industry needs a complete redesign with the permitting and leasing agencies operating under a clear federal policy to expedite Arctic development. Revisions in statutes, regulations, and policies at all levels of government are necessary to accomplish such a simplification. Specific recommendations for such revisions are made in this report.

THE NATIONAL KNIFE MUSEUM

Mr. BAKER. Mr. President, I would like to take this opportunity today to recognize the National Knife Museum which opened this year in Chattanooga, Tenn.

The National Knife Collectors Association is proud that the museum opened its doors free of debt, a shining example of free enterprise at work. Because of its location in historic Chattanooga, the museum will become a major attraction.

Although I am not a knife collector, I understand from a well-known authority that knife collecting is quite an enjoyable hobby. That authority is President Ronald Reagan, who has an extensive knife collection.

Mr. President, I commend the National Knife Collectors Association for their enthusiasm and dedication to their avocation.

MAXIMUM ALLOWABLE RATES FOR USE OF PRIVATELY OWNED AUTOMOBILES

Mr. MATHIAS. Mr. President, I wish to announce that as of December 6, 1981, the maximum allowable rate for use of privately owned automobiles is 20 cents per mile instead of the current 22½ cents per mile. I ask unanimous consent that a copy of a letter I have sent to all senatorial offices explaining this order be printed in the RECORD at this point.

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

U.S. SENATE COMMITTEE ON
RULES AND ADMINISTRATION,
Washington, D.C., December 3, 1981.

DEAR SENATOR: This is to inform you that the Administrator of General Services has, under the provisions of Section 5707 of title 5, of the United States Code, issued regulations which have decreased the maximum allowable rate for use of privately owned automobiles from 22½ cents per mile to 20 cents per mile for all travel on and after December 6, 1981.

Under the authority vested in this Committee by subsection 1 (n) (1) 8 of rule XXV of the Standing Rules of the Senate and by section 68 of title 2, United States Code, the above decreased rate is hereby made effective for Senate travelers for all travel on or after December 6, 1981.

Please note that the rates for use of privately owned motorcycles and privately owned airplanes will continue to remain at 20 cents per mile and 45 cents per mile respectively.

Your attention is also called to the fact

that, as in the past, the above rates are the maximum allowable rates and that it is the responsibility of each Senator and Chairman to set such rates as will most nearly compensate the traveler for necessary expenses.

Sincerely,

CHARLES McC. MATHIAS, Jr.,
Chairman.

HUNGER STRIKE OF ANDREI SAKHAROV AND YELENA BONNER

Mr. MOYNIHAN. Mr. President, Andrei Sakharov and his wife, Yelena Bonner, have today entered the 13th day of their hunger strike in support of the right of Yelizaveta Alekseyeva to emigrate from the Soviet Union to join her Russian-born husband in the United States. As one expected would be the case, they remain steadfast in their commitment to do everything possible, to give all they have, to the cause of liberty, the right to emigrate, the freedom to love and marry as one wishes.

Today's New York Times informs us about the isolation, the loneliness and the relentless intimidation the Sakharovs have experienced since their banishment to the city of Gorki last year, and which has led now to the hunger strike as an ultimate protest.

The Wall Street Journal also comments today, in an editorial, on the hunger strike by Dr. Sakharov and Miss Bonner, and makes the point that the Sakharovs' protest "involves an almost purely private matter."

It is, of course, a private matter whether a 26-year-old woman may marry a young man of her choosing. That is precisely why the issue is of such monumental public import—because the Soviet system does not permit private lives. That is the fundamental meaning of totalitarianism. It does not permit one's thoughts to be one's own, does not allow people to live where they want or do as they wish, except at the pleasure of the State.

Now we learn, our attention drawn to the fact by Dr. Sakharov's heroic action, that the Soviets will not allow a marriage between two young people who love each other because the stepfather of the young man has challenged, and embarrassed, the State.

The significance of this vile persecution, at this time, cannot be overstated. For we are witnessing not merely further harassment of the family of Andrei Sakharov, an historic champion of human rights and civil liberties, but a demonstration of just how lightly the Government of the Soviet Union regards its own formal international commitments and treaty obligations.

That the Soviet Union should engage in such flagrant and outrageous violation of the spirit and the letter of the 1975 Helsinki accords, which guarantee the rights of people in Eastern Europe to emigrate freely and communicate across borders, at the very moment the Soviet Union is sitting down with the United States at Geneva to negotiate about strategic arms reductions in Europe, leads one to question just how seriously they will treat any agreement that may result from these talks.

Why would the Soviets abide by an agreement to dismantle nuclear missiles, if they cannot fulfill a commitment to allow their own people to travel, to communicate, to emigrate?

Mr. President, I am pleased to note that the Department of State is acting precisely in accordance with the expressed wishes of the Senate with respect to the Soviet harassment of Dr. Sakharov. Senators of course recall the unanimous adoption, on November 24, of a resolution associating the Congress "fully and completely with the hunger strike protest by Andrei Sakharov." Yesterday's New York Times reports that the Department is "angrily protesting" the treatment of Dr. Sakharov, and that Under Secretary Walter Stoessel has personally brought the Senate resolution to the attention of Soviet officials.

I ask that there appear in the RECORD at this point the articles to which I have referred.

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

[From the New York Times, Dec. 4, 1981]

FOR ISOLATED SAKHAROVS, 12TH DAY OF FAST

(By John F. Burns)

Moscow, December 3.—After a decade together at the heart of the human rights struggle in the Soviet Union, Andrei D. Sakharov and Yelena G. Bonner have grown accustomed to the isolation and intimidation that descend on those confronting the system.

But the distinguished physicist and his wife have never been as alone as they are now, sequestered in a drab apartment in the sealed city of Gorky, far from their families, with no telephone, staking their lives on a challenge that could end tragically if neither they nor their Kremlin adversaries concede.

TAKING ONLY MINERAL WATER

This morning, the couple entered the 12th day of a hunger strike. With only mineral water to sustain them, they are acting in support of a 26-year-old Moscow woman, Yelizaveta Alekseyeva, who has been barred from emigrating to join Alexey Semyonov, a 25-year-old student at Brandeis University in Boston.

Mr. Semyonov, who is Miss Bonner's son by a previous marriage, emigrated from the Soviet Union four years ago and was married to Miss Alekseyeva in the United States by proxy. The Sakharovs regard her as a victim of a vendetta by the state security police, the K.G.B.

In a telegram to Leonid I. Brezhnev, the Soviet leader, Dr. Sakharov said on the eve of his fast that his action had been forced on him by the separation of Miss Alekseyeva and his son-in-law, "the cause of which is I think their close relationship with me."

From other messages, and from conversations the physicist has had with the few friends and relatives he is permitted to see in his administrative exile in Gorky, it seems plain that his motives go beyond emigration for Miss Alekseyeva, to the core of his own struggle for dignity and justice under Soviet law.

Miss Alekseyeva comforts herself with the thought that Dr. Sakharov could not have been dissuaded. A slim woman of Oriental features—her father, a retired lieutenant colonel, is a Buryat Mongol—she was able to visit the physicist earlier this year in Gorky, the Volga River city that has been his place of exile since early 1980.

Since the fast began, she has gone to the local post office here each day by pre-arrangement to dispatch a telegram to the Sakharovs. She prepays for the response, allowing them to keep their vow not to leave their Gorky apartment as long as the fast continues.

For a few days, the system worked. But since Nov. 25, Miss Alekseyeva has learned from friends in Gorky, her telegrams have not gone through. Two days ago, by slipping a message to a friend, the Sakharovs were able to get word through that they were "holding on cheerfully." The telegram produced a bubble of hope, but the feeling that the couple might have embarked on a road with no return soon asserted itself.

"In the broadest sense, this is a struggle for human rights and legality, not just for my right to leave," Miss Alekseyeva told a group of visitors, including two American diplomats who have been visiting her daily at Miss Bonner's apartment here since the fast began.

"For two years now, Andrei Dmitriyevich has been trying to resolve his problems without resorting to extreme measures," Miss Alekseyeva continued, using his first name and patronomic, Russian-style. "He has written twice to Brezhnev and several times to the Academy of Sciences; he has appealed to friends abroad, and he has demanded a proper trial."

She paused, glancing around the apartment, its shelves and display cases crammed with the books and mementos that the Sakharovs chose to leave.

"But you know," Miss Alekseyeva said, picking up her thoughts, "none of this has changed anything, and he feels now that he has exhausted the possibilities. For him, a hunger strike is the only logical step left."

BANISHED SINCE JANUARY 1980

Dr. Sakharov's exile came without warning on Jan. 22, 1980, when security agents stopped his car on a Moscow street, hauled him off to the airport and flew him to Gorky. The action was taken without recourse to the courts, which have the power to banish.

At the same time, he was stripped of his awards, which include the Stalin Prize and the distinction of a threefold title of Hero of Socialist Labor, all given for his nuclear weapons research.

Now 60 years of age, with a weak heart, he faces the prospect of living out his life in a city that offers little to the taste of one of the most celebrated scientists the Soviet Union has produced. Worse, his routine in the Shcherbinki district in Gorky, six miles from the city center in a new housing project overlooking a busy highway, is punctuated by the harassment of K.G.B. agents.

Although the Soviet press said at the time of his banishment that Gorky, a metropolis of 1.4 million people, had been chosen out of "humane considerations" as a place where he could pursue his research, the doors of the city's academic institutes and defense research establishments that could have employed his talents remain closed.

WORKING ON NATURE OF UNIVERSE

He pursues his inquiries into the nature of the universe in the four-room apartment assigned to him, with nothing to fall back on but the books his wife brought from Moscow.

By order of the Presidium of the Supreme Soviet, the nominal legislative arm of the Government, the physicist is being watched around the clock, with a guard at a desk outside his apartment and a police post nearby.

Only a handful of visitors are allowed, two of them Gorky residents, and they are subjected to searches. Visiting other residents of the city has become impossible, since any contact with the couple invites trouble with the police. Even shopping or walking in the park are difficult because the security police make a habit of entering the apartment while the couple are out and searching through their belongings.

The attentions of the K.G.B. are pervasive. Agents on foot or in unmarked cars follow the couple wherever they go, keeping an eye on Miss Bonner when she exercises her freedom to travel to Moscow. On one occasion, when the physicist went to the station to see his wife and his 80-year-old mother-in-law board a train, an agent drew a gun and motioned him away from the car.

RADIO A LIFELINE TO OUTSIDE WORLD

The couple's lifeline to the world outside, as for many Russians, is their short-wave radio. This proved a limited asset when they encountered an electrical interference inside the apartment, making it difficult and sometimes impossible to pick up broadcasts.

In one of his early messages to foreign reporters here, Dr. Sakharov compared his circumstances in Gorky to being in a "gilded cage." But from his own descriptions, and from those of his visitors, the analogy applies only if the Sakharovs' life in Gorky is compared with what they would have encountered if they had been tried, convicted and banished to a remoter region.

Even in Gorky, exile seems calculated to induce strains. After years of living in secret weapons research centers, constantly followed by bodyguards, Dr. Sakharov might be better prepared to deal with the anxieties than others. But some clue to the effect can be taken from interviews in his early days as an activist, when he cited the pleasures of being back in Moscow, amid colleagues, family and friends.

[From the New York Times, Dec. 3, 1981]

WASHINGTON TALK

The State Department is quietly and angrily protesting the treatment of Andrei D. Sakharov, the dissident Soviet physicist and Nobel Prize winner who is on a hunger strike in the industrial city of Gorky. Mr. Sakharov, who started his protest on Nov. 22, is pressing the Soviet Government to allow the woman who married his stepson by proxy to join her husband, who is a graduate student at Brandeis University.

Last Friday night, Walter Stoessel, the Under Secretary of State for Political Affairs, called in the Soviet minister-counselor, Alexander A. Bessmertnykh, and "took him to task" over the treatment of the ailing Dr. Sakharov, according to a State Department official. Mr. Stoessel also sought to present a copy of the unanimously approved Senate resolution expressing strong support for Dr. Sakharov and protesting Soviet "harassment and persecution" of the 60-year-old scientist, Mr. Bessmertnykh declined to take the copy.

In sponsoring the Senate resolution, Daniel P. Moynihan said of the Russians: "What are we to think of their real intentions at the arms talks in Geneva if they allow Sakharov to die rather than give an exit visa to a girl in her 20's?" He added: "This would also put a stop to scientific exchanges. I can't imagine any self-respecting American scientist setting foot on Soviet soil if the Soviets allow Sakharov to die."

[From the Wall Street Journal, Dec. 4, 1981]

THE SAKHAROVS' HUNGER STRIKE

Andrei Sakharov and his wife, Yelena Bonner, are said to be holding up well in the second week of a hunger strike that has worried and possibly puzzled his many admirers. Dr. Sakharov distinguished himself first in the Soviet Union's nuclear weapons development and then in its fledgling human rights movement. His call for international peace and domestic justice brought him the Nobel Peace Prize. He has been called one of the greatest moral figures in the long tradition of Russian intelligentsia. It must be some truly cosmic concern, one might think, that has driven him to threaten his health with such an extreme gesture. But no, his protest involves an almost purely private matter.

Dr. and Mrs. Sakharov are fasting because the Soviet government refuses to allow his stepson's wife, Yelizaveta (Liza) Alexseyeva, to emigrate. Liza was betrothed to Yelena Bonner's son Alexei Semyonov, when he left the Soviet Union three and a half years ago for Brandeis University; they were married last summer by proxy under the laws of Montana. These two people in their twenties have become pawns in the Soviet campaign against its most illustrious dissident.

Dr. Sakharov's response shows a great deal about his special character. Unlike many of history's titans, his concern for humanity hasn't deadened his love for human individuals. His friends marvel at his "great heart" for the suffering of strangers, but even more at his concern for those nearest to him. The case of Liza may be especially urgent because he feels himself responsible for her problems.

His conduct in this case shows why other dissidents hold him in such awe. It also casts a sharp light on the nearly universal careerism and opportunism of Soviet life. Sakharov's reputation for decency has spread so widely in the Soviet Union that the regime scarcely dares to strike him down directly. The government instead has imposed an internal exile unsanctioned by its own courts and countless indirect harassments such as the treatment of Liza Alexseyeva. According to the Sakharovs, the KGB is even spreading gossip that the hunger strike is Yelena Bonner's way of doing in her husband. The wonder of this protest is not only that the Sakharovs are acting with such simple morality but that their government is being so petty.

(Later the following occurred:)

Mr. MOYNIHAN. Mr. President, the Associated Press reports from Moscow today that Soviet authorities have hospitalized hunger-striking Nobel Peace Prize winner Andrei Sakharov and his wife, Yelena Bonner. This is according to today's edition of the government newspaper Izvestia.

Earlier today I made a statement and placed in the RECORD a series of reports from Moscow about the Sakharovs' hunger strike, which was on November 24, the occasion of the unanimous adoption of a resolution by the Senate calling on the Soviet authorities to desist from the villainous behavior which had prompted the strike.

This has not happened; they have not ceased their persecution of Andrei Sakharov and his family. Indeed, they have now escalated the harassment by removing Sakharov and his wife from their home.

All the Sakharovs have asked is that a young woman be given an exit visa as is the presumed right of any Soviet citizen under the Helsinki accords. They did not do so. They have not done so.

They have now taken this Nobel Peace Prize winner and his wife to a government hospital. What is happening there we cannot know. We can only fear the worst.

As I said earlier today if the situation does not improve the Soviet authorities will have demonstrated clearly they do not understand what would be the inevitable consequences in their relations with the West, in negotiations with the United States, in their ties to the scientific community in the United States and the West if Sakharov should die or if Miss Bonner should die.

Clearly they cannot understand the consequence of relations with this body if a unanimously adopted resolution is so easily dismissed. The Soviet minister who came to the Department of State on Friday night a week ago did not even accept a copy of our resolution. He claimed to know of the matter and not to need one.

I remind the Senate that, of all his many achievements in various fields, Sakharov has said he is most proud of the test ban treaty of 1965. What more ominous event could occur at the outset of the new round of strategic arms negotiations than for the man who personifies cooperation between the United States and the Soviet Union in nuclear arms matters to be forced to a hunger strike and taken to a government hospital. It will inevitably affect those negotiations.

We wish Andrei Sakharov and Yelena Bonner well. We admire their courage. We hope theirs is not a doomed effort.

I shall now read in the RECORD the Associated Press article to which I have referred:

Moscow (AP)—Soviet authorities have hospitalized hunger-striking Nobel Peace Prize winner Andrei Sakharov and his wife, the government newspaper Izvestia reported today.

It said the two were taken to the hospital "to prevent any complication in their state of health."

An earlier telegram from the Sakharovs had said the fast was aggravating Sakharov's heart ailment, and friends had warned that the hunger strike could end in Sakharov's death.

Sakharov, 60, and his wife began their hunger strike Nov. 22 in the city of Gorky, where Sakharov was exiled in January 1980 for criticizing Soviet Government policies.

The hunger strike was designed to protest the refusal of Soviet authorities to allow Liza Alexseyeva to emigrate to the United States. She was married by proxy last year to Mrs. Sakharov's son by a previous marriage.

On Thursday, a family friend was barred from traveling to Gorky to visit the Sakharovs.

Sources said the friend, Maria Petrenko-Podyapolskaya, was first told at the train station that no tickets were available for the 240-mile journey to Gorky, then told it was "not necessary to go there."

She was one of 10 Soviet dissidents and Jewish activists who signed a petition this week calling on scientists around the world to appeal to their governments to support Sakharov.

The Sakharovs were last heard from Tuesday. A telegram received from them then said: "We're not bad. We keep our spirits up. We keep to the regimen."

Earlier this week, informed sources said another of Sakharov's friends was detained by plainclothes police outside the Gorky apartment building where the fast had been going on.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1982

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, H.R. 4995, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4995) making appropriations for the Department of Defense for the fiscal year 1982, and for other purposes.

The Senate resumed consideration of the bill.

the PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, it is my understanding that the Senator from Texas has an amendment that we can consider at this point. I would like to have it laid down and then make certain that my conclusion is correct, as far as the Senator from Mississippi is concerned.

Mr. METZENBAUM. I am sorry, Mr. President, but I could not hear the Senator from Alaska.

Mr. STEVENS. I ask that the Chair recognize the Senator from Texas so he can lay down his amendment and then we will await the arrival of the Senator from Mississippi.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. METZENBAUM. Mr. President, I object and demand recognition.

UP AMENDMENT NO. 750

(Purpose: To permit multi-year contracts for weapons systems with termination liabilities which do not exceed $100 million)

Mr. TOWER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. METZENBAUM. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. METZENBAUM. Is the Senator from Ohio correct that one Member on the floor may not yield to another Member for any such purpose?

The PRESIDING OFFICER. The Senator from Ohio is certainly correct. The Chair recognized the Senator from Alaska. Following that, the Chair recognized the Senator from Texas for the purpose of offering an amendment. The Senator from Texas was on his feet before the Senator from Ohio.

Mr. METZENBAUM. I have no objection to the Senator from Texas being recognized independently. It is my understanding that the Senator from Alaska was yielding the floor to the Senator from Texas.

The PRESIDING OFFICER. That is not what——

Mr. STEVENS. Mr. President, I merely said I suggested that the Chair recognize the Senator from Texas for the purpose of getting his amendment down so we could await the arrival of the Senator from Mississippi. That is all I said. I did not yield; I merely suggested.

Mr. METZENBAUM. May I make an inquiry of the manager of the bill?

Mr. STEVENS. I will be happy for the Senator to make inquiry.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. TOWER. Mr. President, I do not yield the floor at this time.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. TOWER) proposes an unprinted amendment numbered 750.

Mr. TOWER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 63, line 9, delete the period and insert the following in lieu thereof: "unless the cancellation ceiling for such contracts is $100 million or less."

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged equally to both sides.

Mr. METZENBAUM. Objection.

Mr. STEVENS. There is no time limitation.

The PRESIDING OFFICER. There is no time limitation.

Mr. TOWER. I am sorry. I thought there was a time limitation.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MATHIAS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. HAWKINS). Without objection, it is so ordered.

Mr. MATHIAS. Madam President, a parliamentary inquiry. What is the pending business?

The PRESIDING OFFICER. The amendment by the Senator from Texas.

Mr. MATHIAS. I ask unanimous consent that the pending amendment be temporarily laid aside, so that I may call up my amendment which is at the desk, and that when I have completed action on that amendment, the pending amendment then be the pending business.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AMENDMENT NO. 649

Mr. MATHIAS. Madam President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) proposes an amendment numbered 649:

On page 28 after line 11 add: "None of the funds appropriated by this Act shall be made available for the Sea Launched Cruise Missile Program.".

Mr. MATHIAS. Madam President, I send to the desk an amendment to my amendment, in the nature of a technical amendment, deleting the words "Sea-Launched Cruise Missile Program," and substituting in lieu thereof the words "Sea-launched Nuclear Tomahawk Land Attack Missile."

The PRESIDING OFFICER. The Senator has the right to modify his amendment. Does the Senator wish to modify the amendment?

Mr. MATHIAS. Yes, I modify my amendment.

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

On page 28 after line 11 add: "None of the funds appropriated by this Act shall be made available for the Sea-Launched Nuclear Tomahawk Land Attack Missile.

Mr. MATHIAS. Madam President, one feature of President Reagan's stategic nuclear program announced on October 2 has not received either sufficient public or sufficient congressional attention: The decision to "deploy several hundred nuclear armed sea-launched cruise missiles on general purpose submarines beginning in 1984."

This decision has literally been eclipsed by other features of the President's package. But the negative implications of this deployment for arms control and for our long range national security have not been discussed. It is an omission which could come back to haunt us in the years ahead. It is perhaps an omission which we can do just a little to rectify today.

Rear Adm. William A. Williams III, in testimony prepared for the Senate Foreign Relations Committee on October 30, said that these sea-launched cruise missiles, or SLCM's, would "provide additional survivable nuclear forces for the strategic reserve force." He went on to say that "the latter role could be pivotal in the post war balance and struggle for recovery."

I will not dwell on what this last statement might mean with respect to Reagan administration plans for nuclear warfighting, though it does seem to suggest that the administration believes that somehow one side or the other can come out ahead in a postnuclear war situation.

I do want to make the point that we have already deployed thousands of highly survivable nuclear warheads on our ballistic submarines. With the Trident program, we will be adding in the 1980's to our capabilities in this area.

I do not believe that the administration has made a convincing military case for its SLCM decision. Indeed, it has made almost no case at all. But most importantly, the administration has given little indication that it has weighed the very clear arms control drawbacks to this SLCM deployment de-

cision against the rather tentative military advantages of going ahead.

Arms control depends on the ability of each side to verify with a high degree of confidence the number and capabilities of the weapons being limited by any agreement. In both SALT I and SALT II, the United States pressed for provisions intended to safeguard our ability to monitor Soviet compliance with treaty provisions through our own independent means, including satellite surveillance.

Verification has always been more our problem than that of the Soviets. Our open society and public debate permits the outside observer to know with a good deal of confidence what our weapons deployments consist of. The Soviet Union, on the other hand, is not so forthcoming.

Cruise missiles by their very nature create verification problems. They are relatively small and easily transportable. It is impossible to verify by national technical means, such as satellite surveillance, their range or whether they are conventionally or nuclear armed.

SALT II addressed the verification problem with respect to air-launched cruise missiles in a way acceptable to both sides. Ground-launched cruise missiles are on the negotiating table in Geneva at this moment. But the SLCM problem remains, and it is a serious one.

We will shortly begin placing several hundred nuclear-armed, long-range, land-attack cruise missiles on attack submarines and on surface ships. Once they are in place, it will be impossible for the Soviet Union to determine by national technical means which submarine or which ship is armed with the SLCM's. All or submarines and all our ships will become potential nuclear launch platforms in Soviet eyes. This situation may temporarily be militarily attractive for us, but the benefits could be fleeting.

At present, the Soviet Union lags behind the United States in cruise missile technology. Their cruise missiles are crude in comparison to ours. However, we have found too often in the past that our lead in a given weapons technology can be erased by Soviet gains in the same area.

Once Soviet technology has progressed to the point where they can duplicate our relatively small cruise missiles, we could have a serious problem. The day may not be too far off when we will have to consider every Soviet fishing trawler operating off the Great Banks as potentially nuclear armed.

Clearly if both sides were to engage in a massive deployment of long-range, nuclear-armed cruise missiles at sea, then President Reagan's search for an arms control agreement incorporating deep verifiable cuts in nuclear arsenals would become a practical impossibility. There would be little possibility of verifying with any confidence the nuclear arsenals of the other side.

I believe that the Reagan administration, in its search for readily available solutions to our perceived strategic nuclear inferiorities, has not yet considered the arms control implications of this particular decision. As is too often the case on major decisions, the unintended effects of the decision may prove to be more significant than those contemplated by the decisionmaker at the moment the decision was taken.

I believe, however, that the President still has an opportunity to call on the Soviet Union to join us in mutually controlling this new technology before significant deployments, difficult to retract, are undertaken.

In 1969, then Senator Brooke of Massachusetts made a determined effort to get us to negotiate with the Soviet Union to halt the MIRVing of ballistic missiles. His call went unheeded. We had a technological advantage over the Soviets that we were determined to exploit. But that technological advantage was shortlived. It lasted only for a brief span of time.

Now that advantage is gone and our land-based forces are vulnerable to the Soviet MIRVed ICBM's. That is the origin of the famous window of vulnerability.

So let us not repeat the same error with sea-launched cruise missiles, and let us at least make a conscious effort to see whether control is possible.

Mr. STEVENS. Madam President, I hope that the Senator would not pursue this amendment. He has raised once again a voice of reason on the floor of the Senate dealing with an important strategic weapon that is in our arsenal. The strategic arms reduction talks, the START talks are commencing.

I am certain that the Senator realizes that our current plans for the use of the cruise missiles do not violate any arms control agreement and that although the SALT II protocol would have permitted these weapons to be used to a range of 600 kilometers, that would have expired on December 31 of this year, and would not have had any impact on the surface-launch cruise missiles that might be deployed as the Senator mentions.

The Tomahawk money is here in the bill. The administration is dedicated to a full-scale discussion with the Soviets on the weaponry involved. That certainly is within the scope, as I understand it, of the talks that are going on, and I hope that the message that the Senator from Maryland has given the Senate and has sent to the administration will be heeded, and this is one of the weapons that will be considered in the arms control negotiations. But we would not want to unilaterally make that decision here. I hope the Senator will not want to see that happen either.

Mr. MATHIAS. I, of course, appreciate what the distinguished chairman of the Defense Subcommittee of the Appropriations Committee is saying. I am as sensitive as he is to the need for maintaining our strategic weapons at an adequate level.

It is a fact, of course, that as a matter of law the arms control implications of a new weapons development must be assessed by the Arms Control and Disarmament Agency.

These particular weapons being strategic in character would ultimately be the subject I presume, as the Senator says, of a new SALT negotiation or a START negotiation, or whatever name it may be given. But we are not up to the table on strategic arms negotiations yet. I think that is why it is so important for us to go very carefully here.

If this were money for deployment I might feel more urgent than I do now since we are talking only about research and development.

Will the chairman of the Defense Subcommittee assure the Senate that he will make sure that the law is complied with and that the arms control implications of this new weapon system will be fully explored before we get too far down the—I started to say too far down the road, but maybe since we are talking about a naval weapon before we are too far into the water?

Mr. STEVENS. I say to my friend that I think that the administration's strategic modernization program does envision the ultimate deployment of sea-launch cruise missiles in the future if they are not the subject of the arms control agreement.

As I indicated the arms control agreement that was previously negotiated but not ratified would have covered cruise missiles to the extent that they exceeded 600 kilometers but even that provision would expire on December 31 of this year and it would have no impact on the plans that were in effect then to deal with the use of these surface launch cruise missiles from the water.

Mr. MATHIAS. What the Senator said is absolutely right and I agree with him. That is why I think we need to have this moment of caution right now, and all I am asking the Senator is his assurance that the law will be complied with and that the arms control implications will be studied and that that study will be made available to Congress.

Mr. STEVENS. I can assure the Senator that that is our goal, which is to see to it that that law is complied with and that we do have the results of the studies.

I also assure the Senator, however, that it is my understanding that the administration's strategic modernization program is for the purpose of demonstrating our resolve to restore and modernize our defense forces in the event the arms control negotiations do not bring about meaningful mutual reductions in strategic arms, and, as I understand, missiles of this type would be subject to that negotiation.

Mr. MATHIAS. I have no problem with that. All I want to be sure is, when we look at the array of weapons which we want to deploy in order to maintain our strategic position, that we be able to choose those that are best suited for that purpose and those which do not have unintended consequences as the MIRVing decision did 12 years ago.

Mr. STEVENS. The Senator raises a very valid point.

I think that the Senator from Texas, as the chairman of the Armed Services Committee, may wish to make some comment concerning compliance with the existing law, but it is my understanding from the testimony that we had before the subcommittee the Secretary has stated that it is the intention of the ad-

ministration to proceed with the procurement and the ultimate deployment of these sea-launched cruise missiles; that is, of course, subject to the negotiations that will take place in the interim.

Mr. TOWER. If the Senator will yield, let me say to the Senator from Maryland that we always have and will continue to give careful consideration to the arms control implications of any weapon system we set for authorization. That is our policy and will continue to be our policy.

Mr. MATHIAS. I appreciate that assurance from the distinguished chairman of the Armed Services Committee, and that is the reassurance I was seeking. I think it is particularly important in this case, and I did not mean to imply there would be any deviation from the standard policy of the committee and of the administration. But I do believe that this is a watershed decision that requires extra care.

Mr. HART. Madam President, will the Senator from Maryland yield briefly?

Mr. MATHIAS. I am happy to yield to the Senator from Colorado.

Mr. HART. Madam President, I wish to add a word of support to the issue that the Senator from Maryland has raised in two regards.

The Senator from Colorado is a strong advocate of cruise missile technology whether launched from the air, land, or sea. I think it is both a tactical and strategic weapon of the future.

In terms of strategic concerns I, frankly, favor the air-launched cruise missile over the manned penetration bomber. I have supported that in the past. On the other hand, as a strong supporter of the SALT II treaty and the SALT process, I think the Senator is to be commended for raising a serious concern here.

The reason this Senator and others have urged the administration to get on with or to continue the negotiating process is I think partly contained in the Senator's concern here—that technology is beginning to outrun our ability to negotiate limits on it. While on the one hand we believe our strategic forces must be modernized, on the other hand it is the policy of this Government, this administration, to seek limitations on strategic systems. That is going to be harder in the 1980's than it was in the 1970's. In the 1970's it was harder than it was in the 1960's primarily because of increased weapons sophistication, guidance systems, and all the rest of it.

I think all that says to us in the Senate is that we have to do better. We have to think harder and more clearly about arms control implications of these new weapons and how to, on the one hand, modernize and, on the other hand, seek viable limitations.

So I identify myself with the concerns of the Senator from Maryland and I share them.

● Mr. DURENBERGER. Madam President, the strategic arms package announced by President Reagan last October was greeted with the applause and support it deserves. The President's decision to cancel the so-called racetrack basing system which had been devised by the Carter administration for our MX missiles saved us from huge budget outlays, massive arms control problems, and the possibility of major environmental damage. The decision to build a modified version of the B–1 bomber—a decision which has been ratified by this body—will provide us with a risk-free modernization of our strategic Triad. And the attention which has been paid to our command, control, Communications, and intelligence (C3I) systems is perhaps the most vital element of the overall package, for as the GAO recently noted, it is these systems which are most in need of improvement and modernization.

It is perhaps understandable that amidst so much attention to so many bold and sensible decisions, the President's decision to deploy nuclear-armed cruise missiles aboard our fleet of attack submarines received relatively little comment. This is an important decision with potentially vast consequences, yet there has been virtually no discussion about it here in the Senate.

As a recently completed book by the Brookings Institution makes clear, we have not yet thought through the military and arms control consequences of cruise missiles. This is particularly true with the nuclear land-attack Tomahawk cruise missile. It makes considerable sense to deploy antiship cruise missiles with conventional warheads. The air-launched cruise missile has become a vital component of our bomber modernization programs. But the decision to employ nuclear land-attack cruise missiles aboard our attack submarines must raise some questions.

As my colleagues know, the chief function of our attack submarines is to conduct antisubmarine warfare. Related missions include reconnaissance, convoy escort, and antishipping duties. The attack submarines are stretched thin, but they are absolutely vital to our naval strength. They can make up for the heavy mission load which we impose on them only by flexibility and freedom of maneuver. Anything which would potentially degrade their existing missions must be examined closely.

In the short term, each nuclear-armed cruise missile placed aboard an attack submarine displaces a conventional weapon, such as a torpedo. Down the road, of course, there are plans to supplement the torpedo tubes of our attack submarines with vertical launching tubes for the cruise missiles. Nonetheless, there is a potential constraint on the weapons capacity of our attack submarines if we decide to deploy land-attack cruise missiles aboard them.

More importantly, however, once nuclear-armed cruise missiles are deployed aboard these boats, they become part of our single integrated operations plan (SIOP)—the command and control system which governs our nuclear forces. A necessary element of the SIOP is regular and ongoing communications between our forces and the National Command Authority. We have accounted for this with our strategic nuclear submarines. But we have not yet accounted for it without attack submarines. If they are forced to remain in regular contact with the National Command Authority, they lose freedom of maneuver and they risk detection by antisubmarine forces. In other words, integration into the SIOP could seriously degrade the effectiveness of our attack submarines.

Finally, of course, we are proposing to deploy nuclear-armed cruise missiles which are relatively limited in range. This means that if they are to be released, the submarines which fire them will be forced to move closer to the shoreline. Yet the entire thrust of our fleet ballistic missile modernization program has been to extend, not to diminish, the range of our nuclear weapons.

For instance, the C–4 missile, commonly known as the Trident I, has a substantially greater range than the C–3 Poseidon missile. This will permit the submarine which deploys it to operate farther away from Soviet territory, vastly increasing its survivability. And survivability will increase once again when the D–5 Trident II missile comes into the fleet. These programs make considerable sense, for they stabilize the nuclear balance. But I must question a nuclear arms program which runs entirely contrary to the logic of our SLBM modernization programs, as the sea-launched cruise missile program would do.

If there are substantial military or operational grounds on which to question the nuclear-armed land attack missiles, there are equally substantial arms control grounds. We are all familiar, of course, with the difficulties of verification raised by dual purpose weapons. While it bears notice that the Soviets have deployed nuclear-armed cruise missiles aboard their submarines for many years. this does not necessarily mean that we should seek a comparable capability. When we do so undercuts the primary military function of our attack submarines and further complicates verification problems.

But the chief arms control problem raised by these weapons relates to our so-called theater nuclear forces. The NATO alliance has established a clear policy aimed at ending the threat posed by Soviet intermediate range missiles such as the SS–20, the SS–4 and the SS–5. That policy, announced in December 1979, requires a two-track approach. First, the alliance will proceed with plans for the deployment of comparable missiles, the extended range Pershing II and the ground launched cruise missile. Second, we will seek arms control talks. This decision was both ratified and given further life by the President's recent statement concerning the so-called zero option. His statement and our negotiations deserve the support of all peace loving people.

Fundamental to this policy, however, is the credibility of our intentions to go ahead, if necessary, with the deployment of land-based missiles. The key word here is land-based, for it is only in this mode that the alliance and the Soviets alike can be assured of our willingness to maintain a spectrum of deterrence.

The deployment of cruise missile configured for a nuclear land-attack mission, however, provides a tempting escape valve for those who would wish to

evade their responsibilities under the 1979 NATO decision. This has always been the fear of those connected with the theater nuclear force modernization decision, and it led Gen. Bernard Rogers, our commander in Europe, to express his grave concerns about the cruise missile decision. We cannot afford an escape valve, for it will undercut both the solidarity of the alliance and the prospects for successful negotiations.

Madam President, I have only briefly touched upon some of the potential problems raised by a decision to go ahead with this deployment. And I have not even discussed the questions we must consider regarding the utility of a so-called "strategic reserve." What possible purpose can several hundred more nuclear weapons serve as a "reserve?" Why should not our efforts go more toward the modernization of our severely-strained general purpose forces, rather than toward creating reserves of nuclear weapons?

As I say, I have touched only briefly on these questions. I fervently hope that this will not be the last time we raise this important policy issue. And I strongly commend my colleague from Maryland, Mr. MATHIAS, for raising it now—in this important setting.●

Mr. MATHIAS. I thank the Senator from Colorado for his remarks and for his understanding and comprehension of this very difficult and complex question.

Madam President, in the light of the assurances which the Senator from Alaska, the manager of the bill, has given and the assurances that the Senator from Texas, the chairman of the Armed Services Committee, has given that the arms control implications will be studied and that in particular the verification aspect will get proper attention. And further, in view of the fact that the funds we are discussing are not for deployment, but rather for research and development, with which I am essentially sympathetic, I will now withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. STEVENS. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. That brings before the Senate the Tower amendment, does it not?

The PRESIDING OFFICER. The Senator is correct.

UP AMENDMENT NO. 750

Mr. STEVENS. Madam President, I am authorized to state to the Senator from Texes that the Senator from Mississippi joins me in recognizing this as a technical amendment to the multiple year contracting provision and we are prepared to accept it on the basis of this statement.

Mr. TOWER. I thank the Senator from Alaska.

Madam President, section 909 of the fiscal year 1982 Department of Defense Authorization Act, which was passed by the Congress several weeks ago, permits the Department of Defense to enter into multiyear contracts for weapons systems provided that the Department of Defense determines:

First. That the use of such contracts will promote the national security of the United States and will result in reduced total costs under the contract;

Second. That the minimum need for the property to be purchased is expected to remain substantially unchanged during the contemplated contract in terms of production rate, procurement rate, and total quantity;

Third. That there is a reasonable expectation that throughout the contemplated contract period the Department of Defense will request funding for the contract at the level required to avoid contract cancellation;

Fourth. That there is a stable design for the property to be acquired and that the technical risks associated with such property are not excessive; and

Fifth. That the estimates of both the cost of the contract and the anticipated cost avoidance through the use of a multiyear contract are realistic.

Madam President, the Senate and the House Armed Services Committees are looking for meaningful and innovative ways to achieve savings in the procurement of very costly weapons systems. This multiyear contracting provision may well be the most significant step that Congress has taken in recent years to achieve savings by procuring property at a more efficient and thus a more economic production rate. Keep in mind that this multiyear contracting concept may only be used for the procurement of programs which have demonstrated technical and cost stability; it cannot be used by the Department of Defense to bind Congress to a procurement of weapons systems which are not technologically mature, and which have not demonstrated cost stability.

Section 769 of this Defense appropriations bill provides that "no part of any appropriation contained in this act will be available to initiate multiyear procurement on contracts for major weapons systems except as specifically provided herein." For many years, the Department of Defense was authorized to enter multiyear contracts provided the cancellation ceiling of such contracts did not exceed $5 million. The effect of the provision contained in this Defense appropriation bill, however, would restrict the authority that the Department of Defense has had for many years to enter into certain multiyear contracts at a time when Congress is attempting to expand the use of multiyear contracts to, first, achieve sizable savings through more efficient production rates; second, provide stability to our defense industrial base; and third, acquire weapons systems in a more timely manner.

My amendment simply makes the provision contained in the Defense appropriations bill consistent with the provision contained in the fiscal year 1982 Department of Defense Authorization Act. For these multiyear contracts containing cancellation ceilings in excess of $100 million, the Department of Defense would have to satisfy each of the criteria which I previously discussed and, in addition, would be required to give a 30-day prior notice to the Senate and House Armed Services Committees as well as the Senate and House Appropriations Committees.

Madam President, again I want to make it clear that this amendment does nothing more than make the provision reflected in this Defense appropriations bill consistent with that provided in the Defense Authorization Act, fiscal year 1982. I, therefore, urge my colleagues to simply reaffirm the endorsement to the multiyear contracting concept that they gave several weeks ago when they voted in favor of the fiscal year 1982 Defense authorization bill.

Let me simply make reference to section 769 of the Defense appropriations bill which provides that:

No part of any appropriations contained in this act will be available to initiate multiyear procurement on contracts and major weapons systems except as specifically provided herein.

My amendment simply makes the provision contained in the appropriations bill consistent with the provisions contained in the fiscal year 1982 Department of Defense Authorization Act.

I will make it clear that it does no more than that and makes it consistent with a provision in the authorization act that this body has already endorsed by a vote of some 90 to 1.

I have discussed the matter with Senator STENNIS myself and I am told it is acceptable.

Mr. STEVENS. We accept the statement to that effect. This makes it consistent with the authorization bill, and I ask for the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment (UP No. 750) was agreed to.

Mr. TOWER. Madam President, I move to reconsider the vote by which the the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 650

(Purpose: To express the sense of the Senate with respect to a program for the elderly in the eighties)

Mr. METZENBAUM. Madam President, I call up my amendment pending at the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an amendment numbered 650.

Mr. METZENBAUM. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill insert the following:

It is the sense of the Senate that the Congress give priority attention to all official recommendations of the White House Conference on Aging in achieving the goal of establishing a far-reaching program for present and future generations of older Americans, including recommendations to—

(1) safeguard current eligibility condi-

tions, retirement ages, and benefit levels in the social security program;

(2) broaden opportunities for older workers to remain active voluntarily in the labor force;

(3) assure older individuals an income sufficient to maintain a minimum level of dignity and comfort;

(4) ensure that all Americans have access to adequate health care;

(5) take interim steps to improve health care for older individuals;

(6) make available an adequate number of federally assisted housing units to meet the needs of the elderly;

(7) complete comprehensive service delivery systems for older individuals at the community level; and

(8) strengthen the Federal commitment to gerontological research, education, and training.

Mr. METZENBAUM. Madam President, this amendment is offered on behalf of myself, Senator ROBERT C. BYRD, Senators PELL, RIEGLE, EAGLETON, DODD, RANDOLPH, BURDICK, FORD, KENNEDY, MELCHER, SASSER, BAUCUS, MOYNIHAN, BRADLEY, DIXON, MITCHELL, LEVIN, HEINZ, COHEN, HATFIELD, TSONGAS, BIDEN, HAWKINS, and PRYOR. In addition, I ask unanimous consent that Senator WILLIAMS be made a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Madam President, this amendment is supported by the Leadership Council of the White House Conference on Aging which consists of the following organizations:

American Association of Homes for the Aging,

Association Nacional por Personas Mayores,

Association for Gerontology in Higher Education,

Concerned Seniors for Better Governments,

Gray Panthers,

Legal Research and Services for the Elderly,

National Association of Area Agencies on Aging,

National Association of Mature People,

National Association of Meals Programs,

National Association of Nutrition and Aging Services Programs,

National Association of Retired Federal Employees,

National Pacific Asian Resources Center on Aging,

National Retired Teachers Association,

American Association of Retired Persons,

National Senior Citizens Law Center,

Older Women's League,

Retired Members Department/United Auto Workers,

Social Security Department/AFL-CIO,

Urban Elderly Coalition,

Western Gerontological Society,

National Association of State Units on Aging,

National Caucus and Center on Black Aged,

National Council on the Aging,

National Council of Senior Citizens, and

National Indian Council on Aging.

Having said, Madam President, it is obvious this is an amendment which has widespread support. It is, in effect, a sense-of-the-Senate resolution offered as an amendment to the pending bill.

The argument will be raised and will be made of why would you offer such an amendment to the defense appropriations bill? I can think of no more logical reason, and I think it is a perfect answer, to say that when we are spending a week on the floor of the U.S. Senate passing a bill that provides $208.5 billion for defense purposes, an amount that is $37 billion higher than the aggregate in the 1981 bill, an amount that is $7 billion over, almost $8 billion over, the budget request of the President of the United States, who could claim that we ought to be so indifferent to the concerns of the senior citizens, that we could be inhumane and have that lack of compassion, that we could not find the time to indicate that the Senate also has a concern for the aged citizens of this country who have made our growth and our strength so possible?

This is our way of saying that "We have not forgotten, we are aware of what you have been doing down the street at the White House Conference on Aging." We are saying that those who participated in that conference should be commended for their efforts despite that which the press has reported to have been many obstacles put in their way, despite the efforts of some to politicize the process at the White House Conference on Aging. We here in the Senate on a bipartisan basis are saying in this amendment, "We care, we are concerned, we feel, we know of your problems, and we share the concern that you have for those problems."

The argument has been made, and I was not there and I cannot prove it, but the argument has been made that this was an effort to politicize the elderly in the conference. What we are saying here is not anything more than, "We, the Members of the United States Senate, do feel that what has been going on down the street is a matter of concern to all persons, the Senate, the House, and that we will address ourselves to the issues as they came out of that conference."

The conference approved hundreds of recommendations. This resolution highlights eight. It highlights eight because it is those eight that need priority attention, and we will be saying that we want to give that priority attention to the actions of the conference, and particularly to those eight which are somewhat all-encompassing.

Now, the fact is that previous conferences of the White House on aging have been responsible for major vital legislation for the elderly. Some of that legislation which has been effective is medicare which came out of the 1961 conference, medicare which provided health care to millions of older Americans, and out of that same 1961 conference, 20 years ago, Federal and State programs for the elderly such as social services, senior centers, and counseling programs. So much of what they recommended 20 years ago has now become the law of the land and accepted as a part of our everyday life.

Then, 10 years later, the 1971 conference came to the conclusion that the mandatory retirement age should be raised from 65 to 70 so that older Americans could continue to use their expertise and their experience for the benefit of our society, and Congress has reacted with respect to that subject and has acted favorably.

The 1971 conference recognized that senior citizens have a problem of being fed, that they get hungary, that they are not able to get food for themselves, and so they addressed themselves to nutritional programs such as home-delivered meals, Meals-on-Wheels, making it possible for the poorest of the elderly to receive the basic nutritional requirements to sustain life.

What we are saying here is in this bill with $208.5 billion, a bill that in all likelihood the Senator from Ohio will support, we also did not fail to indicate our concern about what was going on down the street.

The Senator from Ohio is not unrealistic about the efforts that some will make with respect to this pending amendment. There are many motions that can be made. You can make a motion to table my amendment or our amendment. You can raise the issue of germaneness, you can move to refer the matter to committee, you can move, perhaps make some other different kinds of motions.

But whatever the motion may be there will be a rollcall vote on it and the rollcall will be saying in effect, "If you want to express your point of view, if you want to indicate your concern, if you have some feeling for those who have been meeting down the street, then this is the way to do it, and you will vote against laying it on the table or whatever the motion may be."

The vote will say, "This is our expression, this is our statement. You may win a vote, but the fact is this is the opportunity that we give you to say that you care, to say that you are concerned."

So I will not belabor the point. I will not speak at great length because the issue is clear. Will we or will we not in the U.S. Senate make a statement, indicate a concern, indicate that we are prepared to act and to do something about all the actions that have been taken down the street this week, and that is all the issue is.

It does not deal with some of the hard-knock substantive questions that may be involved as these issues progress through the Senate or the House. It deals with the general approach to the problems that face these senior citizens of this country. Either you are with the senior citizens in indicating concern or you are against them, and that is what the vote will indicate.

Madam President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Madam President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

THE ELDERLY IN THE EIGHTIES

Mr. ROBERT C. BYRD. Madam President, today I am pleased to join in cosponsoring the pending measure which has been offered by Mr. METZENBAUM.

Madam President, the 4-day, once-in-a-decade, White House Conference on Aging has drawn to a close. The Congress authorized this conference with the mission to develop "a comprehensive, coherent national policy on aging together with recommendations to implement the policy."

The 1981 meeting carried with it a past tradition of being a nonpartisan meeting to develop recommendations on issues affecting and impacting elderly Americans. The last two conferences have had important results which have affirmed our national character and commitment in meeting the needs of our aging population.

The 1961 conference paved the way for enactment of medicare. Passage of the Older Americans Act sprang from the recommendations of the 1971 conference.

This year, however, the spirit and tradition of the conference has been somewhat marred by delegate discontent under a heavy shadow of White House politics. There have been unsettling decisions in the hiring and firing of conference committee staff. The conference has had three executive directors, including one Republican who lasted only 2 months in the job.

In the fall, the Republican National Committee polled conference delegates on their views of the administration's budget cuts in social security retirement benefits, medicare, nutrition funding for the elderly, and housing assistance for the aging, as well as the President's general handling of the economy.

Unexpectedly, the administration moved to appoint 400 new delegates to the conference. A significant number of these delegates were placed in what many consider key committee positions. As an extra measure, Secretary Schweiker exercised strong and final say over conference rules. Those final rules greatly limited opportunity for debate and dissent.

The 1981 meeting has taken place somewhat in a vacuum. We know that the President asked, more than 2 months ago, that a Presidential commission be formed to study social security financing issues. The administration has yet to let us know what such a commission will be: Who will serve and under what conditions the commission will meet. After the conference delegates return to their homes, away from Washington, I expect that we will begin hearing the details of this commission.

When the President signed his Federal budget-cutting bill into law last August, he cut medicare costs and raised elderly Americans' personal health care bills. In recent months, we have heard consistently that the August medicare "reforms" were just the tip of the iceberg, and that more entitlement reform legislation is expected to reduce the size of the Federal budget. The legislation will reportedly include proposals to further reduce the cost and size of the medicare program.

It is unfortunate that we do not have any details of these proposals and we did not have them prior to the conference on aging, because delegates to the meeting voted, many times over, to expand medicare coverage and protection.

Conference delegates sought to assure retirement income security for all Americans. They sought to insure better job opportunities for older workers. The delegates were committed to improved health care protection for older Americans and access to adequate medical care for all Americans.

The resolution offered by the Senator from Ohio (Mr. METZENBAUM), cosponsored by myself and others, simply expresses support of the Senate for general principles endorsed by many conference delegates. I commend these delegates for their spirit and dedication in pursuing the discussion of national goals at the conference. I urge all Senators to vote for the pending resolution.

Mr. DODD. Madam President, I believe the Senate should act affirmatively on this amendment endorsing an eight-point national program for older Americans to serve as a basis for substantive legislation during this decade.

Madam President, this eight-point program was drafted by the leadership council of aging organizations and approved by the vast majority of delegates to the White House Conference on Aging which ended yesterday. It covers major areas of concern to older Americans including social security, jobs, annual incomes, health care, housing, community services, and aging research.

By sending us their plan for legislation, our senior citizens have once again demonstrated expert leadership. As I have stated many times before, my senior constituents in Connecticut have never failed to provide me with good ideas about ways to solve the problems facing them. The same has been true on a national level with respect to the White House Conference on Aging. White House aging conference delegates in 1961 helped Congress begin to formulate plans for medicare. In the same manner, those in 1971 suggested ways for Congress to improve the social security system by establishing supplemental security income.

By calling upon us to establish a national program for older Americans in the 1980's, the White House aging conference delegates remind us of two important facts. First, senior citizens tend to be poorer, on average, than other Americans. Second, they tend to rely more heavily than younger Americans on Government social service and income-maintenance programs.

Madam President, I do not have to remind my colleagues of the reasons why older Americans deserve the assistance of their Government in obtaining adequate health care, job opportunities, nutrition, and housing. Our senior citizens have worked all their lives to help make the United States the great Nation it is today. They helped establish the very hospitals, factories, farms, community nutrition and service centers, schools and housing projects we so often take for granted.

Older Americans not only deserve our assistance because of what they have contributed to this country in the past, Madam President, but also because of what they can contribute in the present and the future. We need the help of all our citizens, both younger and older, in solving the many problems which face us today. Thus, if we fail to do all in our power to enable older Americans to participate as full, productive members of our society, we not only cheat them but we also cheat ourselves.

We hear a great deal these days about cutting out waste and mismanagement in Government. Yet I can think of no greater mismanagement than wasting the talent of our senior citizens by failing to provide them with access to jobs and necessary support services.

Madam President, anthropologist Margaret Mead, once said that "the best way to live is in three-generation communities where * * * young and old can share in each other's diversity, both living close to the past and close to the future." I urge my colleagues to adopt this amendment as a means of bringing us closer to such a community life in th's country.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, I read the resolution offered by the distinguished Senator from Ohio, Senator METZENBAUM, and just addressed by the distinguished minority leader, Senator BYRD.

As one committee chairman who has a major responsibility to review many of the 600 recommendations made by the White House Conference on Aging, which terminated, as everyone knows, yesterday noon—it seems to me that by singling out one, two, or in this case eight areas for priority consideration by Congress, we could very well do a disservice to the other 592 recommendations.

Even though I understand these eight would in effect cover everything that the White House conference may have considered in a general way, it just seems to this Senator that, in addition to not being well-timed, it catches many of us who have the responsibility for legislative follow-through a bit off guard in the sense that we have not had a chance to focus on the 600 recommendations. This Senator is not even certain the 600 recommendations are available for us to review. We might want to address all 600.

I do know one recommendation this Senator would not include in any review, and that would be general funding of social security. That was one of the areas of great debate at the White House Conference on Aging.

As I said in a statement a couple of days ago, as far as this Senator knows there is no support for that in the Senate Finance Committee—maybe 1 or 2 members out of 20. There is very little support for that in the House Ways and Means Committee, which is controlled by members of the Democratic Party. However, that still became the big issue of the whole White House Conference on Aging. One way to destroy the social security system is to start funding it with general revenues, for a number of good reasons and finally for the reason that we do not have any general revenues.

This is why we just went over a $1 trillion debt a couple of weeks ago. This is why we are trying to cut spending up and down the line in Government and to get a handle on some of the problems we have, because we have been overspending for the last 20 years.

However, this Senator would indicate that all of us commend the delegates who participated in the White House Conference on Aging. All of us are aware of some of the charges made that there was an effort to "stack" the White House conference. I think the facts are that there was an effort to balance the White House conference. I think it was pretty well stacked to start with, with organized labor and with Carterites left over from the previous administration. Still, there was an effort to balance the White House Conference on Aging. Unfortunately, the media focused on the negative aspects, and most of their time was spent showing somebody who was dissatisfied with what was going on in the conference.

There were a number of outstanding people at the conference, and they should be congratulated for their significant contributions. Many held different views. Some came from organized labor; some came from business; some came from agriculture; and some were housewives. In the opinion of this Senator, they performed a great service.

So rather than to attempt to just single out four, five, six, seven, or eight areas, I will offer a substitute for the amendment by the distinguished Senator from Ohio, on behalf of Senator HEINZ, Senator HAWKINS, Senator COHEN, Senator DANFORTH, Senator MATTINGLY, and maybe others as we progress here, which would commend all the delegates and commend the President and Secretary Schweiker and all the observers who participated in the White House Conference on Aging. It was a very important event.

We would also indicate that it is the sense of the Senate that the appropriate committees of Congress, including the Special Committee on Aging, should give their early and careful consideration to the more than 600 recommendations of the conference—and I say "more than 600" in the event there might be 610 or 620. We should somehow make certain that we address the concerns of every delegate who offered a resolution, of every delegate who offered a recommendation, and not try to single out four, five, six, seven, or just the eight in the Senator's resolution, which may be broad in scope. It would seem to this Senator that the substitute which I will offer at the appropriate time will cover, in addition to what the Senator from Ohio suggests, every recommendation. We should address every recommendation. Whether we agree with it, or reject it, or approve it, we ought to give careful consideration to everything that happened during the White House Conference on Aging.

Mr. LONG. Will the Senator yield?

Mr. DOLE. I yield.

Mr. LONG. Madam President, I commend the chairman of the committee for making that suggestion. I ask unanimous consent that my name be added as a cosponsor to the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, I think the only fair thing to do is to see that all these various suggestions be considered—especially the whole 600 that were theoretically approved when this was agreed to. All those people who came before the conference to make their suggestions and who got their proposals put in from their committee ought to have an opportunity to come before the various committees, be witnesses before the committee that has jurisdiction, and explain their point of view. Obviously, we cannot do all these different things—some we might be able to do, and some we might not be able to do.

But the way I read the report of the White House conference, they had just one vote. Of course, that was controversial, too. But there were so many different provisions. I think if that conference had done justice to all those 600 recommendations themselves, they would have put us to shame, while we talk about just staying past midnight with our business. They would have been around the clock for a week to try to discuss it if the whole conference was to consider all 600 recommendations that are contained in what they were supposed to have voted on.

So it is very appropriate. That is why we have committees, so that a committee can look at all these different recommendations and suggestions and see which ones are worthy of enactment or worthy of recommending to a legislative body and those that should not be recommended. Because, obviously, we cannot do all of those things.

I agree with the Senator that among the various suggestions that are not in the Metzenbaum amendment, as it stands at this moment, there might be some extremely meritorious proposals that would claim an even higher priority than some of those that are suggested by the Senator.

So I think that we ought to have time to know what we are doing and we ought to proceed on the theory that our funds are not unlimited. Because, as much as I would like to, we do not have enough money to do as much for all the fine elderly people in this country as we would like to do.

We cannot do as much in the way of health benefits, we cannot do as much in the way of disability benefits, we cannot do as much with cash benefits as we would like to do for the elderly citizens of America. So we have to do the best we can.

It is only when one studies this thing at considerable length and with some good advice that can be had from people in all walks of life—in labor, in business, among the elderly, the minorities, and all of those—that we can get the best advice to the Senate.

I agree with the chairman of the committee and I support his position.

Mr. DOLE. I appreciate the remarks of the distinguished Senator from Louisiana who, I might add, as a member or chairman of the Senate Finance Committee, has probably initiated more constructive programs for senior citizens than anyone who has ever served in this body.

I think he is exactly correct.

Madam President, we had delegates from my State who made recommendations. I am sure that the recommendations are in the group of eight. I would not want to slight anyone from Kansas who came all the way back East and participated for 4 days in a White House conference by voting for a resolution that may have ignored their work. These may all have been from Ohio. The Senator from Kansas is not aware of where they originated.

The Senator from Kansas attended a reception sponsored by my colleague, Senator KASSEBAUM, for the 48 Kansas delegates. They were from different parties, different backgrounds, different vocations, different professions, different occupations, but they are concerned about the same issues—the future of medicare, the social security system, and 100 other things.

UP AMENDMENT NO. 751

Madam President, it would seem to me that the amendment I will now send to the desk in the nature of a substitute would make certain that we do not overlook or omit the efforts of anyone who may have attended the conference, including the Secretary of HHS, including the President of the United States, who attended the conference, made a speech, and received an outstanding reception from all the delegates. We should include every delegate and every observer who attended any function.

Madam President, I ask for the immediate consideration of the substitute.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself, Mr. LONG, Mr. HEINZ, Mrs. HAWKINS, Mr. COHEN, Mr. DANFORTH, Mr. MATTINGLY, Mr. COCHRAN, Mrs. KASSEBAUM, and Mr. JEPSEN proposes an unprinted amendment numbered 751 in the nature of a substitute to amendment numbered 650:

In lieu of the language proposed to be included by the Amendment, insert the following:

It is the sense of the Senate that Congress should commend the more than 3,500 delegates and observers to the 1981 White House Conference on Aging, as well as the President and the Secretary of Health and Human Services, for the important contribution they have made to establishing goals and priorities for improving the well-being of older Americans.

It is further the sense of the Senate that the appropriate committees of Congress, including the Special Committee on Aging,

should give early and careful consideration to the more than 600 recommendations of the Conference.

(By unanimous consent names of the following Senators were also added as cosponsors: Mr. PRESSLER, Mr. ROTH, Mr. GORTON, Mr. CHAFEE, Mrs. KASSEBAUM, Mr. KASTEN, Mr. JEPSEN, Mr. GRASSLEY, Mr. PERCY, Mr. HATCH, and Mr. HATFIELD.)

Mr. DOLE. Madam President, I present the following remarks also in support of the amendment in the nature of a substitute.

There has been a very significant happening here in Washington this week—the White House Conference on Aging has been taking place and the conferees have completed action on over 600 recommendations of 14 conference committees. For some time, we have been looking forward to this conference and the input that we would be able to receive from senior citizens and those concerned with the problems of our Nation's elderly. It is the hope of the Congress that we can give prompt and careful consideration to the recommendations that emerge from this conference.

At a time when increasing numbers of our citizens are age 65 or over—and living longer and more active lives due to advances in the field of medicine—we should focus on the unique problems affecting our older Americans. At the same time, we should recognize the potential contributions that they are capable of making to our society after retirement. There is much to be learned from the experience of those who have played an active role in creating part of our Nation's history.

Services to our Nation's elderly have greatly increased the quality of life that those over 65 have to look forward to, but the major problem remains that of eroding economic power. We now have such Federal programs as social security, medicare, and the variety of programs incorporated in the Older Americans Act, such as employment programs, congregate meals and Meals on Wheels. The challenges that presented themselves when these programs evolved have given way to other challenges in providing assistance to older Americans.

The state of our Nation's economy has a direct impact on those who live on fixed incomes. Over the past decade inflation has ravaged the hopes and dreams of those who have worked all their lives to save for retirement. In the past they have found themselves trying to keep one step ahead of a general economic erosion. Effective economic policies are the key to solving this problem, and the elderly have been the immediate recipients of the administration's efforts to turn the corner of inflation.

Madam President, when our country became an independent Nation, every 50th American was age 65 or older—about 2 percent of our total population at that time. At the beginning of 1980, there were an estimated 25 million older Americans, comprising over 11 percent of our population. Today every ninth American is a senior citizen.

Back in 1961, the first White House Conference on Aging helped to generate information concerning older Americans, and bring their problems to the attention of those who were in a position to do something about them.

In 1965, two of the major recommendations—medicare and the Older Americans Act—were enacted by the Congress. The current Congress plans to listen to older Americans as well.

Madam President, it is the hope of all of us that we will be able to give timely and careful attention and consideration to the recommendations that have emerged from the input of 2,200 delegates and 1,200 observers from all 50 States, who have shared concerns during this week. We commend them on their efforts and dedication to improving the lives of our Nation's elderly, and for taking constructive steps to bring to our attention the unique social and economic needs of older Americans.

Most of all, we thank our older citizens for what they have contributed to the greatness of this country, for the sacrifices they have made and continue to make, and for the values they have taught us through their patience and experience.

The PRESIDING OFFICER. The Senator from Maine.

Mr. COHEN. Madam President, I rise in support of the resolution just submitted by the Senator from Kansas which expresses the sense of the Senate that Congress should give serious consideration—early and careful consideration—to all official recommendations of the White House Conference on Aging.

Madam President, upon leaving this historic conference yesterday, one of the Maine delegates—the Senator from Kansas talked about the delegates from Ohio and Kansas—made a comment to a member of the press that "although each delegate arrived with pet projects and pet peeves, everyone made an effort to compromise and get along. These resolutions are goals for the decade."

This 71-year-old delegate noted that perhaps some new program might not come about or develop immediately, but, "I am optimistic for the future."

Another delegate observed that the conference reflected a true consensus. Delegates managed to pass meaningful resolutions to carry out the wishes of those who came to try and help shape that 5-day-long event.

Madam President, my intention in cosponsoring this resolution is to assure that the 600 resolutions which over 2,000 delegates reported yesterday be given serious consideration and not simply forgotten as we move into the Christmas season and move toward adjournment for that period of time.

I would like to point out there has been some suggestion that once again this has somehow been a stacked operation, a partisan affair, that Republicans have not been in support of that.

But the record is quite different. The record shows that medicaid and medicare were programs enacted under the Republican administration.

The Older Americans Act program was enacted and supported under the Republican administration. It is not a partisan issue.

The previous White House Conference on Aging resulted in a number of recommendations which addressed many of the problems which face older people: poverty, failing health, isolation. For the first time, those issues were addressed.

After the 1961 conference, the conference approved medicare, the Older Americans Act, and then years later, while in the second conference, Congress went ahead and approved the first cost-of-living adjustment in the Social Security Act followed shortly thereafter by a 20-percent increase for all beneficiaries.

So these conferences have very important consequences for the future of our older people.

This year's conference focused on the effectiveness and feasibility of these programs as they relate to older people today, as well as a broad range of issues.

That is what the Senator from Kansas and I talked about—the need to look at the broad range of the issues—including the role of Government in the lives of older Americans, opportunities in the private sector, older Americans as a continuing resource, concerns of older women, family and community support services, and a number of other topics addressing the range of needs of the elderly in areas of employment, volunteerism, and concerns of security, whether in the home or on the streets.

Some of these issues we have already started to address.

I might say that as a member of the Special Committee on Aging, I served also with Congress CLAUDE PEPPER in the House in 1974. I was one of the original members of that committee when it was created over there, and it worked very closely and in a spirit of bipartisanship with Congressman PEPPER and others, as the chairman of our own committee has, Senator HEINZ.

We have already started to address many of these issues in our own committee during the past year. There will be other opportunities for fresh ideas and new debate in the decade ahead.

Some time ago, Lawrence Frank wrote in "New Goals of Old Age:"

We are not making sufficient demands upon older people. What they want is not idleness and freedom but an opportunity to do something with their lives that will make them significant.

This reminds me of the time when the actor Will Geer came before the House Select Committee on Aging and he made perhaps the most impassioned and most impressive speech that I ever heard when he called for us to remove the mandatory retirement of people who reach the age of 65.

He got up and said, "A person has got to have a pulpit to pound on, and if he doesn't have that pulpit to pound on, you take away that person's reason for living and success in life."

Given that kind of testimony, and that kind of leadership in the House and Senate we were able to remove mandatory retirement limitations at least for the Federal workers, and increase it in the private sector.

I think that is the kind of spirit which

has been captured in the 1981 White House Conference on Aging, and that which the delegates and the observers dedicated themselves to during the last few days to achieve these very objectives.

I believe it is up to us to act, and to do so in a spirit of hope and confidence for our older Americans, to address their needs and concerns as they have been expressed to us in the White House conference, and to do so in a way which I think truly reflects the bipartisan spirit in which they went about conducting their own business.

I urge support of the resolution offered by my colleague.

● Mr. HEINZ. Madam President, I am pleased today to cosponsor this sense of the Senate amendment requesting Congress to give early and careful consideration to the official recommendations of the 1981 White House Conference on Aging.

History shows that the 1961 and 1971 White House Conferences on Aging pioneered public policy for the elderly in this country. In reality, those conferences produced dramatic changes that enhanced the well-being of millions of older Americans to a continued life of dignity and self-respect.

This conference and the decade ahead will be no less significant. I believe that the collective efforts of the delegates to the 1981 conference have produced positive resolutions in support of policies designed to endow older persons with more genuine opportunities for self-fulfillment.

As an honorary cochairman of this event, I had the privilege to address the delegates and observers who assembled here this past week, and share with them some of my own concerns on the public policy issues which we face as a nation. I had the added opportunity to speak to many of these outstanding individuals personally, and to listen to the thoughtful concerns that they brought to Washington.

When Congress authorized the 1981 White House Conference on Aging in 1978, it acknowledged that dramatic demographic and societal changes have made it necessary for new national policies to be developed. I believe that this conference largely has succeeded in suggesting such new directions and concerns. Resolutions to lead us to these new policies have been developed and hold the key to continued full participation for the elderly in many aspects of American life including: income security, employment, health, housing, and scores of other important programs.

Madam President, much work has gone into this conference. Activities began years ago and were designed to allow people of all ages, all walks of life, all areas of the country, and all religious and ethnic groups to present their views. The delegates, observers, members of the Leadership Council of Aging Organizations, volunteers, and scores of other similarly dedicated individuals have poured out their energies in discussion and debate during this past week. Their efforts must be recognized and reaffirmed.

The resolution before us is an affirmation of our resolve to continue the work started by these outstanding individuals. As they return to their homes all across this great Nation, let them be assured that their initiatives to propose thoughtful, creative, and meaningful policies for older Americans in this next decade have been recognized and are deeply appreciated by this Congress.●

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. METZENBAUM. Madam President, the Senator from Ohio sought recognition and was standing first.

Mr. DOLE. I think we were pretty close. All I want to do right now is to ask for the yeas and nays on the substitute.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Madam President, I ask that Senator COCHRAN be made a cosponsor of the substitute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Finally, I want to thank the distinguished Senator from Maine, Senator COHEN, and Senator HEINZ, and the staff of the Special Committee on Aging for their efforts and their concerns.

I would also say that many of these recommendations which have been made are under study right now by the Senate Finance Committee, and most likely in several other committees in the Congress. They are not all brandnew ideas that suddenly just came to Washington. The Finance Committee staff and some of the subcommittee staffs, the Labor and Human Resources Committee, and others, I am certain, are working on, or at least addressing some of these concerns at the present time.

As I understand it, the one big concern expressed across the board, regardless of party, or regardless of past affiliation, or whatever, was concern for the social security system. They want to preserve the social security system. They have a right to expect Congress to do that. I would hope that one of these days Congress will take that responsibility. So far this year, we have not accepted that responsibility.

I am not certain if the White House Conference on Aging had been asked to commend Congress that the resolution would have passed, because, if they are really concerned about social security they probably would have had a resolution chastising Congress for not carrying out our responsibilities. The Senator from Kansas accepts, certainly, part of that responsibility.

It would seem to me that this was the big issue at the conference. There were a lot of others with reference to housing, income security, transportation, nutrition, medicare, and health care of all kinds. These are all matters under consideration. Crime, as far as senior citizens are concerned, is under consideration by the Judiciary Committee.

I believe the broad approach, with all respect to the distinguished Senator from Ohio, is much better than trying to narrow this down to seven or eight items, even though I understand they are broad-brush items.

I would hope that we could proceed to vote on the substitute, unless there is some gimmick that the Senator from Ohio has left. Then we can go on to the defense appropriations bill, which is really what we are here for.

Mrs. HAWKINS. Mr. President, I was presiding at the time of the debate on the amendment of the Senator from Kansas, and I would like to associate myself with his remarks. Florida is a State with a large percentage of aging. I have also worked with Senator HEINZ who has been on the Select Committee on Aging. We discussed this yesterday. It is unfortunate that Senator HEINZ cannot be here today. Senator COHEN has taken a lead in dealing with the complex questions facing the health care delivery system and social security, both of which affect the elderly so deeply.

It is very important that Congress carefully consider the 600 recommendations made by this conference because their previous work was so impressive that the Congress and the President adopted their findings into law. Recommendations made by delegates to the 1961 conference resulted in the creation of two landmark health care programs for our elderly, medicare and medicaid. And recommendations adopted at the 1971 conference, stressing the need for the elderly to remain independent and useful members of society, led to the passage of the Older Americans Act. This act provides the elderly with employment opportunities, nutritious meals and other services which help our senior citizens to retain their independence and pride.

In many ways, the third conference on aging had the most difficult agenda to consider. As columnist William Buckley stated:

> The principal problem socially during the next twenty or thirty years is not going to be the problem of overpopulation, nor Soviet recklessness nor nuclear war, but the problem of caring for our aged.

I believe he is right because the elderly will represent a sharply increasing percentage of the American population. In part, this is a testimonial to the success of the medicare and medicaid programs which have lengthened the lives of millions of Americans along with advances in medical technology.

A recent health report published by the Department of Health and Human Services points out that great strides made in reducing deaths from heart disease and stroke have lowered the mortality rate for older Americans. Increased longevity has expanded the elderly population from 9 million in 1940 to 24.7 million in 1979. So, in the past 25 years, the number of Americans over 65 has grown twice as fast as our population as a whole.

Today more than 24 million people are over 65, including the President of the United States, representing 11 percent of our population. At the beginning of the next century, over 32 million Americans will be over age 65. This growth will place tremendous strains on our health care system. For example, only 5 percent of the elderly today live in nursing homes, but with the number of those 85 and over increasing, utilization

of nursing homes is forecasted to double by the turn of the century.

Increased longevity also creates special challenges for policymakers working to insure that the elderly retain their financial independence. Protecting the solvency of the social security system, the private pension system, and providing tax incentives to enlarge retirement savings will test the ingenuity and creativity of American democracy profoundly in the years ahead.

As a Senator representing a State with the largest proportion of elderly in the Nation, I will continue working to implement the policies called for under this sense of the Senate resolution, and I applaud the conference delegates for helping the Nation focus on our most "important social problem," the care of our elderly.

I urge the adoption of the Dole amendment.

● Mr. DENTON. Madam President, I rise in support of the Dole resolution commending the work and dedication that marked the proceedings of the 1981 White House Conference on Aging. As the chairman of the Senate Subcommittee on Aging, Family and Human Services, which has jurisdiction over the legislation authorizng this conference, I am looking forward of reviewing the Conferernce's recommendations—recommendations that can have a major impact in the shaping of a national aging policy for the 1980's.

These conferences on aging have been most productive in identifying the needs of older Americans and stimulating public and private sector programs and policy initiatives. With a rapidly changing society and the presently projected demographic changes in an era of economic reappraisal, it is time to again consider the adequacy of our social institutions in terms of their effectiveness in assessing and responding to the implications of an aging American population.

I am delighted to join with my colleague, the senior Senator from Kansas in congratulating the conference participants, especially those who are themselves senior citizens and many of whom came to the Conference at their own expense. In their lives, these senior citizens have acquired a wealth of knowledge in many areas, and are only too willing to share that knowledge if given the opportunity to do so. Through discussions at forums such as the White House Conference on Aging, we can explore policies that will make best use of this vast experience as well as address many of the problems faced by our Nation's elderly.

I can assure Senator DOLE and my other colleagues that the subcommittee I chair will look carefully at the recommendations which have been adopted.●

UP AMENDMENT NO. 752

Mr. METZENBAUM. Madam President, I send to the desk a perfecting amendment to the original amendment of the Senator from Ohio.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. METZENBAUM) proposes an unprinted amendment numbered 752 to printed amendment numbered 650:

Insert the following at the end:

It is the further sense of the Senate that Congress commend the more than 3,500 delegates and observers to the 1981 White House Conference on Aging for the important contribution they have made to establishing goals and priorities for improving the well-being of older Americans.

It is the further sense of the Senate that the respective Committees of the Congress should give early and careful consideration to the 600 recommendations of the Conference.

Mr. METZENBAUM. Madam President, the amendment I have sent to the desk as a perfecting amendment to my amendment picks up some of the fine ideas that my good friend from Kansas has expressed. I am never one to reject a good idea.

I think it makes the point that the resolution should give commendation to all the recommendations of the conference.

It also would retain intact the eight points that have been matters of major priority, which are in the original resolution and which represent months of work by the national elderly leadership, and they incorporate the major issues of concern at the conference.

I also think there is merit to the suggestion—I believe it is excellent—that the appropriate committees of Congress should certainly give their early and careful consideration to the matters recommended by the conference, all 600 of them. I cannot think of any better way to express our point of view than to do that.

I am happy, therefore, to offer my perfecting amendment to my amendment, and I hope it will be agreed to, and then there will be no need for the substitute amendment.

The PRESIDING OFFICER (Mr. SYMMS). The Senator from Idaho.

Mr. McCLURE. Mr. President, the Senator from Ohio has a right to modify his amendment, even though the yeas and nays have been ordered on his amendment. I would have no objection if he would desire simply to modify his amendment to include the perfecting amendment. I would raise no objection if he would like to do that at this time.

Mr. METZENBAUM. The Senator from Ohio would like this yeas and nays with respect to the perfecting amendment and the basic amendment, and I as for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MOYNIHAN. Mr. President, yesterday marked the final session of the third decennial White House Conference on Aging. The history of such Conferences is distinguished. The first, held in 1960, produced medicare. The second, in 1971, resulted in increased social security for retired persons and extension of the retirement age to 70.

The final product of this Conference adds little to the reputation of the White House Conference on Aging. Rather than proposals for important legislative initiatives, the legacy of this Conference is a memory of political manipulation and the rancorous dissent that it caused.

I do not make such statements lightly, and I very much regret that I am compelled to do so. But the facts show that the administration was not content to let the Conference proceed unless the delegates were favorably inclined to the administration's policies.

By September, 1,800 delegates to the Conference had been nominated by Governors and Congressmen. In September, the Republican National Committee polled a sample 920 of those delegates to determine their views of the Reagan administration. Subsequently, Secretary Schweiker added 400 delegates to the conference. It cannot be coincidental that these were assigned to the committees on social security, health policy and general economic well-being, the very issues which polled delegates believed the administration was mishandling. This politicization of the Conference led Representative CLAUDE PEPPER, chairman of the House Committee on Aging, to accuse the administration of trying to "pervert and prostitute" the Conference to prevent it from criticizing "the disastrous impact that President Reagan's social security and budget proposals would have on the elderly."

Had this been the only problem with the Conference on Aging, it would have been quite enough. But the administration was not content with packing the Conference with its allies. It insisted on manipulating the rules as well.

The plenary group was divided into 14 committees, each of which reports a set of recommendations to the conference as a whole. Because of rules set unilaterally by Secretary Schweiker, delegates to the Conference could not vote on each of the 14 sets of recommendations. They merely had one vote, yes or no, on all 14. Under the Schweiker rules, therefore, recommendations approved by a majority of one committee—about 7 percent of the Conference—could not be altered in any way by the other 93 percent.

To term this undemocratic is to understate its import. The administration quite clearly distrusted the conference members. Recall that the new delegates were sent to the committees on social security, health policy and general economic well-being. Recall also the recommendation approved by the social security committee on Tuesday that would oppose benefit cuts for those now receiving social security but that was approved only after it was amended to delete a reference to workers who have not yet retired. As the Washington Post of December 2 put it:

As amended, the resolution reflects the administration's position.

No one will have the chance to voice disagreement with this specific resolution or with any of the social security resolutions. Each delegate can register his or her approval of the entire package only. Had the administration believed the White House Conference a forum for policymaking and deliberation, this would not be the case. Sadly, the Conference is to be a showcase for the "universal" agreement with which senior citizens view White House policies. It is false accord, arrived at by methods unworthly of the U.S. Government and surely unworthy of its leaders.

This is why I am proud to be a cosponsor of the amendment introduced by the distinguished Senator from Ohio, which makes clear that America's senior citizens are not political pawns but a vital part of society with important needs.

(Later the following occurred:)

● Mr. MOYNIHAN. Mr. President, earlier this afternoon I exchanged remarks with the distinguished senior Senator from Kansas (Mr. DOLE), about President Reagan's speech before the White House Conference on Aging. Senator DOLE stated that he had not read the President's address. So that he and other Senators may have an opportunity to read President Reagan's speech, I ask that it be inserted in the RECORD.

The speech follows:

[From the New York Times, Dec. 2, 1981]

EXCERPTS FROM REAGAN'S SPEECH TO THE WHITE HOUSE CONFERENCE ON AGING

Following are excerpts from a transcript of President Reagan's address yesterday to the White House Conference on Aging, as recorded by The New York Times:

A speaker usually tries to establish in his own mind some relationship between himself, and his audience. Or, put another way, why he or she is addressing a particular group.

Well, I could say, "It is traditional for the President to address the White House Conference on Aging." But there is, in my case, a better answer: We are of the same generation. We have met to counsel together on matters of mutual interest.

It is right that each generation looks at the preceding one and is critical of its shortcomings. We were when it was our turn, and as a young generation will challenge our mores and customs, will question our values as we did before them when we were young. But as the years pass we learn not to cast aside proven values simply because they are old. At least we should learn that, if civilization is to continue.

A few years ago in the rebellious 60's and early 70's, we did see a discarding of basic truths. It was a time when at least a part of the generation of our sons and daughters declared that no one over 30 could be trusted. One wonders what they think, now that they themselves have passed that 30-year mark.

Our generation has made mistakes and possibly fallen short at times.

NEED APOLOGIZE TO NO ONE

But we need apologize to no one. Only a few times in history is a single generation called upon to preside over a great period of transition. And our generation, yours and mine, has been one of those rare generations. We have gone literally, in our lifetime, from the horse and buggy to journeys to the moon.

We have known four wars and a great worldwide Depression in our lifetime. We have fought harder, and paid a higher price for freedom and done more to advance the dignity of man that any people who ever lived.

Having said what I have maybe you can understand my frustration over the last couple of years, during the campaign and now in this office I hold, to be portrayed as somehow an enemy of my own generation.

Most of the attack has been centered around one issue, Social Security. There has been political demagoguery and outright falsehood, and as a result many who rely on Social Security for their livelihood have been needlessly and cruelly frightened. Those that did that frightening either didn't know what they were talking about or they were deliberately lying.

In October of 1980, as a candidate, I pledged that I would try to restore the integrity of Social Security and do so without penalty to those dependent on that program.

I have kept that pledge and intend to keep it, both parts of it. We will not betray those entitled to Social Security benefits, and we will, indeed we must, put Social Security on a sound financial base.

HE CITES RESULTS OF POLL

A recent poll showed that 59 percent of the people were willing to pay a higher tax in order to be sure of Social Security's continuation. Almost as many, 54 percent, have expressed mistrust and a lack of confidence that the program will be there when their time comes.

Well, let me take up that matter of increased tax. The answer to the problem isn't that simple. We already have an increase. It was passed in 1977 and I don't think very many people are aware that it calls for a series of increases (one in this coming January) and several more automatically over the next five years.

The payroll tax has increased 2,000 percent since 1950 and even with the increases yet to come, the accumulated deficit could still be $111 billion in the next five years.

In 1982 the maximum tax will be $2,170.80, matched of course by the employer. For the self-employed, that payment will be $3,029.40. The 1980 top rates are 6.7 percent and 9.35 percent for the self-employed on the first $32,400 of earnings. Both the rates and the amount of earnings taxed will go up in the several increases that are already scheduled.

When the program started in 1936 it was $20 a year: 1 percent of $2,000; 30 years ago there were about 16 workers for each recipient. Now there are only 3.2 and in the next 40 years that is projected to be only 2.1.

I am not pointing out these facts because I want to scare anyone.

I AGREE WITH PEPPER

I agree with what Congressman Claude Pepper has said, that this country is big enough and able enough to provide for those who have served it and now have come to their time of retirement.

What we can't afford is supporting, as disabled, people who are not disabled or educating from Social Security funds young people from families of affluence and wealth.

I had hoped our proposal would have been taken as a beginning point for bipartisan solution to the problem. I was led to believe it would.

Social Security can and will be saved. It will require the best efforts of both parties and of both the executive and legislative branches of Government. Its future is too important to be used as a political football.

For this reason, I have established a bipartisan Task Force on Social Security Reform.

We want the elderly needy, like all needy Americans, to know that they have a Government, and a citizenry, that cares about them and will protect them. Their basic human needs must be met with compassion as well as efficiency. This, too, is a goal that I have set for our Administration.

This Administration is dedicated to the kinds of programs and policies that will allow the vast majority of older Americans to continue to live independent lives. This is not just a matter of economic common sense; it is a matter of basic human dignity.

Here, as elsewhere, the state of the aging is bound together with the state of the nation. We cannot have a healthy society without a healthy economy.

Young and old alike, Americans have suffered too long from the combined burden of runaway inflation and an ever-heavier tax burden.

This destructive cycle has fed on itself. The same taxes and inflation that directly undermine the earning power of individual Americans also drive down productivity and economic growth nationwide.

EVILS OF INFLATION AND STAGNATION

Because of the graduated tax rate, each 10 percent increase in inflation pushes tax receipts up 17 percent. The taxpayers have that much less money to spend. Washington has that much more to squander, and the economy suffers another blow from the twin evils of inflation and stagnation.

The only way to put an end to this disastrous cycle, a cycle that hits Americans on fixed incomes the hardest, is to make real cuts in spending and taxes.

And this Administration has made a beginning. It's only a beginning, but the initial signals are encouraging.

The inflation rate, as measured by the Consumer Price Index, has fallen from 12.4 percent in 1980 to 9.6 percent in the first 10 months of this year. And last month's figures marked the lowest rate of increase in 15 months. If we could hold to last month's increased cost, we would be down to a 4.4 percent inflation rate.

There was also improvement at the wholesale level, with prices rising at a 7.5 percent annual rate, down from 11.8 in 1980. Now this is especially important because a decline in wholesale prices now usually means further relief for the consumer as wholesale goods reach the retail market down the line a ways.

Interest rates have also begun to drop. The prime lending rate, at 16 percent, has reached a 12-month low. Some banks have already dropped to below 16. A year ago they were at 21½.

Now these are only early signs, but they are all positive indicators that our economic policy is beginning to work.

RUNAWAY GOVERNMENT SPENDING

None of this relief from taxation and inflation would be possible if we ignored the problem of runaway Government spending.

This Administration is serious; we have cut back the increased rate of Government spending.

We're convinced that the nation's economy cannot heal itself unless the Federal Government begins to put its own house back in order.

But while cutting spending, we have safeguarded services to those poor and elderly who depend on the Government.

In the field of health care and human services, Federal spending is actually up, by over 15 percent in 1981 and about another 10 percent in 1982. Elderly Americans making up 11 percent of our population will receive 28 percent of the Federal budget in this present fiscal year 1982.

Ours is a generation rich in experience as well as in years. We've been tried and tested, and we've also benefited from a surge of human progress that our parents and our grandparents could never even have imagined.

I HAPPEN TO BE AN OPTIMIST

Now I happen to be an optimist; I believe attitudes toward the elderly are getting better, not worse.

And the polls seems to bear this out. One recent survey revealed that 65 percent of the younger workforce now rejects the notion of requiring older workers to retire. This is a dramatic turnaround from just seven years ago. Then a plurality of younger workers took the opposite view.

So, as some Americans grow older, America itself seems to be growing a little wiser, and a little more tolerant.

You know Cicero said, if it weren't for elderly citizens correcting the errors of the young, the state would perish.

In those days of the "generation gap" that I mentioned earlier it was almost as if our young rebels saw the generations as horizontal. Each generation separated from the others like slices from a sausage.

Humankind is vertical. Each generation sees farther than the one before because it is standing on the shoulders of those who have gone before.

I look forward to receiving the results of your work here in this conference.●

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. Am I correct in stating that the order that would be followed would be the vote upon the perfecting amendment, whether that is adopted or rejected, and the next vote, unless something else intervenes, would be on the substitute?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLURE. And the final vote would then occur on the amendment as amended, if amended by either the perfecting amendment or by the substitute?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLURE. Mr. President, I will yield in a moment to the Senator from Kansas.

I should like to indicate, as manager of the bill, what is abundantly obvious, and that is that the bill is really a matter of defense and therefore not a matter of particular concern, in terms of the contents of the amendment, to the Defense Appropriations Subcommittee.

I do note that the perfecting amendment of the Senator from Ohio, as sent to the desk, is intended, I suppose, to be a gratuitous insult to the Secretary of Health and Human Services and a gratuitous insult to the President of the United States. I hope Senators keep that in mind as they vote on the perfecting amendment, because it is the language of the substitute offered by the distinguished Senator from Kansas and supported by others, with the exception of the commendation to the President of the United States and the Secretary of the Department, that is directly affected in the conference.

Mr. DOLE. Mr. President, I move to table the perfecting amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the perfecting amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) and the Senator from Arizona (Mr. DECONCINI) would each vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote? Are there any Senators in the Chamber who wish to change their vote?

The result was announced—yeas 54, nays 36, as follows:

[Rollcall Vote No. 452 Leg.]

YEAS—54

Abdnor	Gorton	Percy
Andrews	Grassley	Pressler
Armstrong	Hatch	Quayle
Baker	Hatfield	Roth
Bentsen	Hawkins	Rudman
Boren	Helms	Schmitt
Boschwitz	Humphrey	Simpson
Byrd, Harry F., Jr.	Jepsen	Specter
	Kassebaum	Stafford
Chafee	Kasten	Stennis
Cochran	Lavalt	Stevens
Cohen	Long	Symms
D'Amato	Lugar	Thurmond
Danforth	Mathias	Tower
Denton	Mattingly	Warner
Dole	McClure	Weicker
Durenberger	Murkowski	Zorinsky
East	Nickles	
Garn	Packwood	

NAYS—36

Baucus	Glenn	Metzenbaum
Bradley	Hart	Mitchell
Burdick	Heflin	Moynihan
Byrd, Robert C.	Hollings	Nunn
Cannon	Huddleston	Pell
Chiles	Inouye	Proxmire
Cranston	Jackson	Pryor
Dixon	Kennedy	Randolph
Dodd	Leahy	Sarbanes
Eagleton	Levin	Sasser
Exon	Matsunaga	Tsongas
Ford	Melcher	Williams

NOT VOTING—10

Biden	Goldwater	Riegle
Bumpers	Hayakawa	Wallop
DeConcini	Heinz	
Domenici	Johnston	

So the motion to lay on the table UP amendment No. 752, was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I yield to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, the Senate has spoken. We now have pending a substitute motion of the Senator from Kansas for my original amendment, and we also have pending—in connection with which there also has been a rollcall ordered.

Mr. President, I am prepared to accept the Dole amendment without a rollcall and then to pass the amendment as substituted without a rollcall, and I am prepared to ask for vitiating the rollcall votes.

Mr. LONG. I object.

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, I have already indicated I was prepared to accept the Dole substitute and vitiate the vote. Under those circumstances, if there is a vote on it I would urge all Members in the Senate to vote for it. But I would also say that the Senator from Ohio will be willing to vitiate the vote with respect to the passage of the amendment or with respect to the Dole amendment, the Dole substitute. I do not think we need two rollcalls. I do not think we need to take up the time of the Senate. Whichever is agreeable to the Senator from Kansas is agreeable to the Senator from Ohio. I would urge all Members of the Senate to vote in the affirmative for the Dole substitute as well as for the Metzenbaum amendment as substituted.

Mr. DOLE. Mr. President, will the Senator yield? I would suggest that we vote on the substitute and vitiate the vote on the Metzenbaum amendment.

Mr. BAKER. Mr. President, I would recommend that. I hope we can do that.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. I yield the floor.

Mr. MOYNIHAN. Mr. President, before we vote I wonder if I could engage the chairman of the Finance Committee and the Senator from Ohio and even the majority leader in saying that there was one event in the White House Conference on Aging which struck a jarring note, and I regret to have to say that to the Senate.

The President came himself to the Conference. It was a gracious gesture on his part, and he spoke about social security. He said at one point in his remarks that "There have been people trying to tell you the social security system is in trouble, trying to panic you into thinking it is not fiscally sound." He then said "Those persons are either misguided or they are lying."

I wonder if the Senator from Kansas would not share my feeling that this was an unfortunate choice of words. I do not doubt the choice was made by a speech writer—it is not the way the President himself speaks. But if anyone has been talking about the world's largest bankruptcy—about to occur on October 1, 1982—I believe it has been the Director of the Office of Management and Budget. If there is any fault on the part of some others—and I would be among them—it is that we have perhaps not pointed to the fiscal difficulties facing the social security system with a sufficient sense of alarm.

Now we learn from the President himself that persons who were alarmed were somehow possibly lying trying improperly to panic the millions of Americans who depend on social security. Would not the chairman agree that such a term might well be stricken from the record if

we are going to have any success with the 15-person committee the President has proposed to deal with this matter?

I ask because I have been nominated by the Democratic leader to be on that committee, and I would be proud to serve on it, proud to work with any President on a matter of such importance to the Nation. I would hope, however, that a word such as "lying" would not come between us in our efforts to cooperate in a large purpose. That is a question, my question, although an extended question.

Mr. DOLE. I certainly would agree it was an outstanding appearance by the President at the White House Conference on Aging. I think he did a tremendous job—he even got a cheering, standing ovation. I was so taken with the ovation he received, and his reception, that I dd not listen to what he said. [Laughter.]

I will promise the Senator from New York I will look at his entire speech today and comment sometime over the weekend—if I may drop you a note.

Mr. MOYNIHAN. I accept that because I know the Senator from Kansas to be a man of perfect honor and propriety.

I doubt that he would have ever allowed a speechwriter to write that speech for him.

Mr. DOLE. I have said a few things myself that I probably should not have said.

Mr. MOYNIHAN. You did not have a speechwriter.

Mr. DOLE. I did have. That was the problem.

Mr. MOYNIHAN. I thank the chairman.

Mr. BAKER. Mr. President, I hope that we may be in a position now to agree on a vote on the substitute and vitiate the yeas and nays on the underlying amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. Would the Senator from Ohio agree with that?

Mr. METZENBAUM. Yes, I agree.

Mr. BAKER. I make that request.

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

Mr. PERCY. Mr. President, I had the pleasure of meeting the Illinois delegation on Sunday night. They went in with a great deal of concern. However, overall these proceedings went well as a result of the hard work and effort put in by all the delegates.

I am pleased to cosponsor the amendment offered by the Senator from Kansas (Mr. DOLE) to commend the delegates and observers to the White House Conference on Aging who just yesterday completed their 4-day conference in Washington. As a member of the Aging Committee, I look forward to reviewing the more than 600 recommendations developed. I agree wholeheartedly with my colleagues that the review of these proposals by the Congress should be given top priority. I know that will be the case for the Aging Committee under the distiguished leadership of Senator HEINZ, its chairman, and Senator CHILES, the ranking minority member.

I must say that prior to the opening of the Conference, I was very concerned by allegations that conference rules and delegate selections were part of an attempt by the administration to limit in some way free debate on the issues. One of my major concerns was that debate over the allegations would take important time away from the business of the Conference itself—to make recommendations that would result in the development of a "comprehensive, coherent national policy on aging."

I joined several members of the Aging Committee in expressing our concerns in a letter to the President. On Sunday, before the Conference convened, I met with the Illinois delegation, many of whom echoed similar concerns. Subsequent reports, however, convinced me that despite a somewhat uneasy beginning, all views were being debated and voted on in the committee sessions and almost all delegates and observers felt they were being given the opportunity for input into the Conference recommendations.

Surely, the final recommendations of the Conference are evidence of this. They span a wide range of viewpoints on all the issues and I believe the work of the Conference was highly productive.

I have not had the opportunity to review in any detail the committee resolutions, but from reports that I have had I am pleased by many of the recommendations. I strongly support elimination of the social security earnings test and age restrictions on employment. I agree there is a definite need for programs that train older workers and for more innovative approaches to work that suit the needs of older workers who want to work, like flextime and job-sharing. These are just a few of the recommendations which have a great deal of merit, and there are many more.

Mr. President, last May I had the privilege to address the Illinois White House Conference on Aging in Champaign-Urbana. In my remarks, I cited some of the achievements that grew out of past White House Conferences on the Aging—great achievements such as medicare, the Older Americans Act and the Age Discrimination in Employment Act, all measures I strongly supported.

We have made great strides since the first White House Conference in 1961. But as I pointed out in my address in May, the continued acceleration of the aging of America, presented new problems and challenges to the delegates of the 1981 Conference.

As we have seen, solutions to some of these problems will not be easy; there will be disagreement and a great deal of debate. But I am confident that the 1981 meeting has presented us with an excellent foundation for meeting the challenges of the future, and again, I commend the more than 3,000 delegates and observers who devoted their time and talents to this historic Conference.

As a member of the Special Committee on Aging and a cosponsor of the Dole substitute, I urge its adopton.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE). The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. LEVIN (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Texas (Mr. TOWER), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) and the Senator from Arizona (Mr. DECONCINI) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 88, nays 0, as follows:

[Rollcall Vote No. 453 Leg.]

YEAS—88

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bradley	Heflin	Proxmire
Burdick	Helms	Pryor
Byrd, Harry F., Jr.	Hollings	Quayle
	Huddleston	Randolph
Byrd, Robert C.	Humphrey	Roth
Cannon	Inouye	Rudman
Chafee	Jackson	Sarbanes
Chiles	Jepsen	Sasser
Cochran	Kassebaum	Schmitt
Cohen	Kasten	Simpson
Cranston	Kennedy	Specter
D'Amato	Laxalt	Stafford
Danforth	Leahy	Stennis
Denton	Long	Stevens
Dixon	Lugar	Symms
Dodd	Mathias	Thurmond
Dole	Matsunaga	Tsongas
Durenberger	Mattingly	Warner
Eagleton	McClure	Weicker
East	Melcher	Williams
Exon	Metzenbaum	Zorinsky
Ford	Mitchell	

ANSWERED "PRESENT"—1

Levin

NOT VOTING—11

Biden	Goldwater	Riegle
Bumpers	Hayakawa	Tower
DeConcini	Heinz	Wallop
Domenici	Johnston	

So Mr. DOLE's amendment (UP No. 751) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GORTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The

question recurs on the amendment of the Senator from Ohio, as amended.

The amendment (No. 650), as amended, was agreed to.

Mr. METZENBAUM. Mr. President, I move to reconsider the vote by which the amendment, as amended, was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, the Senator from Nebraska has an amendment on which I believe we might negotiate a time limitation. It is my understanding that he would be willing to have a 20-minute time limitation, with 10 minutes on each side. Am I correct?

Mr. EXON. The Senator is correct.

If the Senator will yield, this Senator would also request that no amendment to my amendment be in order. That would expedite the matter.

Mr. STEVENS. Mr. President, I make that request, that no amendments to the amendment of the Senator from Nebraska be in order, and that there be a 20-minute time limitation.

Mr. EXON. And that there would be an up-or-down vote.

Mr. STEVENS. I agree. There will be an up-or-down vote on any amendment with a time limitation.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 753

(Purpose: To provide funds to meet the Army requirements for ammunition)

Mr. EXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska (Mr. EXON), for himself, Mr. HOLLINGS, Mr. MITCHELL, Mr. NUNN, Mr. GLENN, Mr. LEVIN, Mr. PRYOR, Mr. BUMPERS, and Mr. ROBERT C. BYRD, proposes an unprinted amendment numbered 753.

On page 18, line 4, strike "2,338,400,000" and insert in lieu thereof the following: "2,438,400,000".

Mr. STEVENS. Will the Senator yield for just one moment?

Mr. EXON. I yield.

Mr. STEVENS. Mr. President, during my brief absence from the Chamber, the Senator from New Hampshire (Mr. RUDMAN) will manage the bill on this side of the aisle.

Mr. EXON. Mr. President, the time agreement on this amendment is short, so I will be brief. My amendment restores $100 million to the Army's ammunition procurement account for fiscal year 1982.

During this debate, a number of us have offered amendments to correct what we consider to be some of the deficiencies in the funding provided for readiness-related functions in the committee's bill. Unfortunately, of all of these amendments, the only one the Senate has adopted is one to spend $88 million to bring an old World War II battleship out of mothballs. In some cases, we have even been told that our proposals would have only restored the fat in the Defense Department budget request.

Mr. President, I can assure my colleagues that there is not only no fat in the funds provided in this amendment, but, indeed, the funds are critically needed to restore Army ammunition stockpiles. The facts of the matter are that the amount provided does not provide any fat. There is not even any muscle with it.

The Army's current mobilization requirements call for us to have on hand a 180-day war reserve supply of ammunition. Our stocks now on hand only total about 25 percent of this requirement.

This, Mr. President, is only a 40-day supply in a shooting war. It is a ridiculously low figure.

The budget amendments for fiscal year 1982 submitted by President Reagan in March would have begun the process of building our ammunition stockpiles to a 60-day requirement by the end of the next 5 years. I should point out that this would still be only one-third of what the Army says it will need. Unfortunately the October budget cuts in the Defense Department demonstrated that the current Pentagon leadership is guilty of the same mistakes that they have criticized their predecessors for: When they needed to make some budget cuts, one of the first places they went was the Army's ammunition account. Let us not fall into the trap of becoming preoccupied with all of the exotic weapons systems to the detriment of the basic necessities our troops would need to survive.

Now, Mr. President, the Pentagon will no doubt say that they can still reach their objective of a 60-day war reserve stockpile of ammunition at the end of the 5 years based on the fact that they will make up for these cuts in the next couple of years.

However, Mr. President, the Navy has been telling us that we cannot reach a 600-ship Navy by just planning to buy ships in the third, fourth, and fifth years of the current 5-year program, and the same holds true for building up our ammunition reserve.

The Army shortfalls of ammunition are a well-documented fact that we cannot ignore any longer.

Certainly, in a defense budget of over $208 billion, we can begin the process of funding the programs we need to sustain our combat capabilities. We desperately need this program to sustain our ground forces in the most probable type of conflict in which they will have to survive.

Senator HOLLINGS earlier tried to restore the full $148 million needed to fully fund the Army's orginial request for ammunition. My amendment restores only $100 millon of the amount cut by Defense Department in the October budget cuts.

I plead with my colleagues to support this extremely important amendment.

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

Mr. RUDMAN. Mr. President, we will have very little to say about this amendment offered by the Senator from Nebraska. We have discussed this in some detail over the last couple of days. I believe the facts are reasonably well known. I will just hit two salient points.

First, so that the record is clear, this appropriation does contain $780 million over the fiscal year 1981 funding level for this account. This figure, in fact, is $56 million over the budget request of the President.

With respect to the statement of the Senator from Nebraska about time to build up ammunition supplies, that is certainly true. But compared to many of the high technology programs we have, this is something that—particularly with the Government owning some of the depots that manufacture these munitions—could be turned around in emergency fairly quickly.

It is our view that although there is some merit to this amendment, we are dealing with a $208 to $209 billion defense budget, and we believe the time has come to put a cap on it. We hope the amendment will be defeated.

Mr. EXON. I yield myself 2 additional minutes, and after that I will be prepared to yield back the remainder of my time.

Mr. President, the statements that have just been made in opposition to this amendment are ones we have heard on many occasions.

I think it is very serious, when we talk about the fact that if we get into a shooting war, we have some facilities somewhere that we could quickly turn around to produce ammunition.

Regardless of the amounts contained in this bill for ammunition, the statements I made a few moments ago about only a 40-day supply of ammunition still stands as fact.

I emphasize for my colleagues that even if my amendment is adopted, we still will not be back to the Army's 5-year plan for achieving a 60-day stockpile of ammunition. And the real mobilization request is to have 180 days on hand. Therefore, the goal of 60 days is only one-third of what is actually needed.

What we are talking about here is the woeful state of ammunition stockpiles for our soldiers right there on the ground—the men who will be eyeball-to-eyeball with the enemy. We have shortchanged them for too long and this amendment is only one small step in the long process to begin getting our fighting men what they need to survive.

Ammunition is not glamorous and it does not make headlines. It is not good "show and tell" like some of the amendments and weapons we have been debating here. But we certainly do not want our men in the field to run out of ammunition if they are called upon suddenly to fight.

Mr. President, either we continue to brush aside these unglamorous amendments that go right to the heart of our military readiness, or, we adopt this amendment and begin the long process of building up the sustainability of our forces in the event of a national mobilization.

The choice before the Senate is clear. I

urge my colleagues to support this amendment.

Anyone who voted to bring an old battleship out of mothballs obviously has his priorities confused, if he cannot also support this amendment for basic readiness.

I am prepared to yield back the remainder of my time, if the other side is prepared to do so.

Mr. RUDMAN. Mr. President, I certainly agree with the priorities of the Senator from Nebraska about bringing battleships out of mothballs, and I am pleased to advise him that I do not vote for that, either.

This particular appropriation of $780 million over the fiscal year 1981 funding level is a 50-percent increase. We think that is more than adequate.

Does the Senator from Nebraska wish a rollcall vote on this amendment?

Mr. EXON. Yes.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. COHEN). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RUDMAN. Mr. President, I yield back the remainder of my time.

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

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Nebraska.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. TOWER. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Vermont (Mr. STAFFORD), the Senator from Alaska (Mr. STEVENS), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. DECONCINI) and the Senator from Michigan (Mr. RIEGLE) would vote "yes."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who have not yet voted who desire to cast a vote?

The result was announced—yeas 37, nays 49, as follows:

[Rollcall Vote No. 454 Leg.]

YEAS—37

Armstrong	Cranston	Heflin
Baucus	Dixon	Hollings
Bentsen	Dodd	Huddleston
Boren	Eagleton	Inouye
Bradley	Exon	Jackson
Byrd, Robert C.	Ford	Leahy
Cannon	Glenn	Levin
Chiles	Hart	Long
Matsunaga	Pell	Tsongas
Metzenbaum	Pryor	Williams
Mitchell	Randolph	Zorinsky
Moynihan	Sarbanes	
Nunn	Sasser	

NAYS—49

Abdnor	Grassley	Packwood
Andrews	Hatch	Percy
Boschwitz	Hatfield	Pressler
Burdick	Hawkins	Proxmire
Byrd, Harry F., Jr.	Helms	Quayle
	Humphrey	Roth
Chafee	Jepsen	Rudman
Cochran	Kassebaum	Schmitt
Cohen	Kasten	Simpson
D'Amato	Laxalt	Specter
Danforth	Lugar	Stennis
Denton	Mathias	Symms
Dole	Mattingly	Thurmond
Durenberger	McClure	Tower
East	Melcher	Warner
Garn	Murkowski	Weicker
Gorton	Nickles	

NOT VOTING—14

Baker	Goldwater	Riegle
Biden	Hayakawa	Stafford
Bumpers	Heinz	Stevens
DeConcini	Johnston	Wallop
Domenici	Kennedy	

So Mr. EXON's amendment (UP No. 753) was rejected.

Mr. RUDMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HATFIELD. I move to lay that motion on the table.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

UP AMENDMENT NO. 754

(Purpose: To add funds to continue operation of B–52D bombers in fiscal 1982)

Mr. LEVIN. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Michigan (Mr. LEVIN), for himself, Mr. HOLLINGS, and Mr. NUNN, proposes an unprinted amendment numbered 754.

Mr. LEVIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 24, line 20, strike out the figure "$14,044,298,000" and insert in lieu thereof the following: "14,106,398,000".

Mr. LEVIN. Mr. President, I am joined by Senators HOLLINGS and NUNN in offering this amendment. I understand it is going to be accepted.

The purpose of this amendment is simple and straightforward. It is to add $62.1 million to the bill to enable the Air Force to continue operating the three B–52D squadrons as originally planned.

The Appropriations Committee itself recognized that they should not be phased out prematurely, and the Appropriations Committee added back to the President's budget request the $18.9 million in operations and maintenance funds needed to continue operating these squadrons through fiscal 1982.

I believe inadvertently or otherwise, but I believe inadvertently, the committee overlooked the need for the additional $62.1 million for the spares and modifications to retain this still needed component of our strategic nuclear bomber force in active service.

The B–1, let us remember, is not going to enter the force until 1986 or 1987, and this funding will allow the B–52D's to continue into that period as originally planned.

The actions by the Appropriations Committee in adding back the operations and maintenance funding is an important indication that these aircraft play a useful role in our strategic deterrent, and that they should not be retired prematurely.

The House and Senate Armed Services Committees, in their conference report on the Fiscal 1982 Defense Authorization Act expressed grave doubts about the proposal to retire the B–52D's.

On page 108 of the conference report, we stated:

Conferees expressed their concern regarding the planned phase-out of the B–52D force during a period of increasing vulnerability for U.S. strategic forces. The conferees understood that the timing of the currently planned phase-out would not impair eventual continuation of the existing B–52D force should the planned phase-out be reconsidered before the end of fiscal year 1982. The conferees agreed to further study this matter in conjunction with the fiscal year 1983 budget request.

This body should restore these funds now because sufficient information exists to more than justify this restoration in funding to maintain our strategic strength.

The House Appropriations Committee did appropriate the $62.1 million to maintain our B–52D's. In its report, the House committee gave the following strong justification for its action:

B–52D RETIREMENT

Considering that these aircraft have recently been reskinned and recently received modifications to update their inertial guidanc systems, and considering the capability of these aircraft to deliver significant numbers of conventional bombs, the Committee believes that the retirement of these aircraft is imprudent and recommends an increase of $62,100,000 to keep them in the active force. An increase of $18,900,000 is also included in the "operation and maintenance" account, for the continued operation of these aircraft.

The Senate Appropriations Committee, in its report acknowledged these recent improvements to the B–52D's and recognized the desirability of keeping them operating in fiscal year 1982. It said:

B–52D retirements.—The amended budget included the recommendation to retire three B–52D aircraft squadrons and a combat training squadron. In view of recent improvements to these aircraft, the Committee recommends restoring $18.9 million to retain operation of these aircraft through this fiscal year.

By the admission of every spokesperson we have heard, the strategic program before us has been offered only as an "interim" solution to what the administration believes is a serious window of vulnerability.

But to achieve this "interim" solution—a solution which begins 5 years from now and arguably provides marginal, additional protection for a grand total of another 5 years—the American people are being asked to pay a terrible price.

It is not only a price in terms of dollars. It is also a price in terms of security.

Gen. Bennie L. Davis, the new head of the Strategic Air Command (SAC) admitted that the net effect of adopting the administration's program would be to weaken the defense of the United States for the next 5 years. This is due in part because of the proposed earlier-than-planned retirement of B–52D's. We will be worse off for the next 5 years than we are now. I have never heard of closing a window by opening it wider.

Early retirement of the B–52D's was done simply to find money to fund other parts of the administration's strategic program, according to SAC Commander Davis. He said so in the following exchange with me on November 4, an exchange in which he also acknowledged we were foreclosing our option to deploy more Cruise missiles:

Senator LEVIN. We are retiring the B–52D's earlier than you would like?

General DAVIS. Earlier because I don't have another capability.

Senator LEVIN. We are retiring them earlier now for fiscal reasons.

General DAVIS. That is right.

Senator LEVIN. Not for engineering reasons.

General DAVIS. No.

Without our amendment, the B–52D's might have to be retired years before the planned end of their useful lives.

The $62.1 million in spares to be added by this amendment would support the training flying hours and alert requirements to keep these B–52D's in operation.

General Davis stated that the administration's strategic program actually opens, rather than closes, the administration's well-publicized "window of vulnerability" on November 4, in the following exchange with Senator NUNN:

Senator NUNN. I understand that and I know we all have to concern ourselves about the budget and there may be a legitimate argument that we stretch out, but aren't we in effect, whatever the reason and whatever the budgetary pressures, are we not in effect extending the window of vulnerability for a longer period of time by reason of the phase-out of these B–52s and Titans?

General DAVIS. In terms of absolute numbers, certainly you lose capability. In terms of some items that I have proposed, like let's consider keeping a couple of squadrons of D's in longer and the fact that you have a fairly long phase-out period for Titan IIs, you lose an increment of capability. There is no question about that.

Senator NUNN. We are really going down in capability in the next four or five years, isn't that correct?

General DAVIS. But it is not precipitously.

Senator NUNN. But it is a gradual reduction in capability over the next five years?

General DAVIS. In absolute terms, yes.

In a response for the record. General Davis went even further by stating:

Phasing out the B–52D and Titan will result in fewer weapons committed to the SIOP (nuclear war plan), reduced target coverage and less megatonnage. . . .

He presented only one option for lessening the impact of these reductions in our deterrence capabilities—increasing the alert rates for our B–52G and H force—but then stated this could not be done until 1985. In the interim, the so-called window of vulnerability would open wider.

In addition to weakening us, premature retirement of the B–52D's would represent a unilateral concession to the Soviets in the arms control arena, just as we are beginning talks in Geneva and are contemplating resumption of strategic arms limitation talks next year.

These B–52D's still represent the capability to drop significant nuclear megatonnage on the Soviet Union, Mr. President. They are "real" airplanes and thus true bargaining chips in any arms negotiations, in contrast to the B–1B, which will not be able to threaten the Soviets for many years.

We should not give up the B–52D's without getting something in return for them at the bargaining table, and my amendment preserves their value as bargaining chips as well as their potent military capability.

Lastly, Mr. President, I would point out that, before the President's October budget revisions, both the Senate and House Armed Services Committees recognized this dual military and arms control utility of maintaining the B–52D's and authorized sufficient funds in their versions of the fiscal 1982 Defense Authorization Acts to prevent their premature retirement.

The President saw the value of the B–52D's by seeking these funds in the first place.

The full Senate and House of Representatives approved these funds—the full $62.1 million was in the House bill. The Senate endorsed the $50 million authorization recommended by the Armed Services Committee.

It was only after the President slashed his defense budget in October and eliminated this funding for the B–52D's that both committees reluctantly agreed to this reduction and stated their concerns.

Mr. President, the full $62.1 million should be appropriated to keep our B–52D's operating. The addition is a relatively modest one to maintain our strategic capabilities and with it we can keep some 75 aircraft flying. At less than $1 million per B–52D, and in light of the recent improvements to these aircraft to make them more effective, that is a prudent and cost-effective investment in American military strength.

I urge adoption of my amendment.

Mr. RUDMAN. Mr. President, I think the Senator from Michigan has accurately stated the situation. We are going to have to keep these operating until such time as the B–1B is deployed, and the subcommittee is willing to accept the amendment offered by the Senator from Michigan.

The PRESIDING OFFICER. Is there any further discussion or debate?

Mr. LEVIN. I thank the Senator.

The PRESIDING OFFICER. If not, the question is on agreeing to the amendment of the Senator from Michigan.

The amendment (UP No. 754 was) agreed to.

Mr. RUDMAN. Mr. President, for the information of Senators, we have approximately three more amendments that we expect we will have record votes on. Hopefully, if those who are offering those amendments will come to the floor, we should be able to proceed with those within the next hour.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROBLEMS OF SENATORS WHO HAVE TO VOTE ON CLASSIFIED MATTERS

Mr. SPECTER. Mr. President, as we have a moment before the sponsors of the next amendment appear, I would like to take this opportunity to comment about some of the proceedings late last night with respect to the absence of information on a matter which was pending on the Senate floor when a great many of the Senators were called upon to vote, and I would like to comment generally on the issue of secrecy as it relates to judgments which have to be made by Senators.

This is obviously an important and a complex question. Those of us who have been elected to this body have a very heavy responsibility to vote on issues involving billions of dollars as, for example, on this current bill which encompasses some $205 billion, and there are sums of money within this bill in a classified or secret category where moneys are being appropriated and where the facts are not before those of us who are called upon to vote.

There has been a custom evolved over the years where only a limited number of Senators are privy to these classified projects, and it raises a substantial question in my mind as to the propriety of what is, in effect, a delegation by the elected U.S. Senate to a very small number in this body to pass upon judgments which involve very substantial sums of money.

The proceedings last night are illustrative when the Senator from Georgia (Mr. NUNN) proposed an amendment which would add $187.5 million to the category known as Air Force R. & D. Mr. NUNN starts off saying, as reported in the CONGRESSIONAL RECORD of yesterday at S14455:

First of all, I can say to my colleagues that this is a classified program.

Then he discusses it for a bit and then says:

Beyond that, Mr. President, that is all that I am able to say at this point in time.

I would say that I think it is a very important program, otherwise I would not be urging its support at this stage.

The senior Senator from Texas (Mr. TOWER) then makes a comment:

Mr. TOWER. Mr. President, it is unfortunate that this program cannot be discussed, because I think it is of extremely great merit. I am certain that if my colleagues could be further enlightened on it, they would support it.

I believe it is asking too much to call for support of a matter where the Senate might be supportive if the Senate were

to be further enlightened on it, when the Senate is not enlightened on it. The next comment is:

I might say that I hope they will take this amendment on faith.

which, in my judgment, is not appropriate to do consistent with the oath which we have taken in the discharge of our duties as U.S. Senators.

The senior Senator from Ohio (Mr. GLENN) then continues in the same vein:

I urge everyone to vote for the amendment. That is about all anyone can say about it at this point. But it is a very important amendment.

Then the junior Senator from Michigan (Mr. LEVIN) makes a comment about—

Mr. LEVIN. Mr. President, I am familiar with this program, also. I simply want to add my voice in support of it. There is nothing one can say about it, other than that we had somebody in room S-407 the other day for many, many hours available to answer questions. Many of us were able to get up there and talk to him about it.

I, for one, was not aware that the amendment was going to come up, not aware of the proceedings in S-407, and those who were, I think, mostly were from the Armed Services Committee or in other words had access to the special briefing which was going to come to pass at that point.

When the motion to table was made by the senior Senator from Alaska (Mr. STEVENS) I personally felt there was insufficient information needed to cast a vote on whether or not to table, but at least a tabling motion resulted in the appropriation not being made, and that was the basis for my voting in favor of tabling.

I made a parliamentary inquiry as to whether a Senator can vote present and still retain the record of having voted, and was informed that probably not, that a present vote was doubtful as even having expressed a judgment in a voting context.

I intend to pursue the matter further, Mr. President, to see where the ramifications of this issue lead not only on this subject but also on other classified matters.

But I for one feel that once here Senators ought to be trusted presumptively and as well as from an evidentiary base, that we are worthy of the trust and know what it is we are voting upon or if there is some policy consideration which requires a different treatment, it ought to be explicit and we ought to be dealing with it in a specific way so that it is known what we are doing here and to whom we are delegating our responsibilities and whether or not that is appropriate.

If there is a contention that the national interest requires secrecy, then a judgment should be made on that basis, or it may be that the consequences of secrecy are more damaging than the risks of disclosure.

But these, to me, in my way of thinking, are all considerations which require a great deal more of elaboration than has been presented on this record illustrated by the exchange last night.

Mr. TOWER. Will the Senator yield?

Mr. SPECTER. Yes.

Mr. TOWER. If I might respond to the Senator, I fully appreciate my distinguished colleague's frustration. And it is unfortunate that we are called on to make a legislative decision under these circumstances.

We are both blessed and cursed by living in an open society, one in which the Government is responsive to the popular will. I think, of course, the benefits outweigh the disadvantages substantially. But, in fact, when confronted by a powerful adversary that is indeed a closed society that can protect its secrets, we do suffer a disadvantage, particularly when you consider the fact that the adversary has a very, very powerful military machine that probably now exceeds our own in terms of overall capability.

It is very difficult for us to keep secrets. The Russians can buy a copy of Aviation Week for maybe $2.50—I think you have to subscribe for it, you cannot buy it on the newstand—but they can get more intelligence out of that than we could get in the way of comparable intelligence if we spent a billion dollars. So we do suffer a certain disadvantage in being an open society with a Government whose actions are always accountable to the popular will.

I think we must recognize that and, in fact, permit certain trusted members of the legislative branch to have access to highly classified information without insisting that everybody have access to it. Because every time you add one person into the secrecy net you increase not arithmetic but geometric the chances that sensitive information is going to be revealed to the adversary. And this has happened. Unfortunately, the Congress leaks like a sieve. We have been, even ourselves, unable to contain classified information and we have suffered for it.

Again, I would say to the Senator from Pennsylvania what I said yesterday. There is a certain amount that has to be taken on faith. And I hope that that can continue to be the case. Even if we went into executive session here with 100 Senators and threw out of the Chamber all of the staff members that do not have access to this information or are not cleared, there would still be a good prospect of a leak.

Let me say to the Senator from Pennsylvania that the reason the Russians are closing the technological gap on us so rapidly is because they have gained access to our ways of doing things, to our high technology, and gained it by virtue of the fact that we are an open society and do publish everything. And that is why we are having to spend billions upon billions of dollars to try to rehabilitate our own military capabilities.

I would hope that the Senator from Pennsylvania would not press this to the extent that we make classified information more widely available. As I say, you do have to take certain things on faith. All of us do. Very often I am not up to speed on a matter that pertains to taxation, and so I ask my good friend, BOB DOLE, the chairman of the Finance Committee, for his advice on what I should do. Perhaps I am not up to speed on an agricultural issue. I ask my good friend, JESSE HELMS, the chairman of the Agriculture Committee, what I should do. Perhaps I am not up to speed on a particular aspect of appropriations. I ask MARK HATFIELD for advice. We do that. We act on faith with each other around here. And certainly, if there is any area on which we should act on faith, it is in the area of classified military material.

May I say that we in the Senate and the House act on blind faith when we delegate away so much legislative authority to executive branch departments or agencies or regulatory bodies. We have delegated away more authority over the last 40 years than probably the founders of the Constitution ever thought, we should have as legislators in the first place. If the Senate wants to reclaim its authority in any area, it ought to be in the field of domestic affairs, which should be sharply distinguished from external affairs, where we have delegated away the authority to regulatory authorities of this country.

I wish I could hear as many complaints on the way the Senate has done so much on faith in delegating its authority to faceless bureaucrats than I do in the Senate not properly availing itself of classified information.

I did not mean to get on the soapbox, but I want to try to put things in perspective. And I say again to the Senator from Pennsylvania, I apologize—I did not bring it up—but I apologize anyway for the fact that this issue did come up in open session of the Senate and Senators were required to vote blind. But I would say that that should not be used as the basis for insisting on classified material being more broadly available.

Any Senator—any Senator—can insist, almost, I think, without fail, on making classified information available to him should he choose to do so. Many Senators choose not to do so. There are certain matters that I am aware of that I do not choose to be briefed on thoroughly.

As a matter of fact, in the old days, the way we worked around here, intelligence matters were handled largely by the chairman and the ranking minority member of the Armed Services Committee. Richard Russell and Leverett Saltonstall used to be the only two people in the Senate that really knew about sensitive matters in the Intelligence Committee. We decided that was not enough; that more Senators and more Congressmen should have access. In the process, we have seriously denigrated the intelligence-gathering capability of this country and at once our ability to preserve our own secrets.

So what I am saying is that I sympathize with the Senator from Pennsylvania, I share his sense of frustration, but also, at the same time, to try to implore him to understand why we cannot always, even in a closed session of the Senate, get into very intimate details about matters that, if they become known to our adversaries, would militate strongly against the security interests of the United States of America.

Mr. SPECTER. I thank the distinguished Senator from Texas for those illuminating comments.

I agree totally with his castigation of the delegation of blind authority to regulatory agencies or executive branches. And while the delegation to other Senators is of a different type, it involves the same kind of a concern as to the appropriateness of any kind of delegation.

When the distinguished Senator from Texas refers to inquiries which he makes to Senator DOLE or Senator HELMS or Senator HATFIELD on matters within their purview of expertise, I think that is exactly correct; that I would suspect that if the Senator from Texas pursues with Senator DOLE some of the underlying facts on the decisions on finance, that Senator DOLE would respond giving him details or Senator HELMS on agriculture or Senator HATFIELD on appropriations.

Mr. TOWER. It is really a very poor analogy, because in fact there is no analogy to what we are talking about.

Mr. SPECTER. Well, with all due respect to the Senator from Texas, I disagree. The amendment was up yesterday and in the cloakroom I made inquiry of the Senator from Texas about the substance of it and was told, in perfectly good faith, and I accepted it at that time, that it was not susceptible to disclosure.

Mr. TOWER. What I am saying is I made a poor analogy, because in fact there is no absolute analogy.

Mr. SPECTER. In that respect, I will not disagree with the categorization of the analogy.

I am concerned with a couple of the things which the Senator has said and I would look to pursue briefly, since we have a window here until someone returns for the next amendment.

When the Senator made the comment that things have to be left to "certain trusted Members" of the Senate, I believe, I certainly would like to believe, that there is no category of "certain trusted Members" of the Senate which is in distinction to other Members of the Senate who are not trusted. And I am concerned with the conclusion, which I know the distinguished Senator from Texas reaches with a lot of authority and a lot of experience.

Mr. TOWER. If the Senator would yield, let me say it is not a matter of one Senator's being trusted over another. It is a matter of dealing with information on a need-to-know basis. As you know, in the intelligence community everybody is departmentalized so that various elements of the community do not, in fact, know what other elements are doing. And there is very good reason for that. So there is a certain departmentalization.

The fact is, it is not a matter of one Senator being more trusted than another. It is a matter of one Senator having a greater requirement to know than another.

Mr. SPECTER. The difficulty I have with that is the need to know when matters are coming before this body to vote for them. I was coming to the conclusion of Congress leaking like a sieve, which, I understand, is based on substantial experience, the Senator having experienced his 20th anniversary in this body not long ago.

Mr. TOWER. I was the vice chairman of the spoof one, as it was called, of the Select Committee on Intelligence. We bared the secrets of the intelligence community and hamstrung the efforts of our intelligence community for several years. They are only now beginning to recover. We lost the confidence of other friendly intelligence communities over the world in our efforts to democratize the business of gathering intelligence.

We made a mistake. I should not like to see us repeat these mistakes.

I am well aware of the people's right to know. The people have a right to know a great deal. At what point does the people's right to know come in conflict with the people's right to be secure to the extent that secrecy can afford them security?

Mr. SPECTER. I would think that if the 100 Members of this body were trusted with a secret, it could be retained.

Mr. HART. Will the Senator from Pennsylvania yield?

Mr. SPECTER. I yield.

Mr. HART. One of the hazards of staying on the floor is occasionally some interesting debate occurs. When that happens, one has trouble staying out of it.

Mr. RUDMAN. Will the Senator yield for a moment?

Mr. HART. Yes.

Mr. RUDMAN. For the information of Senators on the floor, I want to announce that at the conclusion of the two next amendments, which they are about ready to present, we will be able to have passage of this bill.

Mr. HART. Getting back to the subject, I joined with the Senator from Texas on the Select Committee to Investigate Intelligence Operations. I would want to register a little bit of a caveat to the statement he made. It was in response to an observation, I think, about leaking like a sieve.

What is important to know, however, about the committee, and it was an ad hoc select committee, is that it handled an enormous amount of very secret information for a year and a half. I think one would be hard pressed to find one leak out of that committee.

We did issue a report. The view of the Senator from Texas on that report was that it had all of those negative ramifications and apparently no positive ramifications. Historians and participants in that can disagree about what the results of the investigation were.

But if the subject of the investigation at that time was whether a Senator or group of Senators can handle highly classified material in a responsible way, I would use the select committee, or the Church committee, as an example of how that could happen. I frankly think that the oversight committee, which has been a direct result of that investigation, has been very responsible in that regard. That does not go to the specific issue of whether all Senators should have access to all information, but it does go to the issue of whether some Senators can, over a period of time, handle very classified information and do so responsibly.

I think both the Church committee and the Oversight Committee proved that they can.

Mr. TOWER. May I say to the Senator from Colorado that I think the successor committee did a better job than we did. That is a confession. But I think, in fact, they learned from our experience. I think we did get into some areas that we publicly probably should not have done, but I think our successor committee learned from our experience. They are not a chip off the old block but they are an improvement.

Mr. HART. I would only say it was revealed that one of the main concerns was the assassination of world leaders. I would believe that if the intelligence community or the U.S. Government undertook to assassinate foreign leaders in the future, it should be exposed.

Mr. TOWER. I may suggest to the Senator from Colorado that I am not sure that we got all the facts on the assassination business.

Mr. HART. I thank the Senator from Pennsylvania.

Mr. SPECTER. I do have a couple more comments to make before yielding the floor. I shall be very brief.

The comments of the senior Senator from Colorado suggest that Senators can be trusted and that we could have the information and it not be leaked. I think on the "Congress leaks like a sieve," that is a subject that we ought to take up and do something about. That should not be the starting point for not having the necessary information available when we vote.

I was very interested in the comments by the Senator from Texas when he said that "any Senator can insist, almost" on getting information. I will be inquiring to see how far a Senator can go, what the parameters of "almost" may be.

Mr. TOWER. I think I would remove that "almost." The Senator has a great deal of power if he should insist. I would not encourage a Senator to do so unless there was a good reason to know.

Let me say this: When we go into closed session here and talk about classified matters, I do not think the Senate Chamber can be well swept, that what we say here can be really contained in these halls. There are certain staff who have to be retained here.

I am not saying that individual Senators may go out and talk. That is not what I am saying. But sometimes they talk to their staffs, unwittingly, and sometimes things just seep out. But, in fact, this is not a very secure place to talk about highly classified matter.

As a matter of fact, I think we have already talked too much here in open session about certain matters that had best be left to closed doors indeed.

Mr. STENNIS. Will the Senator yield to me for a comment on the subject matter?

Mr. SPECTER. I yield.

Mr. STENNIS. I thank the Senator.

Let me preliminarily say that I think the Senator is entirely within his rights in this inquiry he is making. It is a con-

stitutional right. But at the same it is very, very difficult to handle. I know for 20 years we have had this matter and we have pursued it in various ways. Things have finally worked out.

I would like to relate some facts on that, if I may.

I understand from other Members that they have several amendments that they are ready to proceed to. Under those circumstances, we will talk about this some more a little later.

I have some remarks I want to make on the bill, on the merits of the bill, when these amendments are considered. I just mention that now.

I was going to try to get the floor. However, I will yield to the leader who is about to offer some amendments.

Mr. SPECTER. As a concluding statement, and I think I still have the floor, the Senator from Texas said that he hopes I would not press to the extent of making classified material available. I certainly do not intend to press for any classified material to be available. I had some doubts as to whether I pressed on making material available to this Senate, which I will explain at a later time with the Senator from Texas and the Senator from Mississippi.

I very much appreciate the candor of the remarks this afternoon. I yield the floor.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, until the distinguished Senator from West Virginia comes back to offer his amendment, and I know all of us are anxious to proceed with the amendments and ultimately pass the Defense Appropriations Act of 1982, I would like to say that I am very pleased to note in yesterday's RECORD that Chairman WILLIAM ROTH, the distinguished Senator from Delaware, the chairman of the Governmental Affairs Committee, has stated that he will hold hearings on the independent inspector general bill sometime in the early part of the year.

It is my belief, it has been my long-held conviction, that we do need in the Department of Defense an independent inspector general to be the watchdog over this $208 billion we are about to appropriate.

I must say that my good friend from Missouri, Senator EAGLETON, has been a moving force in the past on the creation of the independent inspectors general in other areas of our Government. It is now time to move forward with the creation of an independent inspector general in the Department of Defense.

In 1978 Congress created the Office of Inspector General at most Federal Departments. Thanks to the leadership of the Senator from Missouri (Mr. EAGLETON), the Congress took one of the most cost-effective and sensible actions in our country's history.

Then, in May of this year, the House of Representatives at the urging of the distinguished chairman of its Government Operations Committee, Congressman JACK BROOKS of Texas—passed legislation creating an Inspector General in the Department of Defense.

We now have the opportunity to build on that important action. The American people want a Department of Defense that is plainly subject to the same controls as those in other Government agencies. We have an Inspector General at the Agriculture Department with 880 staff members who keep an eye on less than $20 billion. But we have no Inspector General at the Pentagon to watch over $208 billion.

We do have auditors and inspectors within the Defense Department. In fact, we have 18 separate organizations, and 18,000 people in various services who handle small parts of the puzzle. This situation is fragmented, however, and as a result no one is fully responsible or accountable.

Nowhere in Government is a responsible and totally independent Inspector General needed more than at the Defense Department. We need someone, Mr. President, who is "mean as a junkyard dog," to use a phrase of the present administration. We need someone who is not a family pet or a house puppy. It should be a person who has enough independence and power to strike fear in the hearts of anyone tampering with tax dollars—whether the wrongdoer is military, civilian, contractor, or lobbyist.

And we need someone soon, Mr. President. Already money has been lost. We will soon approve major spending increases. Yet all indications from the Defense Department are that any future Inspector General should be different from those at other agencies. The Pentagon feels that an exception should be made, and that any function along this line should be carried out by one of their own.

Let me illustrate this position by referring to the testimony of William H. Taft IV, General Counsel to the Defense Department, at a Senate hearing last June 18:

> Those provisions which establish the independence of the Inspector General in the Department of Defense are completely inconsistent with the hierarchal commander, subordinate relationship that is at the heart of any military organization and is embodied in the chain of command. . . . These provisions do not encourage the individual to work with the Secretary as part of his team. In our view, the Secretary of Defense must have the ability to terminate any review process or investigation that the Inspector General may initiate which would jeopardize national security.

We must invest in an Inspector General for the Defense Department the resources and authority to perform the job the taxpayer needs and deserves.

I was going to be joined earlier in this debate by Senators METZENBAUM and HEFLIN in an amendment for the creation of an independent inspector general. But because we now see that this hearing will be held before the Governmental Affairs Committee, I am very pleased to report that it looks like we are going to make progress on the legislation. I appreciate the efforts of the distinguished Senator from Delaware, the chairman of the committee.

Mr. ROBERT C. BYRD. Mr. President, I have two amendments. I want to accommodate Senators who wish to board airliners for places outside the city.

The first amendment I have would add $250 million to the bill for accelerating the advanced technology bomber. I would be willing to take 5 minutes on my side and be prepared to vote on that amendment.

I have a second amendment, which is a sense of Congress resolution, dealing with a stronger U.S. Navy. I am prepared to vote on that amendment; and if I could have 15 minutes, I would be prepared to vote.

If we could agree that there would be an up-and-down vote on each amendment, I would take 5 minutes on the first amendment, no more than 15 minutes on the second, and would have the two votes either back to back or have one vote and have the second vote follow the second speech.

Mr. RUDMAN. I thank the distinguished minority leader. I believe that will be a good way of handling these two amendments.

I ask unanimous consent that we have discussion on both amendments, followed by back-to-back votes, in accordance with the suggestion made by the distinguished minority leader. The time will be equally divided.

Mr. ROBERT C. BYRD. Would this allow me 5 minutes on the first and 15 minutes on the second?

Mr. RUDMAN. That is correct.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. The understanding is that I will have 5 minutes for my own use on the first and 15 minutes for my own use on the second. Is that agreeable?

Mr. RUDMAN. That is correct, I believe we are talking about 10 minutes equally divided, and 30 minutes equally divided. We will not be using all of our time.

Mr. ROBERT C. BYRD. And votes will occur up and down on both.

Mr. RUDMAN. That is correct.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. President, the first amendment I shall send to the desk proposes to add $200 million to the amount already in the bill for accelerating the advanced technology bomber, or "Stealth" bomber program. It does not transfer any money from the B–1 program. It is an add-on and is intended as an add-on, and no Senator should interpret it as related to the B–1. I am not taking funds away from the B–1. The Senate has already endorsed the administration's decision on the B–1.

I will not take the time of the Senate to repeat all the arguments that were made just a few days ago on my amendment which would have added $250 million. If the Senate had added $250 million, the figure would have been commensurate with the figure the House has in the bill, and there would have been no conference item to resolve. But as it is, the figure is $250 million in the House portion of the bill and zero, so far as the base I am talking about, in the Senate bill; so that in conference, the

figure could come out $250 million or it could come out zero, insofar as the base is concerned from which I am operating, or it could come out somewhere in between.

If the amendment I now offer is adopted, then the conference item will be that of resolving the difference between the $200 and $250 million. So here are the main points:

First, this is the top-of-the-line technology which promises to give America new leverage with the Soviet Union in the strategic area. We must nurture it on an accelerated track. The administration has said it intends to do so. But, as I have already indicated, the funding level in the bill is some $250 million below that in the House bill.

Second, we must insure that, if we go with the B–1, funding for Stealth is not sacrificed and that the program is not unduly stretched out because of the funding for the B–1 program.

Surely, all Senators can agree to that proposition. It is essential to bring the program on line, so that an initial operating capability [IOC] be available in the early 1990's. I believe that if we keep the program on the fast track, it is within the ingenuity of our scientists and engineers to deliver an operational squadron around 1990.

There has been a welter of confusing information on when the B–52H will no longer be able to penetrate Soviet airspace with assurance. There has been a shifting series of statements by the Secretary of Defense and other officials on when the B–1, if we build it, will lose that penetration ability. But there has been really no controversy that the Stealth will present very great difficulties for the Soviets throughout the 1990's and into the next century. So, if we want to assure the success of that vital strategic mission, we dare not crimp this program.

Testimony by both the recently retired Strategic Air Commander, General Ellis, as well as the present Commander, General Davis, before the Senate has provided us with substantial evidence that the Stealth program will be delayed. Indeed, the very amount appropriated in this bill is such evidence. The amount I am proposing we add in this amendment itself is somewhat lower than I have been advised could be added and still not reach a maximum program.

The important principle we adopt when we vote for this additional money is that the Senate joins the House in refusing to underfund what is perhaps the single most important new strategic, highly classified program now under development. This is a commitment to American technological superiority, and to maintaining our technological edge.

I urge the adoption of the amendment.

UP AMENDMENT NO. 755

Mr. President, I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), on behalf of himself, Mr. NUNN, Mr. LEVIN, and Mr. HART, proposes an unprinted amendment numbered 755:

On page 28, line 18, strike "$9,076,906,000" and insert in lieu thereof "$9,276,906,000."

Mr. RUDMAN. Mr. President, we have discussed the funding of Stealth on a number of occasions in the past 72 hours.

This, of course, is right on point with what the Senator from Pennsylvania, the Senator from Texas, and the Senator from Colorado were discussing a few moments ago.

This program is so classified that I am unable to state in open session the precise amount of funding that is carried in this appropriation.

I simply point out—and I will be very brief—that, first, this appropriation item has not been underfunded. It has been funded at a level requested by the administration, and not 1 dime of the money that was requested has been reduced by the Senate. It is true that the Senate chose not to adopt the House add-on of $250 million, feeling that the Air Force and the administration had a reasonably good idea of what they desired.

Second, there are many who feel that there is only a certain rate at which money can be absorbed. We do not believe that money can be put into this program at a faster rate than it is capable of being spent efficiently.

It is my understanding that we will have a rollcall vote on this amendment, following the next amendment offered by the distinguished minority leader, and we will then have the votes together.

I yield back the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER (Mr. HATCH). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that the distinguished manager of the bill on the other side wishes to have the two votes back to back.

Mr. RUDMAN. That is correct. Our understanding and our unanimous-consent request was that we have both votes at the conclusion of these two amendments.

The PRESIDING OFFICER. The Senator is correct.

Mr. RUDMAN. Will the distinguished minority leader agree to a further unanimous-consent request, that the second rollcall vote be of 10 minutes duration?

Mr. ROBERT C. BYRD. It is perfectly agreeable to me.

Mr. RUDMAN. I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, will the Senator from New Hampshire retrieve his time and yield some to the Senator from Mississippi?

Mr. RUDMAN. Mr. President, I ask unanimous consent that my previous yielding back of my time be rescinded, and I yield the remainder of my time to the distinguished ranking minority member of the committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. I will take only 2 minutes.

Mr. President, this amendment for $200 million is above the figure recommended by the President as being his needs. It is $200 million beyond the official recommendation in the President's budget. I do not think any compelling reason has been given, with all deference to the author of the amendment, as to why we should vote the additional money at this time or why we should go over the rule we have, which does have a meaning—that appropriations for these purposes are subject to a point of order unless they have been authorized.

I point out to the Members that until a few years ago, the Appropriations Committee had full control of the amounts that would be appropriated for any military purpose. There were one or two exceptions to that.

The proposal was taken up then, considered by both Houses, and was passed, and it has been followed generally until particularly this year.

I know, as a practical matter, that it has rendered a tremendous service. The Armed Services Committee, should we go back to the old rule, would be virtually decimated, without any real part in carrying out the authorization of this massive military program now, which, compared to the old days, is enormous and dominates, to a degree, the entire budget.

So I respectfully say that there has not been any real reason given as to why we should violate this safeguard of authorization. As a practical matter, the Department of Defense says, in effect, that they do not need the money.

So I certainly am going to vote against the amendment, and I hope that will be the voice of the Senate.

I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I say to my distinguished friend from Mississippi, the distinguished Senator who is the ranking minority Member, that the other day when he was away I called up this amendment. It was tabled. It was in the amount of $250 million. It involves a subject which he has indicated, and properly so, cannot be discussed on this floor. But at that time, I offered a lengthier statement which I thought was convincing and persuasive within the restrictions that we have to operate. But I must say that I have been advised by the Stealth program director that this amount of money can be effectively used if appropriated by Congress.

That is what I am attempting to do. The money in the amount of $250 million is in the House bill. I am simply trying to avoid putting that $250 million totally into conference. It could come out of conference as zero insofar as the base on which we are operating here is concerned. I am trying to raise the Senate figure up to within $50 million of the House figure so that in conference it will only be the $50 million to be resolved. So I say that the money is needed. It can be effectively used and I hope that the Senate will adopt the amendment.

So I yield back the time on that amendment.

The PRESIDING OFFICER. Is all time yielded back?

All time is yielded back. Under the previous order the Senator from West Virginia is recognized to offer another amendment.

UP AMENDMENT NO. 756

Mr. ROBERT C. BYRD. Mr. President, I send the second amendment to the desk and ask that it be stated by the clerk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), for himself and Mr. HART, proposes an unprinted amendment numbered 756.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 71, following line 14, insert the following: Sense of the Congress Resolution on the Navy of the United States.

It is the Sense of the Congress that—

(1) a larger and stronger American Navy is needed as an essential ingredient of our armed forces, in order to fulfill its basic missions of (a) protecting the sea lanes to preserve the safety of the free world's commerce, (b) assuring continued access to raw materials essential to the well-being of the free world, (c) enhancing our capacity to project effective American forces into regions of the world where the vital interests of the United States must be protected, (d) engaging the Navy of the Soviet Union or any other potential adversary successfully, (e) continuing to serve as a viable leg of our strategic triad, and (f) providing visible evidence of American diplomatic, economic and military commitments throughout the world.

(2) In order to conduct the numerous and growing missions of the modern American Navy, a goal of a Naval inventory of approximately 600 active ships of various types by the end of the century at the latest, is highly desirable, the exact figure to be flexible to accommodate new designs as the specific details of our Naval missions evolve to meet various contingencies.

(3) The Secretary of Defense comply with Section 808 of Public Law 94–106, the Department of Defense Appropriation Authorization Act of 1976, which requires him to "submit a five-year naval ship new construction and conversion program . . . concurrent with the submission of the President's budget" each fiscal year, in order that the Congress may more properly appropriate the funds necessary to reach a 600-ship goal at least by the end of the present century.

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that the vote will be on this amendment and that therefore there will be no amendment in order to the amendment. The vote will be on the amendment itself.

Is that agreeable to the ranking manager of the bill?

The PRESIDING OFFICER. The agreement was for an up-and-down vote precluding a motion to table but does not preclude any second-degree amendment.

Mr. RUDMAN. It is my understanding that the Chair has stated correctly my understanding. It is my further understanding the minority leader is asking whether or not we would enter into another unanimous-consent request barring further amendments.

Mr. ROBERT C. BYRD. Yes.

Mr. RUDMAN. I wish one moment to look at this amendment which I just received.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I do apologize to my friend from Mississippi. He is correct and I should have cleared with him the requests that I received, but since we were trying to work this out it seemed to be just as easy to let the Senator from New York speak as to have a quorum call which could have confused it more.

I am trying to work out with the distinguished minority leader an amendment, I might say, and I would invite the Senator's attention to this as we have got it.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time? If neither side yields time, time will run equally against both sides.

Mr. ROBERT C. BYRD. Mr. President, how does the amendment now read, may I ask the Chair or have the clerk begin the reading of the amendment?

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk read as follows:

On page 71, following line 14, insert the following: Sense of the Congress Resolution on the Navy of the United States.

It is the Sense of the Congress that—

(1) a larger and stronger American Navy is needed as an essential ingredient of our armed forces, in order to fulfill its basic missions of (a) protecting the sea lanes to preserve the safety of the free world's commerce, (b) assuring continued access to raw materials essential to the well-being of the free world, (c) enhancing our capacity to project effective American forces into regions of the world where the vital interests of the United States must be protected, (d) engaging the Navy of the Soviet Union or any other potential adversary successfully, (e) continuing to serve as a viable leg of our strategic triad, and (f) providing visible evidence of American diplomatic, economic and military commitments throughout the world.

(2) In order to conduct the numerous and growing missions of the modern American Navy, a goal of a Naval inventory of approximately 600 active ships of various types by the end of the century at the latest, is highly desirable, the exact figure to be flexible to accommodate new designs as the specific details of our Naval missions evolve to meet various contingencies.

(3) The Secretary of Defense comply with Section 808 of Public Law 94–106, the Department of Defense Appropriation Authorization Act of 1976, which requires him to "submit a five-year naval ship new construction and conversion program . . . concurrent with the submission of the President's budget" each fiscal year, in order that the Congress may more properly appropriate the funds necessary to reach a 600-ship goal at least by the end of the present century.

Mr. ROBERT C. BYRD. Mr. President, I yield myself such time as I may require.

Mr. President, I am offering a sense-of-the-Senate resolution on the American Navy. It has been obvious for a number of years that disturbing trends have beset our maritime capability. Our shipbuilding capacity has diminished over the years. Our commercial carriers cannot compete effectively with foreign carriers without subsidies, both in construction and operations.

Our fighting naval forces have decreased steadily. Today we have about 450 active naval vessels; 10 years ago we had about 700. In the meantime, the Soviet Union has changed the missions, composition, and size of its navy. The Soviet Union has about 1,000 combatant ships, well over double the U.S. number. Their forces are not strictly comparable to our own. They have not built the formidable aircraft carrier that we have.

Nevertheless, they have built a "blue-water" navy, able to operate on a sustained basis in the far-flung waters of the globe. They have steadily increased operations in our back yard, the Caribbean, and have slowly but surely developed a naval relationship with Cuba. They have formidable fleets in the Mediterranean, North Atlantic, and Pacific Oceans.

I think all Senators will agree that unmatched naval forces are not a luxury for the United States. We are an island nation, our principal allies in the NATO alliance all lie across the ocean; we have vital commitments in the Far East; we are trying to establish a viable naval presence in the Persian Gulf.

Our Navy has many functions. Traditionally, it has had to safeguard the sea lanes for American and free world commerce and assure continued access to raw materials essential to the health of the Western economies.

It has had to fulfill many military assignments, including serving as a viable leg of our strategic Triad, preparedness to engage any enemy naval force successfully, and conducting various operations in support of our diplomatic and military commitments around the world.

These functions are now being supplemented with new taskings to project effective and sustainable forces in new areas of the globe, new environments and not always with the nearby support of reliable allies.

In the face of these traditionally demanding requirements and new taskings, it was clear that renewed attention to the state of our Navy has been in order. I thought, Mr. President, that the very dramatic testimony of our new naval leaders during the opening months of the present Congress would bring some needed change. Both Navy Secretary Lehman and Chief of Naval Operations Admiral Hayward testified to an alarming deterioration of capacity in our Naval Forces.

Admiral Hayward, for instance, stated in Senate testimony on February 5, 1981, that:

For the first time in anyone's recollection, the U.S. Navy is unable fully to meet its peacetime commitments.

He said that:

Our margin of comfort is totally gone. We are operating at the ragged edge of adequacy

when it comes to our globally disposed Naval Forces. We have been able to manage only because our forces have not been subjected to the added stress of combat anywhere in the world.

The theme was that we have too few battle groups to cover too many commitments, too many oceans, too many contingencies. He went on to say that:

The situation today is so murky one cannot, with confidence, state that the U.S. possesses a margin of superiority. If we do, it is so cloudy and tenuous as to be unreliable—both as a deterrent and as assurance of our ability to prevail at sea in a conflict with the Soviets.

The Secretary of the Navy testified that over the last few years, the Soviet Union has built almost three times as many major warships as we. "During this period, they have constructed at least 18 classes of surface warships and submarines. In comparison, we are presently building seven, three of which derive from a single design."

The result of the steady imbalance of effort between us and the Soviets in this area leads to the assessment by the present Secretary of the Navy that "after more than a decade of these adverse trends, I believe that our former narrow margin of superiority is gone. I believe that in some circumstances the Soviets can militarily interfere with our access to vital requirements simultaneously and can reasonably be judged able to prevail in at least some of those areas."

It is true that the American Navy still possesses considerable advantages over the Soviet Navy. We still have greater than a two-to-one advantage in total tonnage. Our ability to operate is far superior in many important respects. Perhaps most importantly, we carry our air cover with us on our carriers.

But the Soviet Navy also possesses advantages that we do not have. For instance, 15 sorts of surface warships and submarines carry at least one kind of cruise missile. Soviet strategy seems designed to seize and secure initiative with a single killing salvo. Missile-carrying surface ships and submarines, moving without tactical formation, could trigger surprise preemptive strikes. We do not as yet have an effective defense against this threat.

Soviet naval developments are moving rapidly and should not be underestimated. Recently, the Soviets have launched a giant 30,000-ton ballistic missile submarine, dubbed the "Typhoon," one that is far bigger than its U.S. counterpart, the 18,000-ton Trident.

U.S. naval analysts have been repeatedly surprised by the size and ambitious designs of the vessels that are now fleshing out the Soviet Navy. They have also deployed the world's deepest-diving, fastest and only titanium-hulled submarine.

Indeed, intelligence sources have been quoted in the public press that the Russian submarine-building complex is the world's largest, producing at a rate of six to eight boats every year. We produce less than half that.

If they are behind in aircraft carriers, they will not be behind indefinitely. Although they have nothing to match our fleet of 12 supercarriers, they have already launched two smaller carriers, which are about one-third the size of our own, and are scheduled to commission two more within the next 3 years.

They handle vertical take-off and landing aircraft, a development some of our naval experts in the Senate believe the United States ought to investigate for our own carrier forces.

The administration stated on many occasions that one goal, one benchmark that we could use to revitalize our Navy, was to increase the pace of shipbuilding so that we had at least the minimum number of naval units available to try to meet our many commitments more adequately and without straining our resources to the bitter end. The administration talked about a 600-ship Navy.

Indeed, published reports indicated a 700-ship Navy was being looked at by sometime in the 1990's. According to a report in the Washington Star on March 28, 1981:

Secretary Weinberger was considering a plan that could initiate the most ambitious U.S. shipbuilding program since World War II—a program aimed at increasing the Navy's fleet to between 700 and 800 ships within 15 years.

According to that article, by Mr. John Fialka:

A Navy source said that, in light of the growing Soviet naval threat, the 700- to 800-ship Navy is under serious consideration.

He said:

The 600-ship Navy was merely used as a "benchmark," the minimum the Navy ought to have.

The Secretary of the Navy and others indicated that a 600-ship Navy, at least, would be a goal worth pursuing.

Mr. President, we do not have any real concept of what kind of Navy this administration is contemplating. How many ships? What kind of ships? Yes, we have a few ideas. We have endorsed the concept of bringing battleships out of mothballs as new multimission platforms. We are endorsing new supercarrier construction. But the details of the long-range naval plan have simply not been made available.

Mr. President, the details of such a plan are legally required to be submitted every year with the administration's budget submission. The legal requirement was laid down in 1977 in the Department of Defense Authorization Act, section 808. The Secretary of Defense must, according to that section, submit his revisions of the 5-year naval ship new construction and conversion program "concurrent with the submission of the President's budget." Each year, this 5-year revision has not been submitted to the Senate, by the present administration, so far as I am aware.

That is understandable, to some extent. The new administration needed time to get going. But it is now December. A new budget cycle is about to begin.

I hope that we have not established a precedent here. We expect to receive the administration's plan with the new budget—we would like to have it right now. But 1 year of grace in this area should not be taken as carte blanche to never give the Senate any sensible long-term plan in the naval area.

A 600-ship Navy is an adequate goal to start with. Some say it is too ambitious. Certainly it should be somewhat flexible because new designs will inevitably bring different numbers of types of ships, according to the needs and requirements of the new commitments we are entering into in the world. But as an approximate number to shoot for, 600 has generally been regarded as a good strong goal.

I am concerned that instead of moving toward that goal, however, we are not making any progress at all. The rhetoric concerning the need for new ships has not been matched by the hard realities in this bill. This bill provides for $9.2 billion in shipbuilding funds. I do not fault the subcommittee. The administration's revised budget request asked for some $1 billion less than that. But put this in perspective. Studies done in the Senate indicate that the funds needed to achieve a 600-ship Navy by the year 1992 would amount to about $25 billion per year, every year. Even if we were to defer our 600-ship goal to the year 2000, more than $18 billion per year would be needed.

This is if the general mix of ship types that are currently in our inventory is carried forward. I think we should be creative, we need new designs, but we certainly need many more of the general types of ships that we are currently operating.

If we are to achieve the goal of a 600-ship Navy by 1992, the annual cost in 1982 constant dollars, according to the Armed Services Committee staff study, will be about $25.5 billion, of which about $19.5 billion would have to be dedicated to battle group and convoy-related ships, and $6.0 billion to strategic submarines, amphibious and support ships.

If we are to stretch our 600-ship goal to the year 2000, then about $18.5 billion per year would be needed, of which $12.5 billion would go to the battle group and convoy-related ships and $6.0 billion to strategic subs, amphibious, and support ships.

We could go into considerable detail on this, but there are some very serious problems which must be overcome to reach our goal. The aircraft carrier inventory, for instance, will require 11 replacements or service life extensions in 13 years, a very ambitious and expensive program.

Second, the nuclear attack submarine building program will have to be increased from the present rate of 2 to 5 per year. Third, the cruise guided missile destroyer forces present a very formidable challenge. To meet the 1992 schedule, we would have to build 10 per year versus the current rate of 3.

How much is in the bill before us for Navy shipbuilding? The figure is $9.2 billion. This is only about one-half the money needed if we want a 600-ship Navy by the end of the century. The current administration's program is not substantially different from the previous program.

Last year, we authorized 18 new construction Navy ships, 11 of them combat ships. This year, it is 17 new construction ships, 8 of them combat ships, as well

as the refit of 2 battleships. For a 600-ship Navy, we would need somewhere around 25 battle group and convoy-related ships alone, not counting submarines, amphibious ships and supporting ships and aircraft.

The resolution I am offering is very straightforward. It recognizes the expanding commitments we are calling upon our Navy to make, its multitude of roles, and expresses support for an expanded Navy of approximately 600 ships by at least the year 2000, which is a flexible goal depending on new designs and the specific details of our naval missions as they evolve to meet new contingencies. It asks the Secretary of Defense to comply with the law in submitting his new changes to the naval shipbuilding program concurrent with the administration's budget submission.

This is a modest resolution. The goal endorses the program we all believe reflects the administration's thinking and has broad congressional support. It asks that the necessary details be provided to the Congress as is mandated by the law.

I ask for the adoption of the amendment.

Mr. President, I ask unanimous consent to modify the amendment in the following fashion: Line 24. after the words "Authorization Act of 1976," strike the remainder of line 24. the entire line 25. the entire line 26, and the words on line 27 "fiscal year.".

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

Mr. STEVENS. Mr. President, I commend the minority leader for submitting this amendment at this time. I consider it to be an amendment which expresses support for the bipartisan goal of a 600-ship Navy.

Since 1977, the administration commenced submitting the 5-year shipbuilding plan. In 1982, the Carter administration came forward with a new 5-year plan. In March, the administration submitted a budget amendment which involved a change in the profile of the plan for future years in some regard.

I am informed that in January 1982 the administration does plan to submit its 5-year shipbuilding program to accompany the fiscal year 1983 budget. The Department of Defense has, in my opinion, complied with existing law which provides that after the submission of a 5-year plan, as was required in 1976 for the fiscal year 1977 year, the Secretary of Defense "shall report to the Committee on Armed Services in the Senate and the House of Representatives any changes to such a 5-year program as he deems necessary for the current year and for succeeding years, based upon, but not limited to, the alterations in defense strategy in the United States and advances in technology."

The deletion that has been made in the amendment, through the modification offered by the minority leader, does make this resolution track the existing law and does comply with the announced intention of the administration as far as the 5-year plan is concerned.

Mr. President, let me sound a note of caution. The Senator is correct. There is $9.2 billion in this bill for new shipbuilding. There is substantial money for ship conversion and modification. But the amount of money that is in this bill ought to be a warning, because it is the tip of an iceberg. In this bill there is $2.4 billion in operation and maintenance funds for steaming hours. Now, that item has been under attack and I believe it is a justifiable difference of opinion. But it is not necessary to have complete, full-time steaming hours on existing vessels in order to be prepared.

What we must do is what this amendment indicates, and that is direct our efforts toward rebuilding our Navy. We are in the situation where only 20 percent of the Russian Navy is more than 20 years old; 80 percent of the U.S. Navy is more than 20 years. So this amendment strikes at the heart of one part of the administration's modernization program; that is, the modernization program as far as the Navy is concerned and the commitment to a 600-ship Navy by the end of the present century.

We can do that if we do not put too much money into operations and too much money into modernizing old vessels and put more money into the acquisition of high technology new vessels.

As the Senator's amendment notes, the specifics of 600-ship Navy by the year 2000 must remain flexible and must adapt to technological change. I believe that the bill we have presented—and I stated this at the outset of this on Monday, the outset of the consideration of this bill—is a resounding endorsement of this administration's goal of a 600-ship Navy.

I am pleased to see the Senator from West Virginia come forward, almost in a Vandenberg-like spirit, to say this is a bipartisan goal. We are happy to be in the position to accept this amendment and to urge every Member of the Senate to endorse it. It does comply with existing law and it does track the announced intention of not only the past administration but of this new administration to modernize our Navy.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. ROBERT C. BYRD. Mr. President, inasmuch as the distinguished Senator has indicated a willingness to accept the amendment, I ask unanimous consent, in order to accommodate our colleagues who must be on airplanes soon, that the rollcall vote previously ordered on the second amendment be vitiated.

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

Mr. ROBERT C. BYRD. I yield back my time.

Mr. STEVENS. Mr. President, I inquire if that means the only remaining vote on amendments would be the vote on the first amendment offered by the distinguished minority leader, the amendment to restore money to the Stealth program? Am I correct?

The PRESIDING OFFICER. That will be the only rollcall vote.

Mr. STEVENS. Has there been a rollcall ordered on final passage?

The PRESIDING OFFICER. There has not been.

Mr. STEVENS. Mr. President, I ask that it be in order to order a rollcall vote on final passage of the bill.

The PRESIDING OFFICER. It is in order at this time.

Mr. STEVENS. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask that the first rollcall vote not go beyond 15 minutes so as to accommodate our colleagues.

Mr. STEVENS. I believe that is in order. The matter has been adequately debated. I am prepared to yield back the remainder of my time and to announce that there will be a 15-minute rollcall and it will be terminated at the end of 15 minutes.

Mr. STENNIS. Will the Senator yield?

Mr. STEVENS. I do not yield back the remainder of my time. The distinguished Senator from Mississippi is entitled to time under that agreement.

ROLLCALL VOTE ON UP AMENDMENT NO. 755

The PRESIDING OFFICER. The question is on agreeing to amendment No. 755 offered by the Senator from West Virginia (Mr. ROBERT C. BYRD). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Michigan (Mr. RIEGLE), and the Senator from South Carolina (Mr. HOLLINGS) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. DECONCINI) and the Senator from Michigan (Mr. RIEGLE) would vote "yea."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 36, nays 53, as follows:

[Rollcall Vote No. 455 Leg.]

YEAS—36

Baucus	Ford	Mitchell
Bentsen	Hart	Moynihan
Boren	Heflin	Nunn
Burdick	Huddleston	Pell
Byrd, Robert C.	Inouye	Proxmire
Cannon	Jackson	Pryor
Chiles	Kennedy	Randolph
Cranston	Leahy	Sarbanes
Dixon	Levin	Sasser
Dodd	Matsunaga	Tsongas
Eagleton	Melcher	Williams
Exon	Metzenbaum	Zorinsky

NAYS—53

Abdnor	Glenn	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Packwood
Baker	Hatch	Percy
Boschwitz	Hatfield	Pressler
Bradley	Hawkins	Quayle
Byrd, Harry F., Jr.	Heinz	Roth
Chafee	Helms	Rudman
Cochran	Humphrey	Simpson
Cohen	Jepsen	Specter
D'Amato	Kassebaum	Stafford
Danforth	Kasten	Stennis
Denton	Laxalt	Stevens
Dole	Long	Symms
Durenberger	Lugar	Thurmond
East	Mathias	Tower
Garn	Mattingly	Warner
	McClure	Weicker

NOT VOTING—11

Biden	Goldwater	Riegle
Bumpers	Hayakawa	Schmitt
DeConcini	Hollings	Wallop
Domenici	Johnston	

So Mr. ROBERT C. BYRD's amendment (UP No. 755) was rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia (Mr. ROBERT C. BYRD).

The amendment (UP No. 756) was agreed to.

Mr. GRASSLEY. Madam President, on November 30, 1981, Senator HARRY F. BYRD, JR., the distinguished senior Senator from the Old Dominion State of Virginia, announced his decision not to seek reelection to the U.S. Senate. I received this message with great sadness, and yet am pleased that Senator BYRD's term of office does not expire until 1983.

Senator BYRD's detractors have attacked him on occasion for holding dear many principles which I also hold dear. During his service in the Senate he has remained a firm and persistent advocate for fiscal responsibility in government. In essence, the Senator has been a valuable friend of the beleaguered American taxpayer. I have sought to apply those same principles of Federal stewardship which Senator BYRD and my predecessor in the House, Mr. H. R. Gross, have so faithfully stood by throughout the years.

The present movement in Congress to bring Federal spending under control is in many ways so strong because of the groundbreaking, consistent, and tireless work of Senator BYRD and others.

I consider it a great honor to have worked closely as Congressman from the Third District of Iowa with Senator BYRD during the 95th Congress to gain passage of the so-called Byrd-Grassley amendment. That measure stated that:

Beginning with fiscal year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

Senator BYRD's careful and determined legislative work led to passage of that amendment to International Monetary Fund legislation. I very strongly approved of the inclusion of that amendment to balance the Federal budget in 1981 and was successful in stimulating a favorable House vote to include it in the final bill which became Public Law 95–435.

Passage of that amendment to balance the budget was a significant historic step. It was one of the first clear affirmations in recent years passed in the Congress to express a principle which the American people want and deserve to have applied in legislation—that the U.S. Government should not, and cannot without disastrous economic and social results, live beyond its revenues. In short in 1978 we were attempting to reestablish confidence in the economy and Senator BYRD's economic insight is even more valuable today.

The efforts in Congress today to reduce excess Federal spending and balance the Federal budget clearly build upon the foundation set by Senator HARRY F. BYRD's invaluable efforts during his terms in the U.S. Senate.

Mr. STENNIS. Madam President, we have had a genuine and an illuminating debate that has been clear cut, mostly crisp, and to the point. The pros and cons were most capably represented by Members who knew the facts and understood the subject matter.

I insisted that the bill be brought to the Senate floor, where it would be subject to debate and amendment in the regular way and would be the only subject matter up for debate at the time.

I am highly pleased that this situation has prevailed, rather than have the bill crammed in as a part of a continuing resolution, with all the distractions.

Madam President, all the major votes on amendments showed the solid support, with strong margins, in favor of every phase of our weaponry and all phases of military preparedness. This shows solid support for the President's position in his negotiations for meaningful limitations and restrictions on strategic weapons and related agreements. With this support, he will be able to negotiate from strength. The American people expect the President to be firm, which I have every reason to believe he will be. Actually, there is no real division between Congress and the people.

I greatly deplore the violations with this bill, in many instances, of the rule requiring express authorization for military weaponry and other items. This practice will gradually break and even destroy our committee system in the Senate. In a more normal year, we must return to a strict adherence to the system requiring authorizations.

Madam President, I commend those who have labored long and hard on this bill, especially the Senator from Alaska (Mr. STEVENS) and the Senator from Oregon (Mr. HATFIELD).

BUDGET-BUSTING DEFENSE APPROPRIATIONS BILL

Mr. PELL. Madam President, there are many excellent and long overdue initiatives in the 1982 Defense appropriations bill before the Senate today. There is much in this bill that I wholeheartedly support. I have concluded, however, that the overall level of spending in the bill is so excessive and unjustified by our real military needs that I cannot support final passage of this legislation.

This bill would appropriate a single year increase of 22 percent in our defense budget, from $171 billion in fiscal 1981 to $208 billion in fiscal 1982. The amount contained in the Senate bill is $11 billion more than approved by the House of Representatives and $8 billion more than requested by the President for military spending. I seriously question whether the Pentagon will be able to manage a single year increase of $37 billion without hasty, wasteful and unwise spending. In my view, $208 billion is an unconscionable level of defense spending unjustified by our present military needs and certain to contribute to the soaring Federal deficit that is at the root of our national economic crisis.

My vote against this bill is a reluctant one, because there is much in it that I strongly support. The committee has included $330 million in advance procurement for the Trident submarine program, a level I strongly support and one which I hope will be sustained in conference. This long lead funding is necessary to maintain the production of Tridents at the steady rate advocated by President Reagan. The Tridents are the most survivable and effective nuclear submarines ever built and I believe the committee has acted commendably in providing an adequate level of advance procurement funding in the absence of an authorization for the ninth and tenth Tridents.

Of particular importance to the future of the Trident program is the $239 million in the bill for research and development of the Trident II missile. I have previously urged the administration to accelerate the development of the Trident II and to consider a sea-based Trident II as an alternative to further development of the MX.

The Trident program is critical to our future national security, yet it should be noted that the amount of funding for the Trident program is less than 1 percent of the overall total of this bill.

The bill also contains $953 million for the construction of two additional SSN–688 *Los Angeles* class submarines. The continued production of attack submarines at the rate of two per year is strongly in our national defense interest, and I support this extremely important naval procurement.

I especially commend the committee for its inclusion of $300 million to supplement the capital improvements program of the Coast Guard. This initiative is a welcome recognition of the Coast Guard's role as member of our Armed Forces. This money will enable the Coast Guard to procure the vessels, aircraft and other equipment desperately needed to permit satisfactory performance of the enormously widespread military and civilian role the Congress has given to our "second Navy."

There are many other elements in the bill directed at conventional force modernization and improved readiness capability that are commendable and long overdue. The bill, however, is weighted down by more than $3.7 billion for the purchase of B–1 bombers and development of the MX missile. Both of these programs, in my view, are unjustifiable because of their immense long range costs and marginal addition to our national security. The value of the additional security we will supposedly be buying is not, in my judgment, equal to the enormous long term investment of tax dollars.

For these reasons, I have decided to oppose passage of this appropriations bill. There is much that is good in it and I am as mindful as any other Member of this body of the need for significant real growth in the defense budget. This bill, however, goes well beyond what is necessary for readiness to meet the current military threat, and for modernization of our conventional and strategic forces. A 22-percent in defense spending is foolhardy in light of the economic realities that confront us and is not a sane economic or military course for our country to follow.

Two weeks ago, the President vetoed a continuing appropriations resolution because it provided about $2 billion more in spending than he had requested for the entire Government. We are today acting on a single appropriations bill that is $8 billion above the amount requested by the President for one department of Government. If ever a bill were a budget-buster, this is it.

This appropriations bill now must be acted on by a House-Senate conference committee. I hope the conference committee will produce a bill that provides the increased funds really needed for a sound national defense, without the excessive budget-busting increases included in the bill now before the Senate.

FISCAL YEAR 1982 DEFENSE APPROPRIATIONS BILL IS $8 BILLION OVER BUDGET

Mr. PROXMIRE. Madam President, I intend to vote against this defense appropriations bill on budgetary grounds. Simply put, this bill exceeds the recommendations of the Reagan administration by about $8 billion. No one can accuse the Reagan administration of proposing a defense budget that is inadequate for our needs. The bill before us is a full $38 billion over the appropriations bill for fiscal year 1981. Now $38 billion is not an insignificant sum. It amounts to adding the entire Department of Labor budget to last year's defense appropriations. This is about a 22-percent increase over last year. No other budget has been so favorably treated. And perhaps no other budget needed such a large increase so that our military pay rates could be improved, our production rates accelerated and our modernization programs enhanced.

But to add an additional $8 billion to this mammoth sum, over and above the budget, is just too much to accept.

I understand the need to fund the already approved pay increase. I recognize the need to provide for a realistic inflation rate. But I do not accept the proposition that the President has submitted to the Senate a budget that is so woefully inadequate that we must add $8 billion to it. If increases are necessary for military pay and inflation, then we must find less critical areas to reduce spending at the same time. In a budget that has exploded by $38 billion in one year, surely no one can argue without some hint of discomfort that there is no room for more savings.

We cannot have two definitions of discipline in this country—one for the domestic agencies, the other for defense and foreign aid. If all Americans have been called on to sacrifice, then all agencies must share in the cost-cutting effort.

This bill gives the appearance that the Senate has a double standard—anything for defense without question but the most careful scrutiny of all domestic programs. In fact we should apply the same standards of questioning and investigation to the defense budget as the domestic budgets. We must be fair and evenhanded.

One of the worst aspects of this bill is the more than $100 million included in advance funding for potential overruns in the MX and the B–1. This precedent-setting provision removes any basis for discipline in defense contracting. It hands the contractors $100 million above the cost provided in the contract, above inflation—beyond what the President, the Secretary of Defense or the Air Force called for. Such a practice will hurt the budget and actually weaken our military by destroying the incentive to hold down exploding procurement costs.

Madam President, if this bill comes out of conference with the House at a level reasonably close to the President's request, and with the advance overrun deleted, then I will join in its final passage. But I cannot vote for this measure so far over budget and, at the same time, vote against other budgets over budget. There must be consistency in our budget process and that consistency demands that we treat all budgets alike. If they are over budget, they should be rejected by this body.

Madam President, it has been a long, grueling week, and while I could not vote for the final product, I commend my friends for their excellent handling of this bill. Indeed, I commend all my colleagues for the care and diligence with which they participated in this debate.

But I believe history will view it as a regrettable week because in this $208 billion bill, the largest appropriation for the Department of Defense in our history, we have shortchanged our defenses.

Instead of producing a balanced bill that would have carefully shored up the weaknesses in our strength—whether they were real or perceived—we have added to those weaknesses.

Instead of providing the President with the conventional manpower and equipment needed to project our presence into such vital areas of the world as the Persian Gulf, we have reduced those forces from the March budget and from the Senate authorization bill, before conference.

Instead of pushing ahead with the development and procurement of a major new weapon, the Stealth bomber, that uses the kind of advanced technology that has been the genius of America, we have taken actions which will slow that plane's development and instead build a 10-year-old bomber that will be obsolete within a few years after it is operational.

Instead of stopping the development of an MX missile until we know how it will be based, we are continuing to allow the missile to drive the basing mode and drive our strategic nuclear policy.

We have truly lost control over the MX missile. The missile size will decide the basing mode, instead of the basing mode affecting the missile's configuration.

Instead of forcing the administration to make a final decision on that MX basing mode, we shall continue to pour hundreds of millions into more studies. If studies could frighten the Russians, they would be quaking in their boots.

Also, this bill detracts from our strength at the same time it appropriates some $7 billion more than President Reagan requested. In fact, if the President is sincere in keeping the appropriations total within the guidelines he has established, he should veto this bill.

Many of us have not been very successful in having our ideas included in this bill.

What we have done successfully, however, is show that there is an alternative which says yes to readiness, yes to conventional strength, yes to rapid deployment, yes to the advanced technology bomber while saying "no" to second rate or wasteful nuclear systems.

I have no doubt of the sincerity of my colleagues who have succeeded in fashioning the kind of defense bill they wanted. I realize they believe they have fashioned a bill that will best protect the interests of the United States. I do doubt that the protection provided is the best protection or the most efficient protection.

I fear that by this bill we have distorted our Armed Forces by placing far too much reliance on the militarily inferior nuclear deterrent and far too little reliance on the conventional military strength that I think will be necessary to protect our national security without our having to resort to nuclear threats to deter aggression.

One of the most disappointing votes was the loss of the Proxmire amendment to strike the cost overruns actually built into the MX and B–1 by the bill.

The debate on this bill focused on militarily inferior and poorly conceived B–1 and MX nuclear systems against important military readiness needs.

Although the votes were lost, I believe the debate was useful. But the votes on those key issues being what they were, I cannot vote for final passage despite many good and needed other aspects of the bill.

Mr. LEAHY. Madam President, consideration of H.R. 4995, the fiscal year 1982 Defense appropriations bill, represents the first critical legislative test of the Reagan administration 5-year, $1.5 trillion defense plan.

The administration's plan is, by all accounts, extraordinarily expensive. If adopted in full, the $1.5 trillion defense program will have far-reaching effects on the Nation's economy and on nondefense Government services. It will place tremendous demands on our Nation's economic resources, effecting dramatic shifts in private sector investment patterns. If approved in full, it will force a wholesale reordering of national budget priorities.

The economic and spending priority issues raised by this bill, though vitally

important, must not be debated to the exclusion of critical defense policy questions. This bill in effect demands that we pass judgment, today, on a military strategy which will govern for decades our search for peace and security in this perilous age.

Madam President, I identify five fundamental questions which must be addressed as we shape the fiscal year 1982 Defense appropriation bill:

First. National security cannot be divorced from a vital and prosperous economy. Can the enormous Defense budget before us—$8 billion higher than the administration's September request—be financed without incurring enormous future budget deficits, and higher inflation and interest rates, and without substantially depressing the standard of living for millions of Americans?

Second. Will the commitment of vast funds for such programs as the B–1 bomber and deployment of MX missiles in hardened silos provide adequate long-term protection against the Soviet nuclear threat, and will expenditures here deflect funds needed to move ahead rapidly with the next generation of strategic weapons, such as the Stealth bomber?

Third. Do the proposed budget allocations provide sufficient support for force readiness, manpower and training, and supply requirements, or will these relatively "unexciting" components of an effective military establishment again be shortchanged at the expense of costly and untried strategic systems?

Fourth. Has every effort been made to eliminate cost overruns, and to reform wasteful procedures so frequently found within the Defense Establishment?

Fifth. Have we paid proper attention to the need for balance between nuclear and conventional forces, and to the implications inherent in the expansion of our nuclear deterrent on prospects for fruitful negotiations with the Soviet Union to curb the arms race?

Drafting a Defense appropriations bill which strikes the proper balance between competing economic and defense needs is never easy. Given the present budget squeeze, and faced with an alarming Soviet arms buildup, the task is particularly difficult this year.

On the one hand, I believe strongly, very strongly, that we must be unswerving in our commitment to a strong defense which will protect our Nation's vital interests. Our defense capability must assure our allies, and warn the Soviet Union, that we will not surrender our freedom or compromise the safety of the free world.

On the other hand, we must not, through excessive defense expenditures, compromise our Nation's economic strength and the well-being of the American public.

I believe the Reagan administration defense plan, at a cost of $1.5 trillion, upsets the proper balance between economic and defense needs, and exceeds the limits of an affordable military strategy.

The administration defense program cannot be evaluated in military terms alone. The national security implications of its effects on the economy, and on nondefense Government services, cannot be ignored.

The $1.5 trillion Reagan administration defense plan was first proposed in March when hopes for "supply-side" economic miracles were running high. The President acknowledged from the outset that his defense plan would be costly—that it would be financed, at least in part, by shifting Government funds from domestic program areas to our national defense. The loss of domestic services was to be minimized, according to the President, by the dramatic growth in Federal tax revenues expected from his supply-side tax cuts and economic policies.

What has happened since March?

The administration's forecast of 5.2 percent economic growth (real GNP) for 1982 has declined to 4.1 percent, to 2 percent, to 1 percent, and we are now mired in a deep recession with no recovery in sight.

The administration's forecast of millions of new jobs and 7-percent unemployment has been abandoned as the unemployment rate has soared to 8 percent. More Americans find themselves jobless today than at any time since the Great Depression of the 1930's.

Although interest rates have eased in recent weeks as the recession has deepened, mortgage rates and other interest rates remain well above last year's levels and well above the single digit levels forecast by the administration in March.

What are the implications of this dire economic news for the budget, and for our ability to afford the Reagan administration defense buildup? I believe the implications are critical, if not catastrophic. We are misleading the American public if we pretend we can afford this defense program given the many failings of current economic policy.

In March, the Reagan administration predicted budget deficits of $42.5 billion and $22.9 billion in fiscal years 1982 and 1983, respectively, and a budget surplus of $0.5 billion in 1984. These optimistic deficit projections were questioned by me and others who felt they could not be achieved given the administration's commitment to a $1.5 trillion defense budget and a $750 billion tax cut.

It is no surprise to me, therefore, that rising unemployment, high interest rates, and the current recession have combined to produce dramatically higher Federal budget deficit estimates.

To be more specific, the five leading private economic forecasters now believe a $90 billion deficit in fiscal year 1982 is more likely than the $43.5 billion deficit forecast by the administration in March. They predict a fiscal year 1983 deficit of $120 billion. And they believe the balanced budget the President has promised for 1984 will give way to a deficit of $130 billion more.

Madam President, without major change in the current administration's economic policies, without improvement in the $300 billion budget deficit outlook, I submit that we cannot afford a $1.5 trillion defense program. The high interest rates and inflation that result from deficit-financed defense spending of this magnitude would far outweigh the national security gains. The declining American productivity and competiveness in world economic markets which would result from the diversion of hundreds of billions of investment dollars into weapons stockpiles would undermine our economic strength and our national security.

The implications for domestic government services of a $1.5 trillion defense program at a time of soaring budget deficits are equally troubling.

In March, with rosy economic forecasts, the administration proposed an increase in the defense share of our national budget from 24 to 32 percent by 1986. The share of spending for the environment, for education, training, and employment, and for other nondefense needs would have been cut in half under the March budget proposals. As the economy has faltered and the deficit projections swelled, the pressure on the nondefense areas of the budget has intensified.

The President has not yet acknowledged the reality of the $300 billion deficit problem he has created. He has, however, reconfirmed time and again, his unwillingness to reconsider his $1.5 trillion defense plan or his $750 billion tax cut.

The implications of the President's current position are frightening. Either he must propose another $300 billion in domestic spending cuts—cuts which would literally dismantle the Government and break faith with the millions of Americans who depend upon Government retirement, health, housing, and food benefits. Or, he must accept huge deficits and the soaring interest rates and inflation that inevitably accompany such deficits. This is not a "zero sum game" we are playing. It is a negative sum game.

Madam President, the ongoing battle between Congress and the President over 1982 spending levels illustrates the painful tradeoffs between defense and domestic budget needs that have been virtually assured by the Reagan economic policies. Last week the President vetoed the $428 billion continuing appropriation resolution because it fell $2 billion short of his goal for 1982 spending cuts. The defense spending level recommended in the bill he vetoed was $196 billion. The Defense appropriations bill before us today recommends $208.5 billion for defense—some $12.5 billion more than the bill the President vetoed, and nearly $8 billion above his own September defense spending proposal.

Will the President veto this bill if we approve it in its present form? Will he sign this bill, and propose additional cuts of $8 billion or $12.5 billion in domestic programs? Or is the President willing to accept another $12.5 billion in budget deficits, as long as they are incurred in meeting defense, and not domestic spending requirements.

I do not know the answers to these questions. I do know that we are facing budget deficits in excess of $300 billion over the next 3 years. I do know that cuts in domestic programs beyond the

$31 billion already approved cannot be achieved easily or painlessly.

We must acknowledge these facts. We must acknowledge that soaring budget deficits, and growing public and congressional opposition to further domestic budget cuts, raise serious questions about our Nation's willingness and ability to support a $1.5 trillion defense budget over the next 5 years.

In 1982, faced with a deficit projection of $90 billion plus, can we afford a defense bill which is $8 billion above the President's request?

In 1986, when revenue loss from the Reagan administration tax cut reaches $255 billion a year, can we afford a defense budget of $350 billion?

I think not. We cannot overlook today's economic and budget realities. We must adopt a defense budget which is strong, and yet one which is affordable—one which will not bankrupt our economy and decimate Government services. We must avoid the tremendous waste that will follow if we ignore today's realities and embark upon a boom and bust cycle of defense expenditures.

History instructs us that societies can eventually weaken themselves as easily by neglecting the well-being of their people as by foregoing increased expenditures on armaments. I am distressed to think that the next generation of Americans may lack in education, in good diet and health care, and in access to basic human services that they need to sustain our political process and economic system. In such a case, it will do no good to compensate for such deferences by putting an enormous arsenal of destructive weapons at their command.

Madam President, the second of my major concerns with the spending bill is this: Does it allocate funds in a manner most consistent within our actual defense requirements?

I think not. Consider the examples of the B–1 bomber and the MX missile. Construction and deployment of these weapons will not, in my view, add substantially to our defense strength. And yet the cost of these weapons is enormous. I am convinced that the billions we would spend on the MX and B–1 are better spent on other more necessary, defense needs. I supported amendments to transfer these funds within the defense budget.

A brief commentary on the military worth of these weapons is in order.

First, a fundamental question: Is the B–1 bomber viable?

Advocates of the B–1 believe it would preserve maximum control over the decisionmaking process leading up to a nuclear exchange. This is so, they point out, because the B–1 could be used instead of missiles which we could launch but not then recall. Proponents of the B–1 believe it has performed well in tests and could be available for military use within 3 years.

Maintaining maximum control over the nuclear decisionmaking process is an important consideration, but I must take exception to claims that testing of the B–1 has proven its merits.

The B–1 is extraordinarily costly and projected costs are rising steadily. Estimates have gone from expensive—$200 million per aircraft—to outrageous—$400 million per plane in a single year. Many experts believe that the B–1 will prove to be a vulnerable aircraft. They believe its large size, its poor maneuverability at low altitude, and its electronic emissions make it easily detectable by enemy radar. The Pentagon recently conceded that after 1990 the B–1 bomber may no longer be able to penetrate Soviet air defenses—that pilots assigned to them would in effect be subjected to suicide missions.

Many of these aircraft would have only a couple of years of useful life as a penetration bomber. By proceeding with a $40 billion program to purchase 100 or more B–1 bombers, moreover, we are likely to siphon off funds needed for development of technology for the Stealth or other advanced penetration bombers.

By the Department of Defense's own admission, the B–1 bomber may be able to penetrate Soviet defenses no better than B–52's. It makes no sense to me to invest huge sums in a new strategic bomber which cannot meet defense requirements for more than a few years. It is small comfort to hear proponents advise that the B–1 will have a long afterlife as a conventional bomber. Why spend up to $400 million for such a plane when bombers which cost between $10 million and $30 million would do quite as well?

This bill also recommends that we proceed with another extremely expensive strategic weapons program—one which is equally limited in the number of years of enhanced defense capability it will purchase.

On October 21, 1981, President Reagan announced that he would abandon President Carter's proposal to deploy some 200 MX mobile missiles in 4,600 shelters to be built in Nevada and Utah. Instead, the President proposed to construct 200 missiles, of which 100 would be deployed during the next decade. The first group of missiles—between 38 and 50, would be placed in existing Titan and Minuteman silos.

Would such missiles in hardened silos survive a pre-emptive strike? The debate rages. Some experts doubt whether the United States or Soviet missiles systems would meet the expectations of pinpoint accuracy claimed by their creators. One theory is that launching one of the missiles in "real life" through the magnetic field over the North Pole will deflect missiles from their targets, and thus that East-West tests to demonstrate accuracy do not count for much. Others claim that silos hardened to 5,000 pounds per square inch would adequately protect missiles for the next decade. Reducing inaccuracies in bombing from 6,000 to 300 feet took 10 years, they point out, and further reductions will prove extremely difficult.

Other experts are not as quick to dismiss the threat of Soviet missiles. Intelligence technicians increasingly tend to accept reports that pinpoint accuracy claimed for Soviet inertial guidance systems are founded in fact. They suggest that we have no alternative to the Carter shell game proposal, unless we develop a feasible airborne missiles launch system, or bury the missiles in deep silos on the south side of our western mesas.

In fact, none of the proposed alternatives may work. Airborne and deep silo options have been rejected many times by the Pentagon. Hardening the silos may also prove futile. The Secretary of Defense has conceded that the advantages of hardening will be negated by improvements in Soviet missiles within 7 years.

Given these considerations, I believe we are ill advised to embark on this costly program. By pursuing this stopgap measure, we reveal the poverty of our strategic thinking on defense matters. We throw a great deal of money at an inadequate solution, and we deny resources urgently required to develop new and more durable strategic answers to our defense crisis. We should instead provide only such funds as are needed to continue to development of the MX pending agreement on an effective and affordable basing mode or limitations through a bilateral arms control treaty with the Soviet Union.

My third central concern with this defense bill involves the question of readiness. Simply put, are our military forces equipped to protect our vital interests around the world under a wide variety of possible combat conditions? Can we sustain a "theater" campaign for a year, or even a month, without running dangerously low on essential spare parts? Can our armed services handle our extremely sophisticated "big name" weapons effectively, avoiding numerous logistical problems stemming from their complexity and special uses? Can we deploy a credible force to defend our interests in the Persian Gulf or assist our friends in the Pacific? Could we do both simultaneously?

An unsettling amount of evidence indicates that we cannot do some of these things well and that some cannot be done at all.

We are all familiar enough with the horror stories about chronic shortages of spare parts and about inadequate budgets for training. We hear all too frequently of mechanical and performance problems with our newest generation of tanks and other tactical weapons. We have given in too often to the temptation to develop new weapons too sophisticated and too complicated for use under conventional war conditions. We have reduced the effectiveness of several key weapons systems while plunging ahead with plans to spend heavily on the "weapons of the future." It is intolerable that we must tear down new F–16's to obtain spare parts. It is unacceptable that we must tolerate breakdowns in the M–1 tank every 200 miles, that we must reduce the ammunition stocks of many military units to dangerously low levels, and that we ask our reserve forces to get along with worn-out equipment. It is intolerable that two-fifths of our advanced fighter aircraft are often out of service at any given time, and that the world's largest military vessel—the *Nimitz*—travels the seas 2,000 men under complement.

While we conjure up new ways to spend billions on the development and deploy-

ment of strategic weapons, we have scrimped on money needed for training personnel assigned to critical duties in our defense network. Some of the statistics concerning readiness are worrisome. The backlog in real property maintenance and repair funding has expanded sharply from $2.32 billion in fiscal year 1978 to a projected $3.55 billion by the end of fiscal year 1982. Real property maintenance, as the appropriations committee has aptly noted, has been neglected for so long, and the backlog is accelerating at such a rate, that if definitive action is not realized this fiscal year, allocation of funds for repair and maintenance of these resources in the future may no longer prove cost effective.

In 1981, we spent as much on cost overruns for new systems—$4 billion—as we did for the Army's central supply and maintenance program. For the projected cost of $400 million for a single B–1 bomber, we funded during fiscal year 1981 three-fourths of the Army's real property maintenance program in the United States, or the Navy's flight training program almost twice over. For the cost of four such proposed aircraft we ran the entire Marine Corps program in fiscal year 1981.

We are too ready to commit our limited resources to enormous new weapons systems, and far too reluctant to spend for the requirements of our armed services.

Fourth among my chief concerns with this appropriation bill is the persistence of defense waste and fraud.

I am deeply disturbed that our effort to increase our military strength has not been matched by a dramatic effort to cut waste, fraud and mismanagement in the defense budget. The waste and fraud amendment I offered would have eliminated just $200 million in waste from this bill, but it would have been an important first step.

Defense contractors have too often been encouraged to bid low on contracts with every assurance that price increases would later be allowed. Our military establishment has compounded the problem by "gold-plating," or inserting and paying for improvements after a contract has been awarded. Finally, there are simply too many instances in which contracts have been awarded without competitive bidding. Last year alone 37 major weapons systems under contract to the Department of Defense produced $4.3 billion in cost overruns. This translates into a 29-percent rate of increase per weapon after deducting the rate of inflation. This must stop.

Finally, and perhaps most important, I believe this bill fails to achieve the proper balance that must exist between conventional and nuclear forces. The implications are troubling for our national defense requirements, and for prospects of successful arms controls talks with the Soviet Union.

Can we project a credible conventional strategy in a war mercifully limited at the outset to conventional forces, or must we "go nuclear" to avoid the possibility of the defeat of our armies in Europe or Korea, or the loss of vital interests in other parts of the world? Evidence suggests that a serious imbalance exists between the Soviet bloc's enormous conventional forces in Europe and those under NATO's command. In neglecting our conventional strength, we raise the danger that we might be forced to "go nuclear" almost immediately to meet Soviet invasion challenges in Europe.

The President's effective and welcome speech on November 1, offered to forego deployment of 464 cruise missiles and 108 of the next generation of Pershing medium range missiles in Europe if the Soviet Union would remove 550 SS–20's, SS–5's, and SS–4's from their European launch pads. The President's offer marks a realistic inauguration to the Geneva arms talks which began this week.

Many of our allies and certainly the Soviet Union will conclude that one factor in the President's call for a substantial reduction in arms is his recognition that we cannot spend the enemy into submission.

The $1.5 trillion 5-year defense plan he has proposed was to be financed by a vigorously expanding economy: We are tumbling into recession. The industrial base which he is asking to manufacture an enormous range of new strategic weapons may not be able to do so—and, if it does, it will to the detriment of much of the rest of our industrial base. The marginal value of each new strategic weapon added to our already bloated arsenal of nuclear weapons and delivery systems is minimal. Worst of all, each new system we purchase for ourselves prompts an immediate and equal Soviet response, so that both superpowers opt for guns over serious domestic needs.

Of course, we cannot weaken our military power in the frail hope that the Soviet leadership will join us in a spontaneous move toward disarmament. This will not happen. We can, however, take steps to reduce the chance that we will raise the likelihood of nuclear war and undermine our economy in the pursuit of legitimate defense interests.

Modernization of our conventional forces is one important step we must take. Research and development should be accelerated. Our existing fleet of B–52 aircraft should be equipped with cruise missiles if necessary until more advanced bomber technology, such as the Stealth, is available. The construction of lighter submarines equipped with highly accurate short- and medium-range missiles should be considered before launching a new generation of large, expensive, and possibly less effective boats.

There are no easy answers, but we can and must dramatically improve the management of the Defense budget. We must keep our defense outlays in line with our economic resources. We must forego deployment of massive new strategic systems until we have a more compelling justification than has been put forward until now. We must look again at our readiness problems. We must get a handle on these egregious cost overruns. And finally, we must take a good hard look at the implications of accelerated defense spending on the prospect for our single most important task—the avoidance of a nuclear holocaust.

We enter a winter of increasing discontent about rising unemployment and a faltering economy, about valuable social programs abandoned or eviscerated, about the insensitivity of our political institutions to the Americans' fears of nuclear war. If production of the B–1 and deployment of the MX stand as hostages to a faulty assessment of our defense needs, the idea that we can spend the Soviets into second-class status reflects a misreading of history. A younger generation is demonstrating in Europe against nuclear madness, and our counterparts will join them soon enough. It will not be enough to take shelter behind a trillion dollar defense program, or to explain later that in fueling the arms race we meant only to insure our safety. A sense of proportion must be demanded. There is no better place to begin than with the Defense appropriations bill now before us.

Madam President, in conclusion, this bill presents the Senate with an impossible choice. There is no justification for spending $208 billion this year, and $1.5 trillion over the next 5 years on national defense. We are misleading the American public if we pretend we can afford a defense buildup of this magnitude given the current Reagan administration economic policies.

At the same time, the bill contains much which is essential to our national security and must be supported.

It is my strong hope that the conference with the House of Representatives, which has already passed a $196 billion Defense appropriations bill, will result in a bill which is affordable, and which is more responsive to the concerns I have raised on the issues of readiness, conventional and strategic balance, and Defense waste and fraud. While the Senate will pass a much larger Defense bill tonight, all of us know we must reach a dollar amount much closer to that of the House of Representatives.

I hope the President joins the conferees of the two bodies in working toward a final Defense bill that answers the real military security needs of our country—without seriously undermining the economic security of the Nation. It can be done so long as the Pentagon realizes it, too, has an obligation to give the taxpayers their money's worth. It can be done with a realization that the basic and proven defense systems are often more valuable than the exotic and unnecessarily expensive ones.

And last, it can be done when we realize that true security will come about for the United States—and the rest of the world—only when we have real, bilateral, nuclear arms reduction between the superpowers. I am convinced that virtually all my colleagues—of both parties—agree on these basic points.

Mr. BRADLEY. Madam President, I will vote in favor of the defense appropriations bill because I believe America needs to improve its military posture. I am also concerned, however, that the mix of programs funded in this bill is neither the best nor the most efficient means to achieve that goal.

Genuine improvements in military posture can be achieved only through a

sustained enhancement of our defense capability. This, in turn, requires a strategy for defense that serves our most important foreign policy and national security objectives.

This administration has yet to articulate such a strategy for defense. Without that, how can Congress judge whether this bill's allocation of our defense resources adequately serves our Nation's security interests?

To help the administration develop an effective defense policy, I offered an amendment that would have focused attention on the tough choices we must make in setting our defense priorities at a time of fierce internal competition for resources and fierce economic competition from abroad.

When our present alliances were formed, America did not need allies as much as they needed America. That situation has changed radically. Countries that used to be economically and militarily dependent on us are now our keenest competitors in international markets. In view of this shift, we must reassess our roles in, and responsibilities for, the defense of Western Europe, Northeast Asia, and the Near East. This reassessment should take place before we become committed to a particular set of defense programs and weapons systems.

It is clear that the United States no longer has enough resources to defend independently all Western interests that will be threatened by Soviet power in the late 1980's and early 1990's. Therefore, we must concentrate improvements in our military capability. Either we must do more to help our allies deter Soviet attacks in Western Europe and Northeast Asia, or we must do more to defend friends and assets in the Near East. To do that, the United States, its NATO allies, and Japan must agree on a redistribution of responsibility for defending our collective security interests in these regions.

The United States has belatedly recognized that we must give priority to securing a sustained flow of oil from the Persian Gulf to the industrialized democracies. America has a comparative advantage in deterring Soviet aggression in this region and in defending Western interests there. For this reason, we should concentrate our military improvements in the Near East. This means allocating a growing share of resources to the rapid deployment force which so far exists largely on paper only. It also means that Europe must contribute more to NATO, while Japan must assume a bigger role in Northeast Asia. In the absence of this redistribution of the collective defense burden, American forces will be spread dangerously thin.

The administration has not conducted a sharply focused analysis, and this appropriation bill reflects the absence of a coherent view of our vital interests and the factors most likely to threaten them in the coming decade. The bill funds additions to a hodge-podge of programs, unduly fattening some while starving others.

In particular, I am concerned about the readiness of our general purpose forces. This bill does fund substantial additions to readiness accounts. That is good. But I have doubts that those funding levels will be maintained. This bill uses inflation assumptions which, while more realistic than the President's, are still likely to seriously understate inflation in the defense sector. Nor do I believe Congress will increase defense spending to accommodate inflation. Rather, the Defense Department will have to absorb inflation within existing budget levels. If the past is any guide, they will respond to funding shortfalls, not by making the tough decision to cut certain programs and shut down production lines, but by shortchanging the readiness of our general purpose forces.

There already is a serious question about our forces' capacity for a timely, effective, and sustainable response to the most likely military threats. The reason is that we have historically underfunded essentials like spare parts, major overhauls and operation and maintenance activities. And we have subordinated readiness, mobility and sustainability to weapons procurement.

This trend must be reversed. Accordingly, I supported several amendments that would have insured improvements in the readiness of each of our Armed Services. And I voted to pay for these improvements by transferring funds from the B–1 bomber program. While persuasive arguments have been made for this bomber, I believe readiness must be at the top of our list of priorities. Without readiness, deterrence is a sham.

I also supported using funds from the B–1 program to accelerate development of our advanced technology bomber, the so-called Stealth. On the basis of extensive information which the Pentagon submitted to Congress, I have concluded that allocating more resources to Stealth will strengthen the U.S. strategic bomber program. The Stealth will be far more effective than the B–1 because its advanced technologies will make it virtually undetectable by radar and make Soviet air defense obsolete.

In a world of infinite resources we might go forward with two bomber programs. But in the real world, where resources are all too limited, there are large opportunity costs to pursuing both. The B–1 will cost between $20 and $40 billion. Given these costs, a decision to develop the B–1 is likley to end up delaying the deployment of Stealth or depleting the strength of our conventional forces.

Because all these amendments were defeated, we are left with a bill that places excessive emphasis on strategic nuclear programs at the expense of improving our conventional forces.

My concern with this bill's allocation of our defense resources is heightened by my concern for the well-being of our economy. Improving our military posture over the long haul requires a sound economic base and good prospects for future growth. This is essential to an enduring public acceptance of the costs of a sustained defense buildup. Without a consensus for more defense spending, we will be unable to avoid the cycles of boom and bust that have impaired readiness and increased costs in the past.

The amendment I introduced would have required the President to do four things: First, to anticipate the implications of both low economic growth and high inflation for the administration's defense policies and programs; second, to consider what alternative economic strategies the administration would pursue if we have a protracted recession or rampant inflation; third, to identify the adjustments to our military strategies, programs, and requirements that would be needed if the economy continues to perform badly; and fourth, to report these findings to Congress by January 31, 1982.

My purpose in offering this amendment was to insure that our economic policies will, in fact, allow us to finance the level of defense spending our national security requires. I do not believe the administration's present policies will do that. When the President's budget is fully implemented in 1986, he will have cut taxes by over $750 billion, raised military spending by over $180 billion, and cut civilian programs by no more than $130 to $140 billion. Even if he gets all these civilian cuts, which is unlikely, they still are not large enough to do the job. This means some tough choices in the months ahead. If the budget is to be contained even at levels previously held unthinkable, defense will have to be cut, more revenue will have to be raised, or there will have to be some combination of cuts and tax increases.

Our ability to make these choices wisely and to strike the right balance among competing economic and military claims will be greatly enhanced if we plan for them in advance. We should not indulge the dangerous illusion that we cannot afford the defense effort our security requires. At the same time, we must adopt the economic policies that will permit us to finance defense without causing inflation to surge.

I see little indication that we or the administration are willing to face up to these realities. We are planning for defense in an economic vacuum. And we have enacted fiscal and monetary policies that put our defense budget in jeopardy.

Despite these and other reservations—ranging from the total size of the budget to its component parts—I will vote for the defense appropriation bill. For all its shortcomings it does compensate for past deficiencies in funding key programs. While I might prefer a slightly different resource allocation within the defense budget, it does spend dollars on many personnel and weapons systems which are essential to our national defense. Therefore, on balance, I must support the legislation and I am hopeful that when we take up the 1983 budget and 1982 defense authorization and appropriation bills we will adopt a more thorough and more comprehensive approach to our national and economic security.

Mr. STEVENS. Madam President, I ask for third reading.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Mexico (Mr. DOMENICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from California (Mr. HAYAKAWA), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico (Mr. DOMENICI) and the Senator from Wyoming (Mr. WALLOP) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), the Senator from Arizona (Mr. DECONCINI), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Michigan (Mr. RIEGLE), and the Senator from South Carolina (Mr. HOLLINGS) are necessarily absent.

I further announce that, if present and voting, the Senator from Delaware (Mr. BIDEN), the Senator from Michigan (Mr. RIEGLE), and the Senator from Arizona (Mr. DECONCINI) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 84, nays 5, as follows:

[Rollcall Vote No. 456 Leg.]

YEAS—84

Abdnor	Ford	Mitchell
Andrews	Garn	Moynihan
Armstrong	Glenn	Murkowski
Baker	Gorton	Nickles
Baucus	Grassley	Nunn
Bentsen	Hart	Packwood
Boren	Hatch	Percy
Boschwitz	Hawkins	Pressler
Bradley	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Huddleston	Roth
Byrd, Robert C.	Humphrey	Rudman
Cannon	Inouye	Sarbanes
Chafee	Jackson	Sasser
Chiles	Jepsen	Simpson
Cochran	Kassebaum	Specter
Cohen	Kasten	Stafford
Cranston	Kennedy	Stennis
D'Amato	Laxalt	Stevens
Danforth	Leahy	Symms
Denton	Long	Thurmond
Dixon	Lugar	Tower
Dodd	Mathias	Warner
Dole	Matsunaga	Weicker
Durenberger	Mattingly	Williams
Eagleton	McClure	Zorinsky
East	Melcher	
Exon	Metzenbaum	

NAYS—5

Hatfield	Pell	Tsongas
Levin	Proxmire	

NOT VOTING—11

Biden	Goldwater	Riegle
Bumpers	Hayakawa	Schmitt
DeConcini	Hollings	Wallop
Domenici	Johnston	

So the bill (H.R. 4995) was passed.

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

Mr. TOWER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Madam President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mrs. KASSEBAUM) appointed Mr. STEVENS, Mr. WEICKER, Mr. GARN, Mr. MCCLURE, Mr. SCHMITT, Mr. ANDREWS, Mr. KASTEN, Mr. D'AMATO, Mr. RUDMAN, Mr. STENNIS, Mr. PROXMIRE, Mr. INOUYE, Mr. HOLLINGS, Mr. EAGLETON, Mr. CHILES, Mr. JOHNSTON, and Mr. HUDDLESTON conferees on the part of the Senate.

Mr. BAKER. Madam President, the Department of Defense appropriations bill was a difficult and lengthy consideration for the Senate. It occupied 5 days of the Senate's agenda, occupying over 40 hours of floor time, including 26 rollcall votes and 47 amendments.

The hardship involved in this bill is best known by the managers of the bill, the distinguished assistant majority leader Senator STEVENS, and the distinguished senior Senator from Mississippi, Senator STENNIS. I wish to extend my appreciation and gratitude to both Senators for their tireless efforts this week. Senator HATFIELD, the distinguished chairman of the Appropriations Committee, and Senator PROXMIRE, the distinguished ranking member, also contributed to the bill's passage, and they have my sincerest thanks as well.

This was an emotional and complicated measure; I am indebted to all Senators for their cooperation.

Mr. STEVENS. Madam President, I yield to the Senator from Texas.

Mr. TOWER. Madam President, as the chairman of the authorizing committee for this appropriation bill, I have rarely seen anything to equal in this body the skillful job the Senator from Alaska has done in the management of this bill. He has been evenhanded and even tempered. He has tolerated my presence here and my concern. He has done a splendid job. He has sustained in splendid fashion the policy of this administration of rehabilitating the defense capability of the United States of America.

Not only do the Members of this body, but everyone in the country, owes him a great debt and I commend him and thank him.

Mr. STEVENS. Madam President, I thank the Senator from Texas for that exaggeration. I do wish to say that the gentleman who is in the Chamber, the Senator from Mississippi, with whom both the Senator from Texas and I have served our apprenticeship, is the man who spent more time on this floor on defense matters, I think, than any other Senator in this decade, if not in this century.

He has guided us well and he has been of sound and firm counsel.

He is not only a firm friend, but a strong supporter. I think we are all indebted to him for the long hours that he continues to put in on defense matters, and I am grateful to him for his support.

Madam President, I yield to the Senator from Oregon.

Mr. HATFIELD. Madam President, I voted no on the defense appropriations bill, but I do not want it to be reflective of my view concerning the managers of the bill or the chairman of the Armed Services Committee, because these gentlemen, Senator STEVENS, Senator STENNIS, and Senator TOWER, have all labored diligently in a direction pursuing a philosophy and a policy they deeply believe in, and I respect and admire their perseverence.

I have been in the role of the adversary. I have been rolled over every time, but at the same time I can rise at this moment and say that they are good adversaries and they are men of great patriotism and men of great principle.

I just wish to pay my tribute to them in spite of the fact that I think the bill is wrong and I think their position is wrong, but they are indeed very outstanding Senators.

Mr. STENNIS. Madam President, if the Senator will yield to me briefly, I thank him very much for the sentiment.

I wish to highly commend the Senator from Texas, the Senator from Oregon, the chairman of our Appropriations Committee, the Senator from Alaska and others who contributed for the fine job that they have done. With the enormous massiveness of this bill, particularly this year with everything else upside down, it is an amazing thing that they have done here. They stayed with it and stayed on the merits.

I count it a privilege to work with them and thank them very much.

Mr. STEVENS. I thank the Senator.

Mr. President, I wish to call the Senate's attention to the fact that we do have a relatively new staff in the Defense Committee headed by Dwight Dyer who is not a stranger to this Chamber. He and his staff, Susan Shekmar, Sean O'Keefe, Wayne Schroeder, Norma Perna, and Mazie Mattson, have done an excellent job on this along with the minority staff, Fred Rhodes and Jane McMullan.

But I do think they deserve a great deal of credit for the detailed work that has gone into this.

I yield to the Senator from California.

Mr. CRANSTON. Madam President, I thank the Senator for yielding.

Madam President, I join in the commendations that have been expressed.

This has been a very difficult bill. This has been a very difficult week. At the same time, I am deeply troubled by one aspect of the debate that we have engaged in this week.

I am not being critical of those who have handled the bill or the leadership on either side of the aisle, and I am not critical of them in what I am about to say.

I jotted on paper what I want to say because I want to choose my words carefully.

During this week of debate the Senate descended into a rancorous partisanship on national defense issues, issues which have traditionally been debated and decided on their merits.

Partisanship on economic and social issues where Senators have deep philosophical differences is understandable, but national defense is different. Every Senator wants America to have a strong national defense. When Senators have disagreed on how best to achieve a strong national defense, those disagreements have seldom, if ever, been partisan in this body.

But for Democratic and Republican Senators alike to be proposing and voting on defense issues consistently on the basis of party is a dangerous trend for the dignity of the Senate and for the security of our country.

To allow the legislating of our defense program to degenerate into a partisan quarrel will inevitably weaken national defense itself.

I am not pointing the finger of blame at any Senators. The entire Senate, myself included, has been caught up in a partisan atmosphere.

To understand the genesis of that atmosphere you have only to look at two developments: First, there is the new practice, begun 3 or 4 years ago, of introducing amendments intended only for use in political guerrilla warfare against Senators who are radical rightwing targets.

Then came extremist organizations like NCPAC, distorting the true meaning of Senate votes and falsely accusing incumbent Senators of being opposed to a strong national defense.

Senators see colleagues who they know—they know—are totally committed to the best possible national defense assaulted by the big lie technique of charges of softness on national security. It is no wonder Senators have become angry and partisan. It has been a partisan and it has been an angry week, and we can blame the politics of rightwing campaign techniques.

I would just like to suggest to my colleagues that we reflect upon this, that we think about what is happening in this body. Again, the leadership on neither side of the aisle and the leadership handling this bill on neither side of the aisle has been responsible for what has occurred in this body. All of us to some degree are, and I just suggest we think about it, and we try to restore a commonality and an absence of partisanship on national defense issues that I fear is slipping through our fingers.

Mr. BAKER. Madam President——

The PRESIDING OFFICER. The majority leader.

Mr. BAKER (continuing). I cannot recall in my 15 years in the Senate a more partisan speech than that which I have just heard, and I regret it, for I disagree with virtually every word of it, and I would not have expected it from the distinguished minority whip.

We have negotiated in 5 days of debate, in 40 hours of deliberation, with 26 rollcall votes, a historic piece of legislation that may indeed set the tone and shape the form of the defense of this country for decades to come. It has been done with conscientious contribution of effort, of insight, of points of view and passion by Members on both sides.

But that, Madam President, is not partisanship. That, Madam President, is in the very best traditions of this body as a public forum for the determination and the formulation of the policies of this Nation.

If, Madam President, the reference is to the fact that in most of those amendments the majority prevailed, then I accept whatever blame the distinguished Senator from California may assign to me, for I have tried throughout my tenure here in these 10 months as majority leader to fashion Republicans into a functioning majority, a group that can work out their differences, that can compromise, and can stand together and support our administration on important issues. I believe we have done that and we have succeeded.

But that is not partisanship. That is the responsibility to govern. That is the mandate of the majority. That is what we understood when the Democrats were in a majority, and that is what I urge that my friend from California understand now.

Mr. HART. Madam President, I supported this legislation. I did so because it is the primary function of the bill to finance the national security interests of this country.

I did so with great reluctance, however, because of two issues. I think we have made a very, very serious mistake in going forward with a weapons system, the B–1 bomber, that was previously canceled, and I think we further complicated one of the most complicated issues in our whole national security structure, and that is the issue of a new land-based ICBM or MX system.

I do not think we clarified that. I think we made it more complicated, and I think both of those decisions will come back to haunt us.

Finally, Madam President, let me just say as a veteran of the campaign of 1980 at least part of what the Senator from California had to say here today is absolutely true. I know as a matter of confirmed fact in the Armed Services Committee of the U.S. Senate and on the floor of the U.S. Senate that votes were set up to be used against candidates in 1980.

I think that is deplorable, and I think the Senator is right on target. The degree to which that practice carried over to this bill I cannot say, but I do know that votes that were absolutely phony as they could be on defense issues were used against me, and I voted in the national security interests of this country when I cast those votes.

So the Senator's argument on that score is well-founded. Whether he is right in terms of its carrying over on this particular piece of legislation I do not know.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. LAXALT. Madam President, I yield to the minority leader.

Mr. ROBERT C. BYRD. I thank the Chair and I thank the distinguished majority leader.

Madam President, I want to compliment the managers of the bill that has just been enacted, Mr. STENNIS and Mr. STEVENS. They have performed admirably and with a high sense of dedication and purpose. I personally commend and thank them

I also, however, take this moment to make a few observations in consonance with the remarks of the able minority whip, Mr. CRANSTON.

The actions of the majority Republican party in the Senate over the last 2 days on the Defense appropriations bill concern me that the program to rebuild America's defenses is in danger of being stillborn.

The early months of the present Congress witnessed a flood of rhetoric about how past Defense programs of the 1970's had been seriously underfunded, how the Soviets were outstripping us in every category.

More was urgently needed virtually across the board—from beans to bullets to battleships to ballistic missiles and bombers. There was widespread bipartisan agreement with this proposition, and we believe a broad national consensus to support it.

The first authorization bill for defense was passed in May and overwhelmingly endorsed the administration's funding levels.

We were concerned at that time that the necessary details of the programs—what kinds of strategic weapons systems, how large and what kind of Navy, what kind of a presence in the Persian Gulf, for instance—would be filled in in time. Now, it seems that we are being delivered a defense program which is not as advertised.

The strategic decisions—from early retirements of B–52's and Titan missiles, to deferring decisions on an MX basing mode, to an inadequate Stealth bomber program—are such as to lead one to believe the window of vulnerability is being opened earlier and that the current strategic program is fundamentally weak. It may well be weaker than the program proposed by the last administration.

In conventional forces, the original administration budget submission has been scaled down. We are reducing our presence in the Persian Gulf, our Navy may now never reach an adequate size, we have crimped down the readiness of the armed services. We will even be withdrawing troops from Europe.

It is unclear to me how this administration can say it will only negotiate with the Soviets from a position of strength, and allow this inadequate defense bill to become law.

We have attempted, by means of a series of amendments to bring this bill back up to a level closer to what the President originally proposed and the Congress endorsed in May. We have attempted to:

Increase our ability to project forces into the Persian Gulf by adding four new KC–10 tanker aircraft.

Maintain our naval forces at least at the level they were at last summer by insuring that enough money is available for Navy steaming hours.

Insure the major new technological breakthroughs represented in the Stealth aircraft program become reality by in-

creasing the funding for that program up to the level recommended by the program managers.

Reject the diminution in our Army and withdrawal of American troops from Europe just at the moment that sensitive negotiations have begun with Soviets in Geneva.

Add back the necessary money for various readiness functions, for example, ammunition, for the Army—at least closer to the level we endorsed last May.

Adequately fund the B–52 program.

All these amendments were rejected by the Republican majority in a display of complete partisanship. The Nation's defenses are being whipsawed by economic considerations rather than our security needs.

Our defense program is being made to pay for the mistakes of this administration's economic program. We will continue to try to reverse this trend and put into place a strong defense program which more adequately fills the national need.

ORDER VITIATING CONSIDERATION OF S. 881 AND SUBSTITUTING H.R. 4241 THEREFOR AT THIS TIME

Mr. BAKER. Madam President, I ask unanimous consent that the previous order entered in respect to S. 881, the Small Business Act, be vitiated, and that the Chair lay before the Senate H.R. 4241, the military construction appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAXALT. Madam President, I yield to the Senator from Oregon.

HERBERT CLARK HOOVER DEPARTMENT OF COMMERCE BUILDING

Mr. HATFIELD. Madam President, I ask unanimous consent that the military construction bill be temporarily laid aside in order to take up another bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Madam President, I ask unanimous consent that Calendar Order 395, a bill I have offered to designate the Department of Commerce Building in Washington, the District of Columbia, as the Herbert Clark Hoover Department of Commerce Building be laid before the Senate.

Mr. ROBERT C. BYRD. Madam President, reserving the right to object, and I do not expect to object, can we be assured that there will be no amendments offered to this bill?

Mr. HATFIELD. There are no amendments.

Mr. ROBERT C. BYRD. I thank the Senator.

The PRESIDING OFFICER. There being no objection, it is so ordered. The clerk will state the bill by title.

The bill clerk read as follows:

A bill (S. 657) to designate the Department of Commerce Building in Washington, the District of Columbia, as the Herbert Clark Hoover Department of Commerce Building.

The Senate proceeded to consider the bill.

Mr. HATFIELD. Madam President, this matter has been considered by the Senate committee. It is cosponsored by Senator CRANSTON of California, Senator HAYAKAWA, Senator MOYNIHAN from New York, Senator JEPSEN, Senator GRASSLEY from Iowa, Senator PACKWOOD and myself from Oregon.

The Senate and the Congress generally have taken time in our history to recognize the buildings of departments of our Government by naming them for people who have been most instrumental in giving them their greatest and finest and highest leadership.

We have designated the Department of Labor as the Frances Perkins Department of Labor Building. We have designated the Health and Human Resources building as the Hubert Humphrey Building. I think any objective historian will say that the man who developed the Department of Commerce in the history of this Nation more effectively than any other Secretary was Mr. Herbert Clark Hoover.

In fact, one of the great tributes was that all during the Roosevelt administration, and every administration up to Mr. Carter's, his portrait was still hung over the mantle of the Secretary of Commerce's office, personal office, recognizing his great contribution. Only in the Carter administration was it removed. It has now been placed back in that position of honor.

On this 107th anniversary of his birth, I am delighted to offer this bill and have this kind of sponsorship from the Senators from the four States in which he lived.

Madam President, I ask that the bill be adopted at this time.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 657) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 657

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of Commerce Building at 14th Street and Constitution Avenue Northwest, in Washington, the District of Columbia, shall hereafter be known and designated as the "Herbert Clark Hoover Department of Commerce Building." Any reference in a law, map, regulation, document, record, or other paper of the United States to that building shall be held to be a reference to the "Herbert Clark Hoover Department of Commerce Building".

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

Mr. LAXALT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Madam President, I wish to thank the Senator from Nevada for his courtesy in yielding. I also wish to thank the majority leader and the minority leader for clearing the program for this action at this time and lift the 3-day rule.

MILITARY CONSTRUCTION APPROPRIATIONS, 1982

The PRESIDING OFFICER. The clerk will state the military construction bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

Mr. LAXALT. Madam President, I am pleased to bring before the Senate H.R. 4241, the military construction appropriations bill for fiscal year 1982. This bill, as reported by the committee, has been carefully reviewed by the committee and contains projects which we believe are necessary and justified for improved living and working conditions for our military personnel as well as for the improved readiness posture so vital to our national security.

Madam President, as with most of the appropriations bills this year, the military construction bill was amended in March and again in September. It is interesting to note that the $7.3 billion request considered by the committee is $700 million below the administration's March budget. The committee has strongly supported these amendments, and the bill includes the changes which were requested.

The bill now before the Senate recommends $7,287,756,000 for military construction and military family housing in fiscal year 1982. The bill as reported is $12.9 million under the President's amended request and is $400.2 million over the House allowance.

Madam President, this bill contains an increase of $1.9 billion over the fiscal year 1981 appropriation. While this appears to be a rather significant increase over last year's bill, it is important to note that the military construction program in the recent past has been used as a balancing tool by the Defense Department in their budget preparations.

We must realize that without the facilities to house and feed our personnel, and without proper facilities to maintain our weapons systems and equipment the Department of Defense would be in a very bad situation. The committee has discovered that in some locations these conditions already exist—we must not let this continue. I believe that this bill is a step in the right direction toward meeting the needs of the military construction program.

Madam President, the bill as reported is within budgetary guidelines with regard to budget authority and outlays.

Madam President, the report that accompanies H.R. 4241, Senate Report 97–271, has been available to our colleagues since November 13. The report contains the detail of the committee actions including a project listing by location. I would, however, like to highlight a few areas which I believe are of significance.

MX missile—The committee considered an amended request of $30.3 million

for facilities to support the MX missile system. Of this request, $19.3 million was for planning and design and $11 million for a so-called MX headquarters at Norton Air Force Base in California. The committee has recommended the Norton facility because even without the MX in the multiple protective mode (MPS) there is a crying need for administrative space to support functions at Norton. The remaining $19.3 million has not been included in the Senate bill because it is the committee's feeling that adequate funds already exist from a previous deferral for any planning and design requirements for MX during fiscal year 1982.

Middle East, Persian Gulf and Indian Ocean facilities—The committee has strongly endorsed, as did the Armed Services' Subcommittee on Military Construction, the administration's request for facilities to support the rapid deployment force. Some $540.9 million is recommended for projects in Oman, Kenya, Somalia, Diego Garcia, Lajes, and Egypt. The national security interests of the United States are directly involved with the flow of oil from these regions of the world, and the United States must have the ability to deploy forces rapidly to the areas if the resources are threatened. The facilities supported in this bill will help to make such a deployment feasible.

Madam President, this bill also includes some $305.2 million for projects to support the Guard and Reserve forces. This represents an increase of $69 million from the budget request, but supports the committee position that the Guard and Reserve components play a vital role in the total force concept of our Armed Forces. The Guard and Reserve components have had enormous backlogs of deferred projects in the past, and this recommendation hopefully will help to reduce some of those requirements.

The family housing account within this bill is recommended at $2.4 billion. This amount is not solely for new construction, but for the day-to-day operation and maintenance of our family housing assets worldwide. This appropriation is vitally important to the quality of life of military personnel who, at times, must reside in locations which certainly do not meet the standard of living which they should be entitled to. The committee has restored $115 million cut by the House from the family housing account.

Madam President, the bill now before the Senate is considered by the committee on a line-item basis. There are approximately 1,000 individual projects which must be considered on their merit. As I said earlier, I believe that the recommendation before the Senate is a good one and solidly justified. It would take us days to detail the projects; therefore, I would ask for the support of my colleagues in passing this bill as reported. I will be pleased to answer any questions my colleagues may have on specific items.

Madam President, that concludes my opening remarks.

Madam President, I ask unanimous consent that the committee amendments be agreed to en bloc, and the bill, as thus amended, be regarded for the purpose of amendments as original text, provided that no point of order shall be considered to have been waived by agreeing to this request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 9, strike "$1,029,519,000", and insert "$942,081,000";

On page 2, line 11, strike "$137,550,000", and insert "$139,700,000";

On page 3, line 4, strike "$1,404,883,000", and insert "$1,473,953,000";

On page 3, line 6, strike "$92,500,000", and insert "$83,700,000";

On page 3, line 19, strike "$1,407,565,000", and insert "$1,670,426,000";

On page 3, line 21, strike "$93,000,000", and insert "$89,200,000";

On page 4, line 13, strike "$251,004,000", and insert "$338,315,000";

On page 5, line 11, strike "$385,000,000", and insert "$345,000,000";

On page 5, line 18, strike "$62,925,000", and insert "$67,658,000";

On page 6, line 1, strike "$117,740,000", and insert "$105,140,000";

On page 6, line 8, strike "$59,277,000", and insert "$59,665,000";

On page 6, after line 6, insert the following:

MILITARY CONSTRUCTION, RESERVE COMPONENTS GENERALLY

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Reserve components of the Armed Forces, $470,000, to be allocated by the Secretary of Defense for the Army Reserve, and to remain available until September 30, 1985.

On page 7, line 16, strike "$2,223,117,000", and insert "$2,338,536,000";

On page 7, line 20, strike "$260,635,000", and insert "$261,344,000";

On page 7, line 22, strike "$1,814,371,000", and insert "$1,949,581,000";

On page 8, line 9, strike ": *Provided*", through and including the end of line 12;

On page 13, strike line 3, through and including line 21;

On page 13, line 22, strike "120", and insert "117";

On page 14, line 4, strike "121", and insert "118";

On page 14, line 11, strike "122", and insert "119";

On page 14, after line 22, insert the following:

SEC. 120. It is the sense of the Congress that the administration should call on the pertinent member nations of the North Atlantic Treaty Organization and on Japan to meet or exceed their pledges for at least a 3 per centum real increase in defense spending in furtherance of increased unity, equitable sharing of our common defense burden, and international stability.

Mr. LAXALT. Madam President, at this time, I would like to express my thanks to the distinguished ranking minority member of the subcommittee, the gentleman from Tennessee (Mr. SASSER) for his assistance in the consideration of this bill. I am pleased to say that we have worked in close agreement throughout the time during which recommendations on the bill have been made. In addition, I especially want to thank Senator SASSER for his assistance during the hearings held earlier this year on the bill.

Madam President, I yield to the distinguished ranking minority member of the subcommittee, Senator SASSER, for any comments he may wish to make on the bill as reported.

Mr. SASSER. Madam President, I thank the distinguished chairman.

Madam President, I rise in support of H.R. 4241, the military construction appropriation bill. I wish to commend the chairman of our subcommittee, the distinguished Senator from Nevada (Mr. LAXALT) for the leadership that he has demonstrated throughout this year in our subcommittee, with regard to this bill.

Madam President, the military construction budget represents a relatively small percentage of the total Defense budget. But it is an important part of the Defense budget. For without the basic facilities and infrastructure, the Armed Forces cannot perform its mission.

The bill before us today is an historic bill. It represents one of the largest military construction budgets in history. But I would point out that the bill is still $12.9 million under the President's revised budget request.

Among the most important aspects of this bill are the provisions relating to construction in the Middle East/Persian Gulf/Indian Ocean region in support of the Rapid Deployment Force. The committee has provided $540.9 million, the full budget request, for these facilities in support of the RDF.

Madam President, this Nation has assumed a major responsibility for preserving the peace in this important region of the world. The funds in this bill will provide for construction of facilities in Oman, Kenya, Somalia, Diego Garcia, Lajes, Ras Banas, and Egypt. These facilities will provide necessary forward bases in the event the RDF is ever deployed to this region. The existence of these facilities and the ability of the RDF to be deployed efficiently to this region will be a deterrent to hostilities in the Middle East.

Madam President, as the United States assumes new defense responsibilities such as construction of these facilities in the Middle East, it becomes increasingly important that the costs associated with the common defense be shared fairly and equitably by our allies. I am pleased that H.R. 4241 includes a general provision, section 120, which I drafted, which expresses the sense of Congress that our allies should do a better job of providing additional financial resources to meet common defense commitments.

It is my feeling that our allies should be asked to provide a more equitable share of the mutual defense burden in view of the need for budget austerity in the United States and the pledge by our NATO allies to provide for a 3-percent real increase in defense spending. In addition, it should be noted that Japan alone would have contributed $2.4 billion more to the common defense if that nation had achieved a 3-percent real growth in defense spending in 1980.

The United States has assumed the burden of providing forward bases in the Middle East/Persian Gulf/Indian Ocean region in an effort to maintain peace in that vital area of the world. In view of the heavy dependence by our allies on Middle East oil supplies, I believe our

allies should be providing additional financial resources for the common defense in Europe and the Pacific to compensate the United States for the burden of constructing and maintaining these facilities in the Middle East region.

Madam President, I urge adoption of the military construction appropriation bill.

Mr. LAXALT. I thank the Senator.

Mr. JACKSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

UP AMENDMENT NO. 757

Mr. JACKSON. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Washington (Mr. JACKSON), for himself and Mr. GORTON, proposes an unprinted amendment numbered 757.

Mr. JACKSON. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 4, insert the following: under Military Construction, Navy strike $1,473,953,000 and insert in lieu thereof $1,475,813,000.

Mr. JACKSON. Madam President, the amendment I am offering provides appropriations to the Navy for the construction of five family service center projects at a total cost of $1,860,000.

Family service centers are aimed at providing support in order to respond to the changing and increasing needs of Navy service members—needs which when unmet, have been shown to have a major negative impact on retention.

Twenty years ago only 30 percent of military personnel were married. In today's Navy more than 55 percent of all personnel, and 80 percent of careerists are married. And the No. 1 reason married personnel leave the Navy is due to family problems.

Navy studies show that a spouse's attitude is a key factor in a member's decision to reenlist and that Navy life is inherently hard on family life.

Nearly half of Navy wives have reported difficulty in securing needed support services from the Navy. The reason for this difficulty at present is that existing services are inadequate in number as well as scattered.

The Navy has inaugurated a program to broaden the range of services provided. In recognition of the importance of this program, the Navy has dedicated some 600 people to execute the program at the local level. In order to perform these functions in the most efficient manner, it is self-evident that the various services should be provided from a central location. The Navy's family service centers will provide services in one location.

The Navy has conveyed to me the importance of this program and that every effort is being made to minimize construction costs by additions or alterations of existing buildings. This is the case for three of the family service centers located at Puget Sound Naval Shipyard, Bremerton, Wash.; the Naval Training Center, Great Lakes, Ill., and Naval Station, Pearl Harbor, Hawaii with estimated costs of $400,000; $240,000, and $360,000, respectively. The other two family service centers are located at: Naval Training Center, Orlando, Fla., and Naval Air Station, Alameda, Calif., with estimated costs of $580,000 and $280,000 respectively.

As a matter of fact, of the 22 sites that will have have a family service center in fiscal year 1982, only the 5 mentioned above require military construction. The remaining sites are able to use existing facilities to locate the various family service center components in one central location.

This year's request is a modest start. I feel very strongly that we should support this effort.

Madam President, this is in the authorization bill. It is in the budget. The committee was not able to act because the conference had not completed its work at the time they marked up the bill. I hope that the amendment will be agreed to.

Mr. LAXALT. Madam President, I thank the distinguished Senator from Washington, Mr. JACKSON, for his amendment. We have discussed this amendment and understand the need for these family service centers. The committee had not included the funds for the facilities at $1.86 million because they were not authorized by the Senate; however, the conferees on the military construction authorization bill have agreed to include the projects for fiscal year 1982.

We have no objection to the amendment.

Mr. JACKSON. I thank the Senator for his statement.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. SASSER. I have no objection, Madam President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington (Mr. JACKSON).

The amendment (UP No. 757) was agreed to.

Mr. LAXALT. I move to reconsider the vote by which the amendment was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 758

(Purpose: To add $23,000,000 for the construction of an Airborne Warning and Control System (AWACS) facility at Tinker Air Force Base, Oklahoma)

Mr. NICKLES. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. NICKLES), for himself and Mr. BOREN, proposes an unprinted amendment numbered 758.

Mr. NICKLES. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 19, strike out "$1,670,426,000" and insert in lieu thereof $1,693,426,000".

Mr. NICKLES. Madam President, today my colleague, Senator BOREN, and I are offering this amendment to reinstate $23 million to construct an AWACS alert facility at Tinker Air Force Base in Oklahoma. This project was requested by President Reagan and is included in the military construction appropriation bill as passed by the House of Representatives.

It is unnecessary for me to spend time informing my colleagues of the importance of the airborne warning and command aircraft. We are more than well aware of its supersophisticated computer systems capability in coverage of all air activity within its zone of coverage. I am proud that the AWACS program is assigned to Tinker Air Force Base in Oklahoma.

Since the program is relatively young, it is taking time to provide the necessary support system for the aircraft and crews. At present, there is no facility for AWACS crews while on alert. These crews must stay by their telephones at home and drive to the base when summoned. This appropriation will allow the construction of living quarters, briefing room, and offices.

An additional 10,000 square feet of aircraft maintenance is also included in this funding. All AWACS are maintained at Tinker Air Force Base regardless of deployment throughout the world. These airplanes return from NATO countries and Saudi Arabia for routine maintenance and overhaul.

One of the most important reasons for this amendment is to provide better protection for these aircraft which cost $125 million each. At this moment, these planes are parked wing tip to wing tip which makes them extremely vulnerable. A parking apron to allow the spreading out of the E–3A aircraft will be constructed if this funding is approved.

Madam President, I have a letter from Gen. Lew Allen, Jr., Chief of Staff of the U.S. Air Force, further corroborating the need for this amendment which I would like to read at this time.

Dear Senator NICKLES: On behalf of the Department of the Air Force, I appreciate and support your efforts to restore funding in the FY 82 Military Construction Appropriations Bill for the AWACS alert facility at Tinker Air Force Base.

This project, which has been authorized by both Houses and funded by the House of Representatives, will permit the Air Force to maintain an alert posture with these extremely important resources similar to that now maintained by our bomber forces within the Strategic Air Command. This will enhance both the survivability and the responsiveness of the AWACS aircraft.

I am mindful of the fact that the Senate Appropriations Committee deferred, without prejudice, funding of the project pending clarification concerning the shortage of AWACS crews. If funded now, the projected completion date for the facility is March,

1984. At that time, Air Force training programs will have produced sufficient ground, flight, and mission crews to satisfy our operational and alert commitments. For this reason, I consider it essential that the project be funded in the FY 82 program.

Sincerely,

LEW ALLEN, Jr.,
General, USAF Chief of Staff.

For these reasons, Madam President, Mr. BOREN and I bring this amendment to the floor and ask for the support of our colleagues.

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Madam President, I rise to support the amendment offered by my colleague from Oklahoma and myself restoring funds for the E–3A alert facility at Tinker Air Force Base in Oklahoma City. As you know, the funds for this facility are included in the House version of the bill, and placing them in the Senate version will insure that this needed facility will be constructed.

The prime concern of the Air Force in this matter is the ability to provide a survivable command and control facility during wartime conditions. As stated in the military construction project report, this will be satisfied by having AWACS aircraft and crews standing a strategic air command type of alert. This facility, which includes a parking apron for 12 AWACS aircraft and 7 crews will support a sustained alert posture.

In addition, Madam President, it is vitally important that the AWACS aircraft, in which we have a great deal of investment, can be so deployed so as to minimize possible damage from strong adverse weather conditions which sometimes occur in Oklahoma.

Madam President, it is my understanding that the committee did not question the need for this project, but was concerned about the capability of the Air Force to maintain an alert posture in the face of a shortage of AWACS crews. It is true that the optimum ratio would be two crews for each aircraft and that at the moment the Air Force is somewhat short of filling that ratio. But I believe that Air Force goals in training will be met and that even allowing for attrition there will be sufficient crews to satisfy commitments.

Finally, Madam President, I want to commend my friend and colleague from Oklahoma, Senator NICKLES, for his diligent efforts on behalf of this project. His efforts have been instrumental in bringing recognition to the vital need for this project.

I join with him in urging the adoption of this amendment.

Mr. LAXALT. Madam President, the distinguished Senators from Oklahoma, both Mr. NICKLES and Mr. BOREN, have spoken to me several times about this amendment.

The committee had deferred this project for an AWACS alert facility at Tinker Air Force Base without prejudice. The action was taken because of concern over crew manning levels. In our report we asked the Air Force to report to us as soon as possible concerning the situation.

We have received information that clarifies the committee's concerns and gives solid justification for this $23 million facility.

We believe the project is valid and support the Senator's amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma (Mr. NICKLES).

The amendment (UP No. 758) was agreed to.

Mr. LAXALT. I move to reconsider the vote by which the amendment was agreed to.

Mr. BOREN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 759

(Purpose: To add $3,400,000 for construction of a Naval and Marine Reserve Center at Wheeling, West Virginia)

Mr. ROBERT C. BYRD. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) proposes an unprinted amendment numbered 759:

On page 6, line 16, strike "$36,000,000" and insert in lieu thereof "$39,400,000".

Mr. ROBERT C. BYRD. Madam President, my amendment would add $3,400,000 for construction of a new Naval and Marine Corps Reserve Center at Wheeling, W. Va. The present facility was built in 1947 and is in very poor structural, mechanical, and electrical condition. Shifting soil conditions have caused severe settlement cracks and separation of some walls. The existing Reserve center is not structurally or spatially adequate to meet the training needs of the nearly full complement of 182 Navy and Marine reservists who train there. Even if expensive repairs were made to the existing structure, there is no assurance that further settlement damage will not occur. Furthermore, these repairs would simply improve a facility on a 2.6-acre site which is too small to accommodate the number of reservists who must train there with their equipment.

Madam President, my amendment would provide funds to build a new 25,000 square foot Reserve center. This project was recently approved by the conferees on the 1982 military construction authorization bill. This new center would include an assembly hall, conference room, classrooms, library, garage, offices, bathrooms, and adequate parking space for the reservists assigned there.

Madam President, because of the deplorable condition of the existing facility and because there is no nearby Reserve center which can serve the needs of the Navy and Marine Reserve units, I urge my colleagues to support my amendment.

Mr. LAXALT. Madam President, the distinguished minority leader has discussed this amendment with me, and we understand this Navy and Marine Corps Center at Wheeling, W. Va., has been included in the projects agreed to by the conferees on the military construction authorization bill. It is not a part of the House bill on military construction appropriations.

We will accept the amendment and take it to conference with the House.

Mr. ROBERT C. BYRD. Madam President, I thank the distinguished manager of the bill, and I also thank the distinguished Senator from Tennessee (Mr. SASSER), the minority manager of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 759) was agreed to.

Mr. ROBERT C. BYRD. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LAXALT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LAXALT. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSOLIDATED SPACE OPERATIONS CENTER

Mr. LAXALT. Madam President, on page 26 of our report on the military construction appropriations bill for fiscal year 1982, the committee had included report language concerning the consolidated space operations center (CSOC). This language was inserted at the request of Senator SCHMITT because of concerns he raised over the Air Force's planning process for this proposed facility.

The language states "that none of the planning and design funds targeted for this center be used for site specific design."

Madam President, at this point, I would like to clarify the committee's intent on this language.

The General Accounting Office is presently doing an investigative study into the site selection process for this proposed facility. The GAO report is expected to be accomplished on or about January 31, 1982. It is the intent of the Subcommittee on Military Construction, of which I am chairman, to review the GAO findings.

Madam President, the estimated design funds to be expended on this facility during fiscal year 1982 are about $7 million. The committee also understands that funding for the facility will be included in the Air Force budget request for fiscal year 1983 military construction appropriations. This is a project which I believe will be of vital importance to our

national security interests; however, it is also a very costly venture which must be carefully considered.

Let me state for the record, it is not the committee's intent to stop this project through the report language included. We expect that through the GAO report and committee hearings the facts and justification for CSOC and its site selection will be fully clarified. It is the committee's intent to complete all actions on this matter within 60 days after the GAO report is presented to the committee.

Mr. HART. Madam President, will the Senator from Nevada yield for a question?

Mr. LAXALT. I am happy to yield.

Mr. HART. Is it the intent of this bill to allow CSOC design work to continue at the site chosen by the Air Force, Colorado Springs, after a 60-day period has elapsed following release of the GAO report?

Mr. LAXALT. Yes, it certainly is.

Mr. HART. I thank the Senator.

Madam President, permit me to thank my able and distinguished colleague, the Senator from Nevada, as well as my colleague, the Senator from Tennessee, for recognizing the very vital importance of the consolidated space operations center.

The history of debate on this issue has always been characterized by strong bipartisanship, and I would just like to reiterate my support for the concept of a consolidated space operation, and for the diligent efforts put forth by the U.S. Air Force on this project.

There is no question that the United States needs a consolidated space center. As the Secretary of the Air Force, Vernon Orr, pointed out in a March 17 letter to the distinguished chairman of the Senate Armed Services Committee, the planned CSOC facility will encompass two major and vital mission elements for the Air Force: satellite control, and all Department of Defense Space Shuttle operations. Indeed, the consolidation of these operations into a single facility is an important step, as space becomes more and more crucial to our national security. Moreover, the need to move forward rapidly and forcefully with this operation cannot be overstated; we cannot allow ourselves to be placed in a position of inferiority in space operations.

Of course, Madam President, as would occur with virtually any Government facility of this size, CSOC has been a desirable facility for citizens and their representatives from many areas of the country. The Air Force was most certainly aware of the competition among Members of Congress, for instance, when it undertook its study of 12 potential locations for CSOC. The study, requested by the able chairman of the Budget Committee and monitored by the good friend and appointee of the President, Secretary Orr, concluded decisively that the best location for the facility would be near Peterson Air Force Base at Colorado Springs, Colo. As Secretary Orr noted in his letter to Senator TOWER on March 17:

Peterson Air Force Base was selected because of its unique operational advantages which accrue from proximity to related activities, i.e., the Space Defense Operations Center (SPADOC) activities of the North American Air Defense Command at the USAF Cheyenne Mountain Complex, the Aerospace Data Facility at Buckley Air Guard Base in Denver, the supporting contractors located in the Colorado Springs area, and the area's academic assets.

I should add that Secretary Orr's decision was characterized as "final" in that letter, leading to the awarding of contracts for design work on the space center. In fact, Madam President, the final design contract work on the site-specific location of CSOC was to begin just this week, on December 1.

Thus, it is extremely commendable of my colleagues today to reaffirm the importance of CSOC to our national security, and to reaffirm the value of the Peterson Air Force Base location for the facility. I join them in their wholehearted support for it.

Madam President, I ask unanimous consent that the full text of Secretary Orr's letter of March 17 to Chairman TOWER be printed in the RECORD.

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

DEPARTMENT OF THE AIR FORCE,
Washington, D.C.

Hon. JOHN G. TOWER,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is to inform you and other interested Members of Congress of my final decision to locate the Consolidated Space Operations Center (CSOC) near Peterson Air Force Base, Colorado Springs, Colorado.

The CSOC will encompass two major mission elements: satellite control and Department of Defense Space Shuttle operations. The Satellite Operations Complex will perform communications, command, and control service functions for orbiting spacecraft. The CSOC will enhance the USAF's operational capability for satellite control, and by providing a second node in the satellite control network, increase the survivability of this important function. The CSOC will also perform as the Shuttle Operations and Planning Complex (SOPC), conducting Department of Defense Shuttle flight planning, readiness, and control functions. In this capacity, the CSOC will provide direct mission authority over Department of Defense Shuttle missions, respond to national priorities, and protect national security data.

The Colorado Springs area was identified as the preferred site out of twelve potential locations, with Kirtland Air Force Base, New Mexico, and Malmstrom Air Force Base, Montana, considered as final, alternate locations. All three locations meet the basic geographic, environmental, support, and resource siting criteria. However, Peterson Air Force Base was selected because of its unique operational advantages which accrue from proximity to related activities, i.e., the Space Defense Operations Center (SPADOC) activities of the North American Air Defense Command at the USAF Cheyenne Mountain Complex, the Aerospace Data Facility at Buckley Air Guard Base in Denver, the supporting contractors located in the Colorado Springs area, and the area's academic assets. Proximate location of CSOC and SPADOC will provide a foundation for significant, long-term operational efficiencies stemming from convenient, face-to-face planning as well as shared support assets. In this regard, SPADOC will be able to provide the CSOC with a link into the existing space surveillance and warning structure. The proximate siting of these two functions also offers flexibility to accommodate future, unfolding defense missions in the medium of space.

The Final Environmental Impact Statement was filed on February 13, 1981, with the Environmental Protection Agency. It concluded that the CSOC would cause no significant, adverse environmental impact at any of the final three candidate locations.

The CSOC will require a new technical facility totaling about 370,000 square feet, as well as about 100,000 square feet of support facilities. We expect construction to begin in Fiscal Year 1983. The total construction cost is currently estimated at about $150 million. The facility will be constructed on land acquired from the State of Colorado located approximately ten miles east of Peterson Air Force Base. When fully operational, the facility will be manned by approximately 1800 personnel, consisting of about one-third military and the remaining two-thirds a mixture of Department of the Air Force civilian and contractor personnel. Manning estimates are being refined through manpower studies now in progress.

If we can be of any further assistance in this matter, please let us know.

Sincerely,

VERN ORR,
Secretary of the Air Force.

Mr. LEVIN. Madam President, as a member of the Committee on Armed Services, I wish to discuss a matter of mutual concern with the distinguished chairman of the Military Construction Appropriations Subcommittee—the level and the quality of medical care provided our military personnel and their families and how this affects recruitment and retention of the All-Volunteer Force, and the ability of our Armed Forces to accomplish their mission.

I know my colleague from Nevada, who has important military installations in his own State and much experience studying national security issues, shares my concerns that inadequate military health care facilities and services increase the recruiting and retention problems of the Armed Forces, to say nothing of the undue hardships they cause our servicemen and servicewomen and their dependents.

Would the chairman agree with me that this is a serious concern and one which has a direct impact on the capabilities of our Armed Forces themselves and on the "quality of life" of our military personnel and their families, and thus on their willingness to continue to serve in the All-Volunteer Forces?

Mr. LAXALT. Yes; I agree, and this committee attempts to take every opportunity to consider justified military construction projects which contribute to keeping our military personnel healthy and to the quality of life of our military personnel and their families.

Mr. LEVIN. In that regard, does the chairman agree that investment of taxpayer dollars for the construction of needed and justified military health facilities such as clinics, probably pays for itself many times in saving the taxpayers from the need to increase spending to replace military capabilities lost due to health problems and for recruitment and retention of military personnel?

Mr. LAXALT. I agree.

Mr. LEVIN. With the chairman's indulgence, I now would like to discuss with him the recent and severe degradation in the provision of health services to military personnel and their families in the Detroit/Warren, Mich., area caused

by the closing of another Federal health facility in the region.

The unexpected closing of this Federal clinic is expected to cause the current workload at the Army health clinic at the Selfridge Air National Guard Base, Mt. Clemens, Mich.—already an inadequate, understaffed, overcrowded, and outdated facility—to more than double. An increase in patient visits of 1,370 monthly to the clinic is expected.

This increase will cause further hardships on the thousands of active duty personnel from all five services, and their families, and still more retired military and their dependents, who now must rely on the Selfridge clinic for health services.

To give my colleagues a sense of the problems experienced by these individuals in their attempts to obtain health care to which they are properly entitled, let me point out that the Army clinic at Selfridge is located in a building constructed in 1927—54 years ago—as one of the first military hospitals. Selfridge has grown considerably since those early days, and now has more than 40 separate commands, active and reserve, from all the services. These include the Air National Guard's 191st Fighter Interceptor Group, which stands daily, 24-hour "strip alert" as part of the air defense of the United States. Selfridge also is the location of more than 1,000 family quarters, most occupied by military personnel of the Army's tank automotive command (TACOM) in nearby Warren, Mich. TACOM is responsible for the development, procurement, deployment, and maintenance of our armored and mechanized forces, the combat backbone of our Army. Thus, the present Army health clinic plays an important role in supporting units charged with major military responsibilities. Yet the expansion of Selfridge, and time, have taken their toll and the present Army clinic clearly is incapable of providing adequate health care.

The Army is aware of the recent exacerbation of the problems at its Selfridge clinic, and the possibility of solving them through the construction of a new facility, perhaps with operation of the facility funded on a "joint service" basis. However, the recent worsening of the problems occurred after planning for the fiscal 1983 military construction program was almost complete, and I would expect a new clinic for Selfridge will not be in the Army program to be submitted to Congress next month.

I believe it would be helpful if the Congress could give some guidance to the Army about the need to consider solutions to the health care dilemma at Selfridge as soon as possible, and about the need to prepare whatever documentation and designs are necessary for the subcommittee to consider the possible addition of funding for the clinic to the fiscal 1983 program, and I would hope the distinguished subcommittee chairman would agree.

Mr. LAXALT. I would, Madam President.

Mr. LEVIN. It is my understanding that the Army receives funds each year for architect and engineer work required to support its military construction program. I would like to ask the chairman whether the study, planning, and design of a new health clinic at Selfridge would be an appropriate use of some of these funds during the next few months to support possible committee consideration of such a project during deliberations on the fiscal 1983 military construction program?

Mr. LAXALT. It would.

Mr. LEVIN. Madam President, would the chairman agree that such study and design activities for a new clinic at Selfridge would be helpful to his subcommittee in its consideration of the fiscal 1983 military construction program, and that the Army should initiate such activities?

Mr. LAXALT. Yes; and the planning and design of this facility at a 35-percent design level is necessary for the committee to give serious consideration to the project.

Mr. LEVIN. I thank the distinguished subcommittee chairman, Madam President.

Mr. LAXALT. Madam President, I ask unanimous consent to have printed in the RECORD at this point some revisions to the chart entitled, "Comparative Statement of New Budget (Obligational) Authority," which is located on page 4 of Senate report 97–271 which is the report to accompany the bill now before the Senate, the military construction appropriations bill. It has come to my attention that in the printing of the report, some numbers were inadvertently left uncorrected after the full committee action. These numbers are only comparisons and do not change any portion of the bill. This is a technical change.

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

On page 4 of the Senate report 97–271, replace columns 7, 8, and 9 with following:

1981 appropriation (7)	Budget estimate (8)	House allowance (9)
+$55,847,000	+$41,981,000	−$87,438,000
+682,818,000	−3,847,000	+69,070,000
+733,201,000	−38,974,000	+262,861,000
+76,315,000	−15,785,000	+87,311,000
+95,000,000	−40,000,000	−40,000,000
+25,389,000	+20,658,000	+4,733,000
+15,440,000	+16,040,000	−12,600,000
+16,465,000	+20,665,000	+338,000
+3,000,000	+9,600,000	
+15,800,000	+2,700,000	
−3,272,000	+470,000	+470,000
+1,716,003,000	+13,508,000	+284,795,000
+228,705,000	−26,360,000	+115,419,000
(−16,659,000)		
−2,832,000		
+225,873,000	−26,360,000	+115,419,000
+2,000,000		
+1,943,876,000	−12,852,000	+400,214,000
+1,943,876,000	−12,852,000	+400,214,000
(+2,000,000)		
(+1,941,876,000)	(−12,852,000)	(+400,214,000)

Mr. LAXALT. I think we can move to third reading, Madam President.

The PRESIDING OFFICER. Are there further amendments to be proposed? There being no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

So the bill (H.R. 4241) was passed.

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

Mr. LAXALT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LAXALT. Madam President, I ask unanimous consent that the Secretary of the Senate be authorized to make any technical and clerical corrections in the engrossment of the Senate amendments to H.R. 4241.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAXALT. Madam President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mrs. KASSEBAUM) appointed Mr. LAXALT, Mr. GARN, Mr. MATTINGLY, Mr. HATFIELD, Mr. SASSER, Mr. INOUYE, and Mr. PROXMIRE conferees on the part of the Senate.

Mr. LAXALT. Madam President, I should like to thank my staff, Rick Pierce, and cerainly, my distinguished colleague from the State of Tennessee (Mr. SASSER) and his staff, Mike Walker, for helping us expedite what probably is the record processing of an appropriation bill in the Senate Chamber.

FISCAL NOTES AND FEDERALISM

Mr. SASSER. Madam President, during this time of budget austerity, it is imperative that we have truth in budgeting. My fiscal note legislation, S. 43 provides for a process of full and fair information about how changes in the Federal budget will affect the finances of State and local governments throughout the country.

In the last Budget Reconciliation Act, Federal aid to State and local governments was reduced by some $12 billion and many, many State and local governments have had a difficult time in getting complete information as to how these budget changes affect their finances, S. 43 would remedy that defect in our budget process.

I am gratified that this legislation has received approval by the Governmental Affairs Committee and is now pending on the Senate Calendar. I also commend the efforts of Congressman ZEFERETTI to move the companion bill, H.R. 1465, through the House of Representatives where it may be acted on by next week.

For the benefit of my colleagues I ask unanimous consent that a sheet presenting summary information on S. 43 be printed in the RECORD.

There being no objection, the infor-

mation was ordered to be printed in the RECORD, as follows:

SUMMARY INFORMATION ON S. 43, STATE AND LOCAL GOVERNMENT FISCAL NOTE ACT OF 1981

(1) S. 43, the State and local Government Fiscal Note Act of 1981, was introduced on January 5, 1981, by Senator Jim Sasser (D-Tennessee). The bill currently has 26 cosponsors and has been favorably reported by the Governmental Affairs Committee and reported without recommendation by the Senate Budget Committee. Companion legislation, H.R. 1465, has been approved by the House Rules Committee and that measure is expected to be passed by the House on the suspension calendar during the week of December 7th.

(2) S. 43 amends the Congressional Budget Act of 1974 to require that the Congressional Budget Office (CBO) prepare a "fiscal note" or cost estimate of the costs, if any, incurred by state and local governments in carrying out the requirements of all legislation reported from House or Senate committees. The "fiscal note" would be required for all federal legislation which, in the judgment of the Director of the CBO, is likely to cost state and local governments at least $200 million per year, or which is likely to have extraordinary fiscal consequences for a particular level of government or geographic region. The provisions of the legislation would be effective through September 30, 1986.

(3) The bill authorizes additional appropriations to CBO of such sums as may be necessary to pay for the costs incurred by CBO in complying with the bill's requirements—principally additional staff and development and maintenance of a State and local fiscal impact data base. CBO estimates the additional costs at approximately $650,000 per year for these purposes.

(4) Presently, CBO provides "fiscal notes" for the costs to the federal government of all reported bills. This legislation simply extends that concept to state and local costs, as well. This legislation has the endorsement of major state and local government interest groups, including the National Governors' Association, the National Conference of State Legislatures, the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, and the Council of State Governments.

(5) The "fiscal note" legislation will provide a means for assessing the impact of federal budget decisions on state and local governments. It is estimated that federal aid to state and local governments was reduced by some $12 billion as a result of the Omnibus Reconciliation Act of 1981. As a consequence, states are facing painful choices of either standing by while services to their citizens are reduced markedly or raising their own taxes. Local governments are facing the same dilemma, and many have been forced to increase local property and sales taxes. If the "fiscal note" concept as embodied in S. 43 is in place, state and local governments would be better prepared to understand the fiscal impact of bills like the Omnibus Budget Reconciliation Act of 1981, and Congress would be better informed concerning the impact of proposals it is considering.

LETTER FROM PRESIDENT REAGAN TO PRIME MINISTER FITZGERALD OF IRELAND

Mr. KENNEDY. Madam President, the Deputy Secretary of State, Judge William Clark, is in Dublin today for talks with Prime Minister FitzGerald and other leaders of the Irish Government.

A major part of the talks concerned the situation in Northern Ireland and the desire of the United States to help in every appropriate way to end the violence and achieve a peaceful settlement.

During the talks, Judge Clark delivered a letter from President Reagan to Prime Minister FitzGerald emphasizing the deep concern of President Reagan for peace in Northern Ireland.

In one of the most significant passages in his letter, President Reagan eloquently states his belief that a settlement can come only through "reconciliation between the two Irish political traditions and between Britain and Ireland."

In addition, President Reagan also took the opportunity in the letter to invite Prime Minister FitzGerald to lunch in the White House on St. Patrick's Day next year.

All of us who share the cause of peace in Northern Ireland welcome this latest statement by President Reagan, and I ask unanimous consent that it may be printed in the RECORD.

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

LETTER FROM PRESIDENT RONALD REAGAN OF THE UNITED STATES TO PRIME MINISTER GARRET FITZGERALD OF THE REPUBLIC OF IRELAND, DECEMBER 1, 1981

DEAR MR. PRIME MINISTER: Let me take this opportunity to thank you for your kind invitation to William Clark, my Deputy Secretary of State, to visit Ireland.

In addition to reviewing the many issues we face together around the world, Bill will want to hear your views on Northern Ireland. The problems there are of tremendous concern to me, and I will continue to affirm the principles of my St. Patrick's Day Statement—support for just and peaceful solutions and condemnation of all terrorism and violence.

We believe a lasting solution can be found only in a process of reconciliation between the two Irish political traditions and between Britain and Ireland. The United States welcomes the efforts of the Irish and British governments in widening the framework of their cooperation to this end.

But as much as our hearts long for a settlement, it is not for the United States to chart the course others must follow. If the solutions are to endure, they must come from the people themselves. I wish to add a personal note of my support and encouragement for the efforts you and Prime Minister Thatcher have made in widening the framework of your cooperation to the achievement of that goal.

I am sorry that your schedule did not permit a visit to the United States this fall. But if it is possible for you to be here next March 17, I would be most honored if you could join me for lunch on that day.

Sincerely,

RONALD REAGAN.

NUCLEAR ARMS CONTROL IN EUROPE

Mr. KENNEDY. Madam President, this week in Geneva, the United States and the Soviet Union are engaged in negotiations to reduce nuclear forces in Europe. While these negotiations will undoubtedly be complex and challenging, they offer an invaluable opportunity to strengthen our collective security and reduce the risk of nuclear war.

First, the negotiations offer the opportunity to seriously pursue the dual track approach set forth in the NATO decision of December 1979. This decision to deploy two new types of land based missiles in Western Europe to offset Soviet intermediate-range missiles, including the new SS-20, was conditioned upon the pursuit of negotiations with the Soviets to reduce theater nuclear forces.

President Reagan's recent speech clarified an important point about this two-track approach: The negotiations are not intended merely as a complement to the planned American deployments. They could substitute for them altogether, depending on the extent of Soviet reductions of their own intermediate-range nuclear forces. Both the American and the Soviet missile build-up in Europe could be made unnecessary.

Second, these negotiations offer the opportunity to enhance the security of the Western alliance and to diminish the risk of nuclear war. NATO is committed to maintaining a stable balance of military forces in Europe. The negotiators must now do everything possible to reduce these forces, on both sides to the lowest possible levels.

Third, these negotiations offer the opportunity to get strategic nuclear arms control back on track. It is my hope that President Reagan's recent arms control initiative marks the beginning of serious negotiations not only on intermediate-range nuclear forces in Europe but also on strategic nuclear weapons and on conventional forces. Nuclear arms control in Europe will depend for its effectiveness on meaningful limitations of strategic weapons. In turn, a stable and enduring balance of conventional forces will reduce the risk of escalation to nuclear war.

Fourth, these negotiations offer the opportunity to improve our relations with our NATO allies. The Reagan administration's loose rhetoric on nuclear war and its seeming indifference to nuclear arms control created serious strains in the Atlantic alliance and fueled the largest antinuclear demonstrations in Europe since the 1950's. The deployment of nuclear missiles on European soil has become a major domestic political concern to the allied leadership. It is therefore an issue that could again threaten the cohesion of the alliance if the arms control option is not treated seriously and judiciously. I welcome the key role played by Chancellor Helmut Schmidt of West Germany in bringing East and West to the negotiating table in a remarkably constructive spirit, despite the East-West polemics of the past year.

United States and Soviet negotiators in Geneva must now seek answers to a series of questions which will define the terms of reference for the negotiations—and even determine their outcome. They will have to agree on the number of weapons possessed by each side, and on which weapons and which countries should be included in an eventual agreement. There are wide differences today on these basic issues, which must be resolved in order to achieve an arms control agreement.

These issues may take a long time to

solve. In the meantime, we should not rule out the possibility of negotiating more limited reductions of intermediate nuclear weapons as a first step toward more comprehensive reductions in Europe. The test should always be what steps we can take to enhance our security, increase stability and reduce the danger of nuclear war. Complete elimination of intermediate nuclear forces is our primary objective, but this should not rule out the possibility of smaller yet meaningful steps in this direction. I welcome President Reagan's statement on November 18 that:

We intend to negotiate in good faith and go to Geneva willing to listen to and consider the proposals of our Soviet counterparts.

Madam President, the administration must not let the important opportunities that I have discussed pass us by. While I welcome President Reagan's speech, one speech is no substitute for consistent policy. There have been legitimate and disconcerting questions regarding the Reagan administration's commitment to arms control. Before the speech, it seemed that the administration's policy was that arms alone could keep the peace with the Soviet Union. The administration should now demonstrate its commitment to the security, solidarity, and well-being of the Western alliance. It should vigorously pursue the reduction of nuclear weapons and the prevention of nuclear war in Europe and throughout the world.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Madam President, yesterday the Senate Foreign Relations Committee held a hearing on the Genocide Convention. This marks the fifth time over the last three decades that the committee has held hearings on this important human rights treaty.

No human rights convention has ever been subjected to the type of detailed scrutiny that the Genocide Convention has seen—line by line, word by word, syllable by syllable.

The Foreign Relations Committee has been scrupulously fair in reviewing every argument, every allegation, every concern raised by the opponents of the Convention and that hearing record—in 1950, 1970, 1971, 1977, and again yesterday—proves conclusively that many of the objections raised to the Genocide Convention are without foundation and that this convention is in America's best interests.

This treaty seeks to protect the most fundamental right known to man—the right to live.

It seeks to punish the most heinous crime known to man—mass murder. I know of no constitutional right to mass murder. It is a crime that deserves the outrage of every American and our firm condemnation and swift punishment.

Unfortunately, the opponents of this convention attempt to mislead their fellow citizens with hysterical charges that are simply not true.

The facts are clear.

This convention does not expand the authority of any international organization over our citizens; not in any way. It does not diminish American sovereignty one iota.

This convention with the safeguards recommended by the Foreign Relations Committee will never permit an American citizen to be taken from our country and tried abroad. Never.

This convention does not permit frivolous charges of "mental harm" for racial slurs or ethnic jokes—as repulsive as they may be. Only the permanent impairment of mental faculties, such as the forcible application of drugs, coupled with the clear intent to eliminate a national, ethnic, racial or religious group, would constitute genocide.

Madam President, this convention is very narrowly drawn and does not threaten the conduct of any American. Constitutional guarantees and freedoms always supersede treaties and no treaty can ever alter those rights and freedoms. If they could, I would be the first to oppose them.

It is time that we set the record straight, once and for all, and I ask unanimous consent that my testimony before the Senate Foreign Relations Committee as well as the text of the Genocide Convention be reprinted in the RECORD.

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

TESTIMONY OF SENATOR WILLIAM PROXMIRE

Thank you, Mr. Chairman.

I particularly want to commend you for the priority you have given this important human rights treaty, since assuming chairmanship of this Committee. Your efforts here today are continuing a long and bipartisan tradition of support for the Genocide Convention, which has been marked by four reports to the Senate enthusiastically recommending ratification. The Committee's tireless efforts to restore America's proper role as a world leader on human rights will not go unnoticed when the Senate ratifies the Genocide Convention.

Mr. Chairman, you are right to be moving ahead now. This is an opportune moment.

First. We have a new Administration—in office nearly a year now—and it is time to get them on record. In announcing the appointment of Elliot Abrams as the State Department's new Human Rights Coordinator, Secretary Haig pledged to restore human rights as a priority within our foreign policy.

Second. We have a new international climate which firmly underscores the need for the United States to regain the high moral ground in our competition with those who wish us ill. We have yielded this ground all to cavalierly by smugly asserting that our own record speaks for itself. It is a luxury that we cannot afford if our diplomats are to speak out, and speak out forcefully, against the repressive actions of closed, totalitarian societies.

Third, we have a new Senate. Thirty-eight Members have been elected since your last hearings in 1977. Your own Committee reflects that change, Mr. Chairman. Only six of the current seventeen Members served on this Committee during the 1977 hearings and, only one, Senater Pell, was here when I testified during the 1970 hearings. A new hearing record will be helpful in dispelling any lingering arguments of the opponents of this Convention so that we can at long last proceed to ratification.

A TREATY TO PUNISH CRIMINALS

Mr. Chairman, in reviewing your earlier hearings, I was impressed by the great lengths to which your Committee has gone to consider every argument, allegation and concern raised by the opponents of this Convention. The accumulated testimony effectively refutes those arguments, demonstrating that the Genocide Convention, together with the Understandings recommended by your Committee, deserves our wholehearted support.

As I pointed out during my testimony in 1977, few treaties have ever received the type of detailed line by line, word by word, syllable by syllable scrutiny that the Genocide Convention has received.

That review has demonstrated that the Genocide Convention really has two aspects.

First, it is a human rights treaty, which seeks to protect the most fundamental right known to mankind—the precious right to live.

Second, it is an international criminal treaty. A treaty designed to ensure that all nations, consistent with their own Constitutions will do everything possible to prevent and punish criminals who attempt to commit the most heinous crime—the elimination of an entire national, ethnic, racial and religious group.

The history of the Genocide Convention is clear on that second point.

The fact that the Genocide Convention evolved from the outrage of all decent human beings to the monstrous actions of the Nazis in attempting to eliminate every man, woman and child of Jewish ancestry within their borders is apparent to everyone.

What is not as apparent is the fact that the Genocide Convention exists because the International Military Tribunal at Nurnberg determined that consideration of genocide was outside of the charter that established their Tribunal.

International reaction was swift. The General Assembly, with our support and encouragement, unanimously adopted a resolution declaring genocide an international crime. In the next two years, the Secretary General's office, the Economic and Social Council and a drafting committee, chaired by the United States delegate, John Maktos, labored to draft a Convention which would implement the General Assembly's resolution. In 1948 the General Assembly, with the enthusiastic support of the United States delegation, unanimously adopted the Genocide Convention and two days later the United States signed the Convention.

AMERICANS SUPPORT THE GENOCIDE CONVENTION

Mr. Chairman. since President Truman submitted the Genocide Convention to the Senate for ratification, this treaty has had the broad support of Americans across the country as well as their leaders.

President after President, Administration after Administration, have given this treaty their enthusiastic support—Republicans and Democrat alike, conservative and liberal alike.

This is not a partisan issue. It is not ideological.

The ranks of the Genocide Convention supporters cross party lines and ideological lines.

In fact, you will be hearing very shortly from the Ad Hoc Committee on the Genocide and Human Rights Treaties, a coalition of 52 labor, civic, religious and nationality organizations, representing millions of Americans across this country.

GENOCIDE CONVENTION IS IN THE INTEREST OF ALL AMERICANS

And why do they support the Genocide Convention, Mr. Chairman?

Because it will serve America's interests. The interests of our citizens, our voters, our taxpayers.

The benefits of this treaty are not elusive. They are real and concrete.

Let me just cite a few of the reasons for ratification.

First, ratification of the Genocide Convention will strengthen our hand in attacking

the gross violation of human rights by the Soviet Union and its allies. While the treaty itself is narrowly constructed, your 1970 hearing record makes it clear how this treaty will help.

Rita Hauser, a Republican respected on both sides of the aisle, and President Nixon's delegate to the Human Rights Commission, testified:

"We have frequently invoked the terms of this Convention as well as the provisions of this Universal Declaration on Human Rights . . . in our continued aggressive attack against the Soviet Union for its practices, particularly as to its large Jewish communities, but also as to its Ukrainians, Tartars, Baptists and others. It is this anomaly . . . (that) . . . often leads to the retort in debates plainly put, simply put, 'Who are you to invoke a treaty that you are not a party to?'"

The 1977 hearings provide other devastating examples:

"The Soviet Union, usually on the defensive when the issue of . . . human rights was proposed at the U.N., could and would charge the U.S. with hypocrisy. In January, 1964, for example, when the U.S. member of the Subcommission on Prevention of Discrimination, Morris Abram, advocated "forceful measures of implementation" in dealing with racial and ethnic discrimination, his Soviet colleague had but to remind the body that the U.S. was not even a contracting party to the Genocide Convention. . . .

Two years later, Abram . . . vigorously endorsed a Costa Rican proposal that would have marked a significant breakthrough in the area of international human rights enforcement. . . . The Soviet Union's response was devastating. Its representative pointed out that in view of the fact that Americans "resolutely refused to accept legal obligations" through ratification of human rights treaties, it was "almost indecent" and certainly "hypocritical" for the U.S. to advocate the establishment of special human rights institutions in the international field. Shortly afterward, Pravda drove the point home. . . . It was 'no accident', the Communist Party organ commented, that the U.S. had not ratified the Genocide Convention since "racial and national oppression is still very widespread in the United States of America."

Our representatives to the Helsinki Accord review conference make a similar point. That where the United States should be on the offensive, holding the feet of the Soviet Union and its allies to the fire to live up to their pledges on human rights, instead we spend our time apologizing for our record on ratification of human rights treaties.

Mr. Chairman, the time has long since passed when we can smugly sit back and assume that our human rights record—which I firmly believe is the finest in the world—speaks for itself. Why permit Communist nations, which all too often only give lip service to these obligations, to take the high moral ground in these debates? Mr. Chairman, they have no right to it and we are foolish to abandon it to them.

If the Vietnamese communists commit genocide against religious groups in Cambodia, I want the U.S. to tell the world about it without challenge to our human rights dedication from other communist nations.

If the Peoples Republic of China systemmatically commits genocide against the Tibetans, I want us to be free to condemn that action without the inevitable propaganda about our failure to pass the Genocide Convention.

If one day the Russians turn against one of their national minorities, and commit genocide, then the United States should be the world leader opposing that action. Nothing less should be expected from this nation. But we will be unable to do this effectively without passage of the Genocide Convention.

In sum, it is unlikely that genocide will be committed in any Western democratic nation. It is more likely that genocide will occur in non-democratic, totalitarian or communist states. We need every device at our disposal to preclude that this happens, and if it does occur, God forbid, we need every diplomatic, economic and possibly military asset to stop such events.

We cannot do moral battle against genocide with one hand tied behind our backs.

Second, ratification of the Genocide Convention reasserts our intention to deal firmly with criminals who have violated the most sacred right known to man.

There is firm precedent for ratification of this type of criminal treaty. Just this year, in July, the United States approved a treaty dealing with hostages, unanimously. We were following the same policy on issues such as narcotics (1961), pollution of the sea by oil (1954) and treatment of prisoners of war (1949).

Contemporary practice makes it clear that the Senate has the authority to approve treaties involving international treaties and to hold Americans accountable for their actions before American Courts (as the Genocide Convention and its implementing legislation provides) for actions committed abroad.

Third, the ratification of the Genocide Convention will help our relations with Third World nations as well. Our failure to ratify a treaty so consistent with the high ideals expressed in our Declaration of Independence, Constitution and Bill of Rights, places us in dubious company with nations such as South Africa whose dedication to human rights is clearly questionable. With all other major Free World countries supporting the Convention, our inaction raises unnecessary doubts regarding our ability to lead.

Fourth, the ratification of this Convention would place the United States in a better position to bring our moral influence to bear in specific cases where genocide is alleged. For example, in the early seventies the State Department wrote to me, indicating that our efforts to halt the genocide of Biafrans during the Nigerian civil war would have been strengthened immeasurably had we been a party to the Convention.

Finally, there is a moral imperative to ratify this treaty. Domestic statutes regarding murder are insufficient for, as Senator Javits has correctly pointed out, "genocide is murder and more."

The different effect of this type of treaty is impossible to quantify but, as Bruno Bitker noted during your 1970 hearing, "The requirements of morality are more likely to be recognized if they are also the requirement of law."

SUBMISSION FOR THE RECORD

Mr. Chairman, I have not attempted in my statement to provide a line by line discussion of the Genocide Convention and the arguments that will be raised by Liberty Lobby later in this hearing. Your next panel will be addressing those questions and I have merely attempted to set the stage for that discussion.

However, I would like your permission to include as a permanent part of this record, at the conclusion of my statement, material which I believe will be helpful to the Committee's review:

(1) An article by article analysis of the Genocide Convention just produced by the Congressional Research Service at my request. I have also provided additional copies to every Member of the Committee.

(2) Copies of speeches which I have made responding in detail to the arguments of the new Liberty Lobby White Paper on the Genocide Convention, about which you will be hearing more shortly.

(3) Letters from each branch of the Armed Services and the General Counsel of the Defense Department during the Carter Administration, outlining their support for the Convention.

(4) A listing of 52 labor, civic, religious and nationality groups which endorse the Genocide Convention.

(5) A law review article by Louis Henkin from the April, 1968 issue of the University of Pennsylvania Law Review entitled "The Constitution, Treaties and International Human Rights", which conclusively proves the constitutionality of treaties such as the Genocide Convention.

Mr. Chairman, the fight for ratification of this Convention has often been frustrating. As Senator Javits noted during the 1977 hearings, "The numbers of rumors, innuendos, misconceptions and scares that have been spread about this treaty are literally endless, and this has been done by people who are very, very competent and able in many other ways, but who somehow have an absolute blind spot on this one."

IN CONCLUSION

Mr. Chairman, some opponents of the Genocide Convention want it both ways.

On the one hand, they assert that the Genocide Convention is a strong document, threatening our very civil liberties—a position which is simply not substantiated by this Committee's own hearing record.

On the other hand, they argue that the Treaty is a "paper tiger". Where is the real enforcement authority they ask? Yet this question comes most often from those who would oppose any international enforcement mechanism the most.

Let me get the record straight.

This Senator is no advocate of One World government.

This Senator does not support any Super Government with "enforcement authority" to interfere in our internal affairs.

I do not believe in yielding United States sovereignty in any way.

And this Treaty does not do that.

This is a very limited Treaty. Not a panacea for the world's ills. Not a step toward One World Government.

But it is an important moral statement, a strong diplomatic tool in the hands of the world's most powerful and influential country.

[Prevention and Punishment of Crime of Genocide]

CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE

The Contracting Parties,

Having considered the declaration made by the General Assembly of the United Nations in its resolution 96 (I) dated 11 December 1946 that genocide is a crime under international law, contrary to the spirit and aims of the United Nations and condemned by the civilized world;

Recognizing that at all periods of history genocide has inflicted great losses on humanity; and

Being convinced that, in order to liberate mankind from such an odious scourge, international co-operation is required,

Hereby agree as hereinafter provided:

ARTICLE I

The Contracting Parties confirm that genocide, whether committed in time of peace or in time of war, is a crime under international law which they undertake to prevent and to punish.

ARTICLE II

In the present Convention, genocide means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such:

(a) Killing members of the group;

(b) Causing serious bodily or mental harm to members of the group;

(c) Deliberately inflicting on the group

conditions of life calculated to bring about its physical destruction in whole or in part;

(d) Imposing measures intended to prevent births within the group;

(e) Forcibly transferring children of the group to another group.

ARTICLE III

The following acts shall be punishable:

(a) Genocide;

(b) Conspiracy to commit genocide;

(c) Direct and public incitement to commit genocide;

(d) Attempt to commit genocide;

(e) Complicity in genocide.

ARTICLE IV

Persons committing genocide or any of the other acts enumerated in article III shall be punished, whether they are constitutionally responsible rulers, public officials or private individuals.

ARTICLE V

The Contracting Parties undertake to enact, in accordance with their respective Constitutions, the necessary legislation to to give effect to the provisions of the present Convention and, in particular, to provide effective penalties for persons guilty of genocide or of any of the other acts enumerated in article III.

ARTICLE VI

Persons charged with genocide or any of the other acts enumerated in article III shall be tried by a competent tribunal of the State in the territory of which the act was committed, or by such international penal tribunal as may have jurisdiction with respect to those Contracting Parties which shall have accepted its jurisdiction.

ARTICLE VII

Genocide and the other acts enumerated in article III shall not be considered as political crimes for the purpose of extradition.

The Contracting Parties pledge themselves in such cases to grant extradition in accordance with their laws and treaties in force.

ARTICLE VIII

Any Contracting Party may call upon the competent organs of the United Nations to take such action under the Charter of the United Nations as they consider appropriate for the prevention and suppression of acts of genocide or any of the other acts enumerated in article III.

ARTICLE IX

Disputes between the Contracting Parties relating to the interpretation, application or fulfilment of the present Convention, including those relating to the responsibility of a State for genocide or for any of the other acts enumerated in article III, shall be submitted to the International Court of Justice at the request of any of the parties to the dispute.

ARTICLE X

The present Convention, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall bear the date of 9 December 1948.

ARTICLE XI

The present Convention shall be open until 31 December 1949, for signature on behalf of any Member of the United Nations and of any non-member State to which an invitation to sign has been addressed by the General Assembly.

The present Convention shall be ratified, and the instruments of ratification shall be deposited with the Secretary-General of the United Nations.

After 1 January 1950 the present Convention may be acceded to on behalf of any Member of the United Nations and of any non-member State which has received an invitation as aforesaid.

Instruments of accession shall be deposited with the Secretary-General of the United Nations.

ARTICLE XII

Any Contracting Party may at any time, by notification addressed to the Secretary-General of the United Nations, extend the application of the present Convention to all or any of the territories for the conduct of whose foreign relations that Contracting Party is responsible.

ARTICLE XIII

On the day when the first twenty instruments of ratification or accession have been deposited, the Secretary-General shall draw up a process-verbal and transmit a copy thereof to each Member of the United Nations and to each of the non-member States contemplated in article XI.

The present Convention shall come into force on the ninetieth day following the date of deposit of the twentieth instrument of ratification or accession.

Any ratification or accession affected subsequent to the latter date shall become effective on the ninetieth day following the deposit of the instrument of ratification or accession.

ARTICLE XIV

The present Convention shall remain in effect for a period of ten years as from the date of its coming into force.

It shall thereafter remain in force for successive periods of five years for such Contracting Parties as have not denounced it at least six months before the expiration of the current period.

Denunciation shall be effected by a written notification addressed to the Secretary-General of the United Nations.

ARTICLE XV

If, as a result of denunciations, the number of Parties to the present Convention should become less than sixteen, the Convention shall cease to be in force as from the date on which the last of these denunciations shall become effective.

ARTICLE XVI

A request for the revision of the present Convention may be made at any time by any Contracting Party by means of a notification in writing addressed to the Secretary-General.

The General Assembly shall decide upon the steps, if any, to be taken in respect to such request.

ARTICLE XVII

The Secretary-General of the United Nations shall notify all Members of the United Nations and the non-member States contemplated in article XI of the following:

(a) Signatures, ratifications and accessions received in accordance with article XI;

(b) Notifications received in accordance with article XIV;

(c) The date upon which the present Convention comes into force in accordance with article XIII;

(d) Denunciations received in accordance with article XIV;

(e) The abrogation of the Convention in accordance with article XV;

(f) Notifications received in accordance with article XVI.

ARTICLE XVIII

The original of the present Convention shall be deposited in the archives of the United Nations.

A certified copy of the Convention shall be transmitted to each Member of the United Nations and to each of the non-member States contemplated in article XI.

ARTICLE XIX

The present Convention shall be registered by the Secretary-General of the United Nations on the date of its coming into force.

For Afghanistan:

For Australia: Herbert Evatt, December 11, 1948.

For the Kingdom of Belgium:

For Bolivia: Adolfo Costa du Rels, 11 Dec. 1948.

For Brazil: Joao Carlos Muniz, 11 December 1948.

For the Union of Burma:

For the Byelorussian Soviet Socialist Republic:

For Canada:

For Chile: Con la reserva que requiere tambien la aprobacion del Congreso de mi pais. H. Arancibia Lazo.

For China:

For Colombia:

For Costa Rica:

For Cuba:

For Czechoslovakia:

For Denmark:

For the Dominican Republic: J. E. Balaguer, 11 Dec. 1948.

For Ecuador: Homero Viteri Lafronte, 11 Diciembre de 1948.

For Egypt: Ahmed Moh. Khachaba, 12-12-48.

For El Salvador:

For Ethiopia: Aklilou, 11 December 1948.

For France: Robert Shuman, 11 Dec. 1948.

For Greece:

For Guatemala:

For Haiti: Castel Demesmin, Le 11 Decembre 1948.

For Honduras:

For Iceland:

For India:

For Iran:

For Iraq:

For Lebanon:

For Liberia: Henry Cooper, 11/12/48.

For the Grand Duchy of Luxembourg:

For Mexico: Luis Padilla Nervo, Dec. 14, 1948.

For the Kingdom of the Netherlands:

For New Zealand:

For Nicaragua:

For the Kingdom of Norway: Finn Moe, Le 11 Decembre 1948.

For Pakistan: Zafrulla Khan, Dec. 11, 1948.

For Panama: R. J. Alfaro, 11 Diciembre 1948.

For Paraguay: Carlos A. Vasconsellos, Diciembre 11, 1948.

For Peru: F. Berckemeyer, Diciembre 11/1948.

For the Philippine Republic: Carlos P. Romulo, December 11, 1948.

For Poland:

For Saudi Arabia:

For Siam:

For Sweden:

For Syria:

For Turkey:

For the Ukrainian Soviet Socialist Republic:

For the Union of South Africa:

For the Union of Soviet Socialist Republics:

For the United Kingdom of Great Britain and Northern Ireland:

For the United States of America: Earnest A. Gross. Dec. 11, 1948.

For Uruguay: Enrique C. Armand Ugon, Decembre 11 de 1948.

For Venezuela:

For Yemen:

For Yugoslavia: Ales Bebler, 11 Dec. 1948.

Certified true copy.

For the Secretary-General: Kerno, Assistant Secretary-General in charge of the Legal Department.

MAX FRIEDERSDORF

Mr. QUAYLE. Madam President, the announcement yesterday that Max Friedersdorf would be leaving the White House staff came as a surprise to most of us here. I would not want the announcement of his departure to pass without saying a few words about a man who has been a great credit to his home State of Indiana and a great credit to our Nation.

Earlier today, a reporter from the Franklin, Ind., Daily Journal, Max's hometown, called my office to ask: "What was the secret of Max's success?"

There is no secret to his success but the ingredients should stand as an example to anyone who is considering a career in politics and government.

Max started as a newspaper reporter in Indiana, Kentucky, and Illinois. He came to Washington as a staff member of Representative Richard L. Roudebush. He moved on to the Senate where he was staff director of the Senate Republican Policy Committee. His career continued to progress as he moved to the White House staff as an assistant in the Congressional Liaison Office.

One of the secrets to Max's success, then, is an intimate knowledge of the Congress. There is an institutional memory here that prescribes how things will work, and who will make them work. These memories are not set down, and no amount of reading or talking to those who have been here can substitute for having been involved in the process.

Second, there is an old saying that goes, "good luck follows hard work." Max's luck has been consistently good because he has always been a dedicated worker.

Finally, Max has a gift of working with people, and for helping people work with each other. Each of us has seen Max take a group of Senators or Congressmen of differing philosophies and differing views, and help them to forge a solution to a problem which was based not on whether it was good for the President, or the Republicans, or good for the Democrats. The solutions have been found because Max had a feeling for what was good for the country.

Those are the secrets to success: A knowledge of his subject matter, hard work, and the ability to work with people.

Max Friedersdorf's years in Washington stand as an example of how a career in politics and Government can bring out the best in people, and how a man or a woman who wants to help our country can have a real impact.

The work Max Friedersdorf did this year alone will have a positive impact on the direction of our country through the end of this century.

I have personally known Max for many years. My friendship with him has been a rewarding one, and though he is temporarily leaving Washington, that friendship with me and others will, I am certain, continue.

I wish him and his wonderful wife, Priscilla, many years in Max's next career, Consul General to Bermuda.

A KEY TO LOWER INTEREST RATES

Mr. PERCY. Madam President, there is not a Senator in this Chamber who does not want to see lower interest rates as soon as possible. We know the damage high interests are inflicting on this country's economy. Large and small businesses alike are failing at near-record rates, housing construction has come to a standstill, auto dealers are closing their doors and thousands of potential home buyers are hoping that maybe next year they will be able to afford that first home.

High interest did not spring up suddenly. Nearly 2 years ago we saw interest rates beginning to rise. By March 1980 the prime rate had broken all records and was in the low 20 percent range. Then it dropped, only to rise again this fall. Interest rates are a function of the high inflation and general economic stagnation that has wracked our economy for a decade.

Last October, however, we took the first steps away from economic disaster. That is when the President's economic recovery program first went into effect: Tax cuts and budget reductions to put the economy right again. These changes in our economy cannot possibly come about overnight. They were over a decade in the making. But we have begun to grapple with them and I gave the President my full support on both tax and budget reduction.

There is more we can do, however, to restore economy. One area that has been entirely neglected are the lending programs that have blossomed in the Federal budget the last 7 years. These loan and loan guarantee programs have worthwhile purposes in many cases, but they are just like spending: Someone must ultimately pay for them.

Under our present system, these so-called off-budget lending programs are like a mist on a foggy night: you know they are there but try and put your hands on them. Our Federal budget takes almost no account of them, even though the billions of dollars in lending pushes thousands of worthy borrowers--like small businessmen and home buyers—out the bank door. When a Federal agency says that a program should be financed through loan guarantees, that means it moves to the top of the lending line. Money does not grow on trees, of course, so someone else is cut off at the end of the line.

I have introduced legislation to halt this senseless system and am pleased that the Director of our nonpartisan Congressional Budget Office—CBO—supports this legislation. She has just written me about it and says that if the procedures outlined in my bill were put to use, and I quote:

> There is every indication that the financial market would respond positively and that interest rates would begin to decline.

That is good news for Americans and I am pushing to bring this bill to a vote as soon as possible. We just cannot ignore a tool that will aid the economy recovery.

I ask unanimous consent that Dr. Rivlin's letter be printed in the RECORD at this point.

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

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., November 17, 1981.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: During my recent testimony before the Committee on Governmental Affairs on the Congressional budget process, you requested that we estimate, if possible, the impact on interest rates of establishing a federal credit budget as envisioned by your bill, S. 265, the Federal Lending and Oversight Control Act.

If the Congress were to begin explicitly controlling the levels of new federal credit, under procedures such as those in your bill, and began reducing total government credit demand, there is every indication that the financial markets would respond positively and that interest rates would begin to decline. Unfortunately, as I told you during the hearing, we are unable to estimate the magnitude of the impact on interest rates.

Financial markets today are concerned about total federal government borrowing, not just the unified budget deficit. Under the multiyear budget plan of the first concurrent resolution, the unified budget deficit as a percentage of GNP is expected to fall, from about 2 percent of GNP in fiscal year 1981 to about 1 percent by fiscal year 1984. There is a risk, however, that total borrowing by the federal government or under federal auspices will not decline. As the table below illustrates, total federal government borrowing in fiscal year 1982 will probably exceed the projected $65 billion unified budget deficit by a considerable margin. Off-budget borrowing, primarily to fund the Federal Financing Bank's loan activities, will add about $20 billion to Treasury borrowing in 1982. Total direct borrowing by the Treasury is, therefore, expected to reach $80 to $90 billion. The federal government will also directly influence the allocation of another $80 billion in new credit through its loan guarantee programs.

Federal budget deficits and borrowing from the public

[In billions of dollars]

	1982 estimate
Unified budget deficit	65
Off-budget deficit	20
Total deficit	85
Less:	
Means of financing other than borrowing from the public [1]	1.7
Borrowing from the public	83.3
New loan guarantee commitments [2]	80

[1] Changes in cash balances, checks outstanding, and seigniorage on coins. Estimates from *Mid-Session Review of the Budget,* July 1981.

[2] Estimates from Office of Management and Budget, July 1981.

The financial markets recognize that federal credit programs have grown more rapidly than direct spending. Loan guarantees and the off-budget lending of the Federal Financing Bank are not included in the binding totals of the budget process. Moreover, until recently, many credit programs have been completely without limits on their level of annual activity. The credit budgets that the Congress has experimented with in the concurrent budget resolutions this year and last are useful first steps. The totals, however, are not binding; nor are other provisions of the Budget Act, such as reconciliation, directly applicable to the credit budget.

The imposition of a binding federal credit budget, as envisioned in S. 265, cannot but help reduce the fears of the financial markets about uncontrolled growth of federal credit. This would reduce upward pressures on interest rates, but we do not know how much.

If I may be of further assistance in this regard, please call on me.

Sincerely,

ALICE M. RIVLIN,
Director.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the

Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—MESSAGE FROM THE PRESIDENT—PM 94

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

I hereby transmit for the information of the Congress the Sixteenth Annual Report of the Department of Housing and Urban Development covering the calendar year 1980.

RONALD REAGAN.

THE WHITE HOUSE, *December 4, 1981.*

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. SIMPSON, from the Committee on Veterans' Affairs:

Charles Timothy Hagel, of the District of Columbia, to be Deputy Administrator of Veterans' Affairs.

Mr. SIMPSON. Mr. President, I am pleased to report that the Committee on Veterans' Affairs has completed its consideration of the qualifications of Charles Timothy Hagel, the President's nominee to be Deputy Administrator of Veterans' Affairs, and the committee, by unanimous vote, recommends that the nomination be confirmed.

Public Law 96-22, Veterans Health Care Amendments of 1979, provided for the nomination by the President, and confirmation by the Senate of the Deputy Administrator of Veterans' Affairs, but exempted the then incumbent Deputy from such a requirement. Consequently today's confirmation vote is a historic first for this position.

The Veterans' Administration has been without a Deputy Administrator since February 25, 1981, when Rufus T. Wilson, the former Deputy, because Acting Administrator of the Veterans' Administration. It is most important that the Administrator, Bob Nimmo, have the assistance of a highly qualified Deputy.

The nomination of Charles T. Hagel was received by our committee on November 16, 1981. A hearing on his qualifications was held on November 25, 1981, with a resulting unanimous vote to recommend confirmation of the nomination.

Chuck Hagel, 34 years of age, most recently served as the deputy commissioner general of the 1982 World's Fair, to be held in Knoxville, Tenn., with responsibilities for coordinating and administering corporate and U.S. Government involvement in the fair.

From January 1977 to January 1981, Chuck was manager of Firestone's Government affairs office in Washington, D.C. From 1971 to 1977, he was administrative assistant to Congressman John Y. McCollister of Nebraska, in charge of McCollister's offices in Washington and Nebraska.

Chuck's background includes radio and television as a newscaster, talk show host, and record show host in Omaha, Nebr., Council Bluffs, Iowa, and Lincoln, Nebr.

Hagel volunteered for U.S. Army service in Vietnam where he was wounded twice while serving in the 9th Infantry Division. His awards include the American Spirit Honor Medal, the Purple Heart with one oak leaf cluster, the Combat Infantry Badge, and the Army Commendation Medal.

I am impressed with Chuck Hagel's work in community activities, in veterans' organizations, with his combat experience in behalf of our Nation, with his enthusiasm, and with his ability to communicate. It is particularly appropriate today that a combat Vietnam veteran be in a high position of responsibility in the Veterans' Administration.

As the VA's Deputy Administrator, he will assist Administrator Nimmo in carrying out the many and diverse responsibilities of the agency which serves over 30 million living veterans. With its 172 medical centers, 226 outpatient clinics, 96 nursing home care units, and 58 regional offices the Veterans' Administration is a large and complex agency. It administers many extremely important programs such as disability compensation benefits, veterans' pension, GI bill education program, and a National Cemetery System. The leadership of the VA faces a tremendous challenge, especially in these days of constrained resources when the needs of veterans are so great.

Chuck Hagel will have a special challenge in following so closely the outstanding service of his predecessor as Deputy Administrator—Rufus T. Wilson, who served during the 4 years prior to February 25, 1981. Rufus gave to the Veterans' Administration 25 years of dedicated and able service, holding many important positions within the VA. For 2 years he was Director of Congressional Liaison; he was director of three regional offices: St. Petersburg, Fla., Lincoln, Nebr., and Baltimore, Md. He has served as Chief Benefits Director, as Associate Deputy Administrator, as Director of Memorial Affairs, and as Acting Administrator of the VA. He received the National Civil Service Award and the VA's Exceptional Service Award—truly an impressive and outstanding record. Rufus is continuing work in behalf of veterans in his new position as minority counsel of the House Committee on Veterans' Affairs.

Members of our Senate Committee on Veterans' Affairs are of the view that Chuck Hagel will be of great service to the veterans of our Nation and will perform the tasks undertaken by him with skill and competence. I urge the Senate to support the unanimous vote of the Committee on Veterans' Affairs in confirming this nomination.

By Mr. PERCY, from the Committee on Foreign Relations, with reservations and with understandings:

Exec. C, 95th Cong., 1st sess. Tax Treaty with the Republic of the Philippines for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment (Executive C), as clarified by a simultaneous Exchange of Notes (collectively referred to as the proposed treaty) (Rept. No. 97-39).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BENTSEN (for himself and Mr. DOLE):

S. 1910. A bill to amend section 403(B)(2) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of a church; to add new section 430(B) annuity contract includes an annuity contract of a church, including a church pension board; to conform section 403(c) with recent amendments to 402(a)(1); to amend section 415(c)(4) to extend the special elections for section 430(b) annuity contracts to employees of churches or conventions or associations of churches and their agencies; to add a new section 415(c)(8) to permit a de minimis contribution amount in lieu of such elections; and to make a clarifying amendment to section 415(c) by adding a new paragraph (9) and conforming amendments to sections 415(d)(1), 415(d)(2), and 403(b)(2)(B); to the Committee on Finance.

By Mr. SPECTER (for himself and Mr. ROBERT C. BYRD):

S. 1911. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of reserves for mining land reclamation and for the deduction of amounts added to such reserves; to the Committee on Finance.

By Mr. STEVENS:

S. 1912. A bill to amend title 5, United States Code, to authorize the Administrator, Federal Aviation Administration, to pay additional premium pay to air traffic controllers and certain other employees of the Federal Aviation Administration, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BOSCHWITZ:

S. 1913. A bill for the relief of Joseph R. Williams, major, U.S. Army Reserve; to the Committee on the Judiciary.

By Mr. NICKLES (for himself and Mr. BOREN):

S. 1914. A bill conferring jurisdiction on certain courts of the United States to hear and render judgment in connection with certain claims of the Cherokee Nation of Oklahoma; to the Committee on the Judiciary.

By Mr. STAFFORD (for himself, Mr. LEAHY, Mr. HUMPHREY, and Mr. RUDMAN):

S. 1915. A bill granting the consent of Congress to the compact between the States of New Hampshire and Vermont concerning solid waste; to the Committee on the Judiciary, by unanimous consent with instructions that when the bill is reported it be referred to the Committee on Environment and Public Works for not to exceed thirty days.

By Mr. CANNON (for himself and Mr. PACKWOOD):

S. 1916. A bill to amend the Federal Trade Commission Improvements Act of 1980 to provide for an evaluation by the Federal Trade Commission of the effects on interstate commerce and on consumers of acquisitions of domestic petroleum companies by major international energy concerns, and for other purposes; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred, or acted upon, as indicated:

By Mr. HEFLIN (for himself, Mr. DENTON, Mr. BUMPERS, Mr. PRYOR, Mr. MATHIAS, Mr. SARBANES, Mr. FORD, Mr. HUDDLESTON, Mr. TOWER, Mr. BENTSEN, Mr. MATTINGLY, and Mr. RANDOLPH):

S. Res. 252. A resolution honoring and commending Paul W. "Bear" Bryant; considered and agreed to.

By Mr. DOLE (for himself, Mrs. KASSEBAUM, Mr. BAUCUS, Mr. D'AMATO, Mr. DURENBERGER, Mr. GRASSLEY, Mr. HATFIELD, Mr. HEFLIN, Mr. HOLLINGS, Mr. LUGAR, Mr. MATTINGLY, Mr. MELCHER, Mr. BAKER, and Mr. MURKOWSKI):

S. Res. 253. A resolution expressing the sense of the Senate on "National Circle K Week"; to the Committee on the Judiciary.

By Mr. BAKER:

S. Res. 254. A resolution authorizing the printing of "Enactment of a Law and Other Aspects of the Legislative Branch of Government" as a Senate document; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BENTSEN (for himself and Mr. DOLE):

S. 1910. A bill to amend section 403(B)(2) of the Internal Revenue Code of 1954 with respect to computation of the exclusion allowance for ministers and lay employees of a church; to add new section 430(B) annuity contract includes an annuity contract of a church, including a church pension board; to conform section 403(c) with recent amendments to 402(a)(1); to amend section 415(c)(4) to extend the special elections for section 430(b) annuity contracts to employees of churches or conventions or associations of churches and their agencies; to add a new section 415(c)(8) to permit a de minimis contribution amount in lieu of such elections; and to make a clarifying amendment to section 415(c) by adding a new paragraph (9) as conforming amendments to sections 415(d)(1), 415(d)(2), and 403(b)(2)(B); to the Committee on Finance.

AMENDMENT OF INTERNAL REVENUE CODE RELATIVE TO RETIREMENT BENEFITS

● Mr. BENTSEN. Mr. President, I today reintroduce legislation to amend several provisions of the Internal Revenue Code that unfairly obstruct the acceptable accumulation of retirement benefits for the majority of clergymen and lay employees of the church denominations in this country. The major thrust of this legislation is to accord ministers and lay employees the same right of contribution to their retirement annuities that other classes of poorly compensated employees now enjoy. It represents a large step toward assuring our ministers and lay employees of adequate retirement allowances. I invite my colleagues to join with me in sponsoring this legislation.

By far most of the retirement benefits for ministers and lay employees are provided by annuities described in section 403(b) of the code. Our churches consider annuity programs as ideal retirement systems. Most denominations have used them for decades—some for over a century. They are completely portable and let church workers move freely within their denominations without losing retirement benefits.

Some of the section 403(b) annuity arrangements of the churches are defined contribution programs, while others are defined benefit programs. Section 403(b) imposes no requirement that the arrangement be of either kind. Most churches do not purchase retirement annuities from insurance companies. They administer and fund their own annuity programs. Some denominations fund their retirement annuities internally. But most have formed organizations called pension boards to administer and fund their annuity programs.

These pension boards are usually separately incorporated to protect pension assets. Whether the provider of pension benefits is separately incorporated or not, it fulfills the functions of the church with which it is associated in providing retirement benefits for its ministers and lay employees and is, thus, entitled to classification as an integral and inseparable part of the church.

Since 1958, the "exclusion allowance" in section 403(b)(2) has limited the amount that an employer can contribute to an annuity for an employee under this section without income tax consequences. That amount is the excess of first, 20 percent of the employee's includable compensation for the year times the employee's years of service with his or her employer over; second, the aggregate amounts contributed in prior years that have been excluded from income. Before the exclusion allowance, there were no limitations on contributions to section 403(b) annuities.

The exclusion allowance was designed to prevent then-existing abuses by certain part-time employees (S. Rept. No. 1983, 85th Cong., 2d sess. 36 (1958)). The exclusion allowance was also designed to permit larger-than-usual retirement annuity contributions late in the employee's career to compensate for the years when contributions were low or not made at all. These are called "catch-up" contributions. As I shall demonstrate later, the capacity to make catch-up contributions is extremely important to persons who are poorly compensated.

In 1974, we superimposed a further, and perhaps unnecessary, limitation on contributions to section 403(b) annuities by enacting section 415. We arbitrarily classified section 403(b) annuities as defined contribution plans, whether or not they fit that description, and required that contributions be no greater than the limits under section 415(c)(1).

This further limitation on employer contributions to section 403(b) annuities is the lesser of $25,000, adjusted by the increases in the cost of living, or 25 percent of the participant's compensation. When we imposed those limitations, we realized that the 25 percent of compensation limitation would seriously hinder the ability of poorly compensated employees to make catch-up contributions. So we devised in section 415(c)(4) certain elections a participant could make to override the 25-percent ceiling, except in the instance of the "(C)" election in section 415(c)(4), which substitutes the $25,000-25-percent limitation for the exclusion allowance.

The elections permit relatively high contributions late in the career of an employee who typically has a pattern of low contributions in the early stages of his career (Joint conference Rept. No. 93-1280, 93d Cong., 2d sess. 345 (1974)). But we made these elections available only to employees of educational organizations, hospitals, and home health service agencies. We did not then know that churches also used section 403(b) annuities extensively. We believe that church employees need the elections just as those classes of employees who now use them.

Ministers and lay employees are among the worst-compensated persons in this country. A minister begins his career at a salary of only $5,000 to $10,000. Rarely will his salary exceed $15,000 or $20,000—and then only at the end of his career. Lay employees generally earn even less. Missionaries receive pitiful salaries.

A typical pension of a minister is only $2,000 to $3,000 a year. Lay employees retire on less. These woefully inadequate pensions will continue if we do not amend the limitations we enacted in 1974.

Sections 403(b) and 415 create many problems for church employees. The compensation of many of them, particularly foreign missionaries, is so low that even the exclusion allowance makes worthwhile contributions impossible. They spend their lives in the mission field and expect to retire in the United States. But the combination of the exclusion allowance based on compensation and the high cost of living here makes retirement very difficult for these persons.

Second, the poor compensation of ministers and lay employees makes catchup contributions essential, but the 25-percent limitation renders them virtually impossible. During the first years of a minister's career, contributions may be a function of salary and, hence, be very small. The minister may be employed by a new or struggling church or church agency that cannot afford any plan contributions.

Under section 403(b) the minister may take a reduction in salary to permit his employer to purchase annuity benefits. But salary reduction is usually impractical because for many years he will need every penny he earns to feed and clothe his family, and educate his children. When a minister has reached age 50 or so, his compensation may increase enough for him to purchase additional annuity benefits. Then his personal and

family living expenses may have declined, and he could be in a position to use a part of his salary to supplement his retirement income.

Also, a minister's church may recognize that he is about to retire without an adequate retirement income and, with the help of the congregation, may wish to contribute more funds to bring his annuity up to an acceptable level. But because the 25-percent limitation of section 415(c)(1) is based upon an extremely low salary, it frustrates any effort, by salary reduction or otherwise, to enhance the minister's retirement benefits to any meaningful extent.

A third problem is that the "years-of-service" factor of the exclusion allowance is limited to years of service with the employee's present employer. In computing the exclusion allowance for any year, an employee is not given credit for any years of service with prior employers. In our hierarchical denominations, an employee may be considered employed by the denomination, even though his technical employer may be another church organization. But in our congregational denominations, each organization is a separate employer.

Many ministers and lay employees move frequently from one church to another within their denomination or among agencies of the denomination during their careers. In some denominations a minister or lay employee will change employment every 3 to 5 years. In computing the exclusion allowance, a minister or lay employee of a congregational denomination is, thus, given no credit for past service with other employers in the denomination. For any such employee with frequent job changes, this rule severely reduces the exclusion allowance and the ability to make catchup contributions.

A fourth problem is an emerging policy in the Internal Revenue Service that only licensed insurance companies may provide annuity contracts described in section 403(b). No provision in section 403(b) limits the provider of annuity contracts described in that section to licensed insurance companies. The Service has agreed with this conclusion in published revenue rulings and private letter rulings to church denominations. Yet a growing judgment in the Service contends that churches and church pension boards should not be permitted to provide section 403(b) annuity contracts as they have for many years. I see no reason in logic or equity for denying churches the right to provide section 403(b) annuities for their workers.

A fifth problem is technical. Like many secular plans, some church plans condition the nonforfeitability of rights on a factor such as continued service for a period of time. Nonetheless, contributions are made to the plan on behalf of the participants during the period of forfeitability.

In the case of a qualified annuity plan, it is clear in section 415(c)(1) that annual additions to a participant's account occur in the year to which a contribution is attributed, rather than lumped in the year in which the annuity contract becomes nonforfeitable. Similar treatment seems appropriate in the case of a section 403(b) annuity.

However, in the case of a section 403(b) annuity, it is not clear whether the same rule would apply. It would be unfortunate if several years of contributions were deemed made in the year the annuity became nonforfeitable because of the likelihood the section 415(c)(1) limitations would be exceeded. It is also unclear whether participants in such plans would have the right to the elections in section 415(c)(4) and the right to contribute the de minimis amount already discussed. I believe the law should be clarified in favor of giving such participants these rights.

Mr. President, an important feature of our bill is that a minimum includable compensation is deemed for church employees. This is related to the income poverty guideline calculated yearly by the Office of Management and Budget for an average family size. This provision insures that a minimum exclusion allowance will be available for a church employee even though his actual includable compensation does not produce one under the present formula.

My legislation corrects the inequity of the 25-percent limitation by extending the right to make the elections in section 415(c)(4) to employees of church denominations and their agencies. I believe these persons should have the same right to make the elections as employees of educational organizations, hospitals, and home health service agencies. This legislation also provides a de minimis amount of $10,000, which may be contributed without having to consider either the 25-percent limitation or the section 415(c)(4) elections. This de minimis amount is parallel to the de minimis amount for defined benefit plans in section 415(b)(4).

Like other limiting figures in section 415, it is subject to adjustment for increases in the cost of living, commencing with the calendar quarter beginning October 1, 1974. The de minimis amount will have a simplifying effect on the Code because the elections are difficult to understand and administer. It is intended that all limitations provided in section 415(c), including the de minimis amount, be subject to the further limitations of section 403(b)(2).

Thus, under this bill an employee could not make a "(C)" election under section 415(c)(4)—which substitutes the $25,000 25-percent limitation for the exclusion allowance—and be permitted a contribution of the de minimis account. Accordingly, the 1958 legislation establishing the exclusion allowance and subsequent legislation is in no way circumvented.

The term "agency" of a church is defined in this legislation by reference to that term in section 414(e)(3)(B)(ii) and means an exempt organization either controlled by or associated with a church or a convention or association of churches.

My legislation also would treat the service of a minister or lay employee with any church or church agency of a religious denomination as service with a single employer for purposes of computing the exclusion allowance. All years of service of a minister or lay employee for a church or a church agency, both of which must be described in section 501(c)(3), would be aggregated in determining the exclusion allowance for taxable years beginning after 1980. It would make no difference whether the years of service being aggregated occurred before or after 1980.

The bill will enable section 403(b) annuity contributions to be made on behalf of ministers and lay employees in order to provide them with retirement benefits based on years of service with the denomination rather than with the present employer. This rule will make sure the employees of all the denominations of this country are treated equally in connection with the years-of-service factor.

This legislation also makes express in the statute the long-standing position under current law that section 403(b) annuity contracts may be provided by a church or a convention or association of churches, whether the annuity contract is provided internally by the church or by a separately incorporated entity such as a pension board. A pension board means an organization described in section 414(e)(3)(A). That is an organization, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement or welfare benefits for the employees of a church if such organization is controlled by or associated with such church.

This legislation provides that annual additions to a forfeitable section 403(b) annuity are, for purposes of the section 415 limitations, treated like annual additions to a nonforfeitable annuity. Annual additions are, thus, deemed made for the year to which they are attributed, rather than lumped in the year the annuity contract becomes nonforfeitable. This rule is in keeping with that regarding contributions to qualified defined contribution plans before a participant's rights are fully nonforfeitable. This legislation also insures participants in a forfeitable section 403(b) annuity of the right to make the special elections and the de minimis contribution amount.

Finally, the bill will make it clear that constructive receipt is not to apply to section 403(b) annuities by conforming section 403(c) to changes in section 402(a)(1) recently made by the Economy Recovery Tax Act of 1981. By removing the words "or made available" in section 403(c), we eliminate the unnecessary constructive receipt problems caused by them.

Mr. President, I urge my distinguished colleagues to support this bill, and ask unanimous consent that it be printed in the RECORD.

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

S. 1910

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

SECTION 1. Section 403(b)(2)(B) of the Internal Revenue Code of 1954 is amended to read, as follows:

"(B) ELECTION TO HAVE ALLOWANCE DETER-

MINED UNDER SECTION 415 RULES.—In the case of an employee who makes an election under section 415(c)(4)(D) to have the provisions of section 415(c)(4)(C) (relating to special rule for section 403(b) contracts purchased by educational institutions, hospitals, home health service agencies, and churches or conventions or associations of churches and organizations described in section 414(e)(3)(B)(ii)) apply, the exclusion allowance for any such employee for the taxable year is the amount which could be contributed (under section 415 without regard to section 415(c)(8)) by his employer under a plan described in section 403(a) if the annuity contract for the benefit of such employee were treated as a defined contribution plan maintained by the employer."

SEC. 2. Section 403(b)(2) of the Internal Revenue Code of 1954 is amended by adding the following subparagraph:

"(C) NUMBER OF YEARS OF SERVICE FOR DULY ORDAINED, COMMISSIONED, OR LICENSED MINISTERS OR LAY EMPLOYEES.—For purposes of this subsection, all years of service by a duly ordained, commissioned, or licensed minister of a church, or by a lay person, as an employee of a church or a convention or association of churches or an organization described in section 414(e)(3)(B)(ii) of such church (or convention or association of churches) shall be considered as years of service for one employer, and all amounts contributed for annuity contracts by each such church (or convention or association of churches) or such organization, during such years for such minister or lay person, shall be considered to have been contributed by one employer. For purposes of the preceding sentence, the term 'church (or convention of association of churches)' shall have the same meaning as it does for purposes of section 414(e).".

SEC. 3. Section 403(b)(3) of the Internal Revenue Code of 1954 is amended by adding at the end the following sentence:

"Notwithstanding the preceding sentences, the includible compensation of an employee described in paragraph (2)(C) is not less than twice the nonfarm income poverty guideline of a family unit of 4 who resides in the contiguous United States for the prior taxable year in accordance with regulations prescribed by the Secretary. Such regulations shall provide for procedures to establish and revise the nonfarm income poverty guideline which are similar to the procedures used by the Office of Management and Budget for programs in which the poverty line is a criterion of eligibility.".

SEC. 4. Section 403(b) of the Internal Revenue Code of 1954 is amended by adding the following paragraph:

"(9) CERTAIN ANNUITY CONTRACTS.—For purposes of this subsection, the term 'annuity contract' includes an annuity contract provided by a church or a convention or association of churches, including an organization described in section 414(e)(3)(A).".

SEC. 5. The last sentence of section 403(c) (relating to taxability of beneficiary under nonqualified annuities or under annuities purchased by exempt organizations) is amended by striking out "or made available".

SEC. 6. Section 415(c)(4) of the Internal Revenue Code of 1954 is amended to read, as follows:

"(4) SPECIAL ELECTION FOR SECTION 403(b) CONTRACTS PURCHASED BY EDUCATIONAL ORGANIZATIONS, HOSPITALS, HOME HEALTH SERVICE AGENCIES, AND CHURCHES OR CONVENTIONS OR ASSOCIATIONS OF CHURCHES AND THEIR AGENCIES.—

"(A) In the case of amounts contributed for an annuity contract described in section 403(b) for the year in which occurs a participant's separation from the service with an educational organization, a hospital, a home health service agency, or a church or convention or association of churches or any organization described in section 414(e)(3)(B)(ii), at the election of the participant there is substituted for the amount specified in paragraph (1)(B) the amount of the exclusion allowance which would be determined under section 403(b)(2) (without regard to this section) for the participant's taxable year in which such separation occurs if the participant's years of service were computed only by taking into account his service for the employer, as determined for purposes of section 403(b)(2), during the period of years (not exceeding ten) ending on the date of such separation.

"(B) In the case of amounts contributed for an annuity contract described in section 403(b) for any year in the case of a participant who is an employee of an educational organization, a hospital, a home health service agency, or a church or convention or association of churches, or any organization described in section 414(e)(3)(B)(ii), at the election of the participant there is substituted for the amount specified in paragraph (1)(B) the least of—

"(i) 25 percent of the participant's includible compensation (as defined in section 403(b)(3)) plus $4,000,

"(ii) the amount of the exclusion allowance determined for the year under section 403(b)(2), or

"(iii) $15,000.

"(C) In the case of amounts contributed for an annuity contract described in section 403(b) for any year for a participant who is an employee of an educational organization, a hospital, a home health service agency, or a church or convention or association of churches or any organization described in section 414(e)(3)(B)(ii), at the election of the participant the provisions of section 403(b)(2)(A) shall not apply.

"(D)(i) The provisions of this paragraph apply only if the participant elects its application at the time and in the manner provided under regulations prescribed by the Secretary. Not more than one election may be made under subparagraph (A) by any participant. A participant who elects to have the provisions of subparagraph (A), (B), or (C) of this paragraph apply to him may not elect to have any other subparagraph of this paragraph apply to him. Any election made under this paragraph is irrevocable.

"(ii) For purposes of this paragraph the term 'educational organization' means an educational organization described in section 170(b)(1)(A)(ii).

"(iii) For purposes of this paragraph the term 'home health service agency' means an organization described in subsection 501(c)(3) which is exempt from tax under section 501(a) and which has been determined by the Secretary of Health, Education, and Welfare to be a home health agency (as defined in section 1861(o) of the Social Security Act).

"(iv) For purposes of this paragraph the term 'church or convention or association of churches' shall have the same meaning as it does for purposes of section 414(e).".

SEC. 7. Section 415(c) of the Internal Revenue Code of 1954 is amended by adding the following paragraph:

"(8) CERTAIN TOTAL ANNUAL CONTRIBUTIONS AND ADDITIONS NOT IN EXCESS OF $10,000.—In the case of a participant who is an employee of a hospital, an organization described in paragraph (4)(D), or an organization described in section 414(e)(3)(B)(ii), notwithstanding any other provision of this subsection, contributions and other additions for an annuity contract described in section 403(b) with respect to such participant, when expressed as an annual addition (within the meaning of subsection (c)(2)) to such participant's account, shall not be deemed to exceed the limitation of subsection (c)(1) if such annual addition is not in excess of $10,000.".

SEC. 8. Section 415(c) of the Internal Revenue Code of 1954 is amended by adding the following paragraph:

"(9) APPLICATION WITH SECTION 403(b)(6).—If the rights of an employee under an annuity contract described in subparagraphs (A) and (B) of section 403(b)(1) are forfeitable at the time any contribution is made to such contract and if the rights subsequently become nonforfeitable within the meaning of section 403(b)(6), this subsection applies to such contract as if the rights of the employee were nonforfeitable at such time.".

SEC. 9. Section 415(d)(1) of the Internal Revenue Code of 1954 is amended to read, as follows:

"(1) IN GENERAL.—The Secretary shall adjust annually—

"(A) the $75,000 amount in subsection (b)(1)(A),

"(B) the $25,000 amount in subsection (c)(1)(A),

"(C) in the case of a participant who is separated from service, the amount taken into account under subsection (b)(1)(B), and

"(D) the $10,000 amount in subsection (c)(8), for increases in the cost of living in accordance with regulations prescribed by the Secretary. Such regulations shall provide for adjustment procedures which are similar to the procedures used to adjust primary insurance amounts under section 215(i)(2)(A) of the Social Security Act.".

SEC. 10. Section 415(d)(2) of the Internal Revenue Code of 1954 is amended to read as follows:

"(2) BASE PERIODS.—The base period taken into account—

"(A) for purposes of subparagraphs (A), (B), and (D) of paragraph (1) is the calendar quarter beginning October 1, 1974, and

"(B) for purposes of subparagraph (C) of paragraph (1) is the last calendar quarter of the calendar year before the calendar year in which the participant is separated from service.".

SEC. 11. The amendments made by sections 1, 3, 5, 6, 7, 9, and 10 of this Act shall be effective for taxable years beginning after December 31, 1980. The amendments made by section 2 of this Act shall be effective in determining the exclusion allowance under section 403(b)(2) for taxable years beginning after December 31, 1980. "Years of service" prior to January 1, 1981, and thereafter shall be aggregated in accordance with these amendments. The amendment made by section 4 of this Act shall be effective for all taxable years prior and subsequent to January 1, 1981. The amendment made by section 8 of this Act shall be effective for all taxable years prior and subsequent to January 1, 1981, except that the taxpayer may elect, in accordance with regulations prescribed by the Secretary or his delegate, to have such amendment not be effective with respect to contributions made prior to January 1, 1981.●

By Mr. SPECTER (for himself and Mr. ROBERT C. BYRD):

S. 1911. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of reserves for mining land reclamation and for the deduction of amounts added to such reserves; to the Committee on Finance.

MINING RECLAMATION RESERVE ACT OF 1981

Mr. SPECTER. Mr. President, I am today along with Senator ROBERT C. BYRD introducing the Mining Reclamation Reserve Act of 1981.

The necessity for this legislation results from the position of the Internal Revenue Service that it will not follow

long-standing appellate court cases which permitted taxpayers to deduct the estimated costs of governmentally mandated reclamation expenses. In the 1950's, both the Third and Fourth Circuit Courts of Appeal concluded that deductions for accrued reclamation expenses were allowable under existing tax law. These decisions held that reclamation expenses could be accrued if two criteria were satisfied: The fact of an obligation to undertake reclamation of the mine site had occurred and the amount of the reclamation expenses could be reasonably estimated. However, the IRS has not followed those decisions. As a result, audit controversies and litigation have arisen over the tax treatment of accrued reclamation expenses. The intent with this bill is to clarify existing law.

This bill will help resolve these controversies by making it clear that accrued reclamation expenses attributable to surface mining are deductible if reclamation is required by the Surface Mining Reclamation and Control Act of 1977 or other applicable State or Federal law. This treatment is entirely consistent with proper accrual method accounting rules for accrual basis taxpayers.

In addition, this bill would extend the same treatment for this expense to cash basis taxpayers. With this consistent and comprehensive tax treatment for all taxpayers who are obligated to undertake reclamation of their surface mine sites, I believe there are significant tax, economic, and social policy goals to be served by the bill.

By prescribing appropriate treatment of accruals, the tax savings would assist companies in financially satisfying their obligations to undertake environmentally sound reclamation projects. Further, the legislation would benefit companies engaged in the extraction of coal, our most abundant source of domestic energy, and thereby have a potentially favorable impact in attaining our national energy goals. Moreover, the bill would address the basic inequity of mandating by law the expenditure of substantial sums of money for reclamation without clearly recognizing the obligation imposed for income tax purposes. It does not seem reasonable for the Federal Government on the one hand to impose a reclamation obligation to achieve desirable environmental goals but, on the other hand, to deny the existence of the obligation for purposes of its income tax laws.

It should be noted that under this bill the deduction for accrued reclamation expenditures can be recovered on a ratable method over the life of the mine. However, an argument has been made that reclamation expenditures, once reasonably determined, should be accrued and deducted at the time the ground is disturbed, since it is the act of disturbance which causes the obligation to be imposed.

Since we would want to consider existing practices of taxpayers accruing the obligation and the revenue implications, if any, of accruing and deducting the costs of reclamation at the time the obligation first arises, we reserve judgment on this issue at this time.

It is understood that interested persons, including taxpayers engaged in mining activities, will wish to make their views on this issue known during committee hearings. A broad review of this issue with Treasury officials participating will be helpful.

This bill, except for one technical difference, is identical with H.R. 4815, introduced on October 22, 1981, by Mr. BAILEY and Mr. MURPHY of the House of Representatives. I congratulate these Members of Congress for their leadership on this important effort to clarify this legislation and to aid domestic energy production.

By Mr. STEVENS:

S. 1912. A bill to amend title 5, United States Code, to authorize the Administrator, Federal Aviation Administration, to pay additional premium pay to air traffic controllers and certain other employees of the Federal Aviation Administration, and for other purposes; to the Committee on Governmental Affairs.

(The remarks of Mr. STEVENS on this legislation appear earlier in today's RECORD.)

By Mr. NICKLES (for himself and Mr. BOREN):

S. 1914. A bill conferring jurisdiction on certain courts of the United States to hear and render judgment in connection with certain claims of the Cherokee Nation of Oklahoma; to the Committee on the Judiciary.

ARKANSAS RIVERBED LEGISLATION

● Mr. NICKLES. Mr. President, the legislation I am introducing today with my colleague, Mr. BOREN, will allow the Cherokee Nation of Oklahoma to bring suit against the United States to determine and render judgment for any damages caused by the loss of minerals from the Arkansas Riverbed by the construction of a navigation system by the U.S. Corps of Engineers. This issue remains unresolved after many years of debate between the Cherokee Nation and various branches of the Federal Government.

In 1969, the U.S. Supreme Court, in the case entitled *Cherokee, Choctaw and Chickasaw Nations* v. *State of Oklahoma*, 397 U.S. 620, held that these three tribes owned certain portions of the Arkansas Riverbed. In further litigation, the U.S. District Court determined that the Cherokee Nation owned the entire bed of the Arkansas River within Cherokee country and the north half of the riverbed from the confluence of the Canadian River to the Arkansas State line.

From 1973 to 1975, the Secretary of the Interior under the directions from Congress conducted a study to determine the extent and value of the Arkansas Riverbed. The sand and gravel portion owned by the Cherokee Nation was estimated to have a value of $8.4 million. Unsuccessful attempts to make payment have failed through the legislative and appropriation process.

In 1979, a Solicitor's opinion from the Department of the Interior stated that—

Although I feel that the three Indian Nations are not legally entitled to compensation for the loss of its natural resources in the riverbed, I believe that, had the Secretary of the Interior realized that title to a portion of the Arkansas Riverbed was vested in the three Indian Nations, he would have proposed, at the time Congress was authorizing the construction of the McClellan-Kerr navigation system, that special legislation be enacted to compensate the Nations for the destruction of their property interests in the riverbed.

Mr. President, since this matter cannot be resolved through existing avenues, I believe that the time has come to allow the Cherokee Nation of Oklahoma to have the opportunity to take this issue to the courts for a final judgment. I urge my colleagues to quickly enact this legislation.●

● Mr. BOREN. Mr. President, I am pleased to join in cosponsoring S. 1914, relating to the Cherokee Nation of Oklahoma. This bill authorizes the Cherokee Nation to sue in Federal court for recovery of damages stemming from the loss of tribal assets during and after construction of the Arkansas River navigation system in Oklahoma.

The Cherokee Nation has been frustrated at every turn in seeking compensation for the loss of its sand and gravel assets in the Arkansas River. The U.S. Supreme Court ruled in 1970 that the Cherokees do, in fact, hold title to a portion of the riverbed. After the Supreme Court ruling, an appraisal by the Interior Department set the value of these lost assets at approximately $8.5 million.

Subsequent to this appraisal, the Interior Department ruled it was not legally obligated to compensate the Cherokee Nation for the loss of these assets. The purpose of S. 1914 is to allow the Cherokees to challenge the Interior Department"s ruling in court. I want to stress that passage of this legislation will not automatically make payment to the Cherokees, but will simply provide it the opportunity to present its case for compensation in a court of law.

Mr. President, I call upon the Senate to act expeditiously in approving S. 1914. The Cherokee Nation is entitled to its day in court. I am confident that upon reviewing the facts of this matter, the Senate will act favorably in adopting this bill.●

By Mr. STAFFORD (for himself, Mr. LEAHY, Mr. HUMPHREY, and Mr. RUDMAN):

S. 1915. A bill granting the consent of Congress to the compact between the States of New Hampshire and Vermont concerning solid waste; to the Committee on the Judiciary, and that when the bill is reported by the Judiciary Committee it be referred to the Committee on Environment and Public Works for a period not to exceed 30 days.

SOLID WASTE PROCESSING FACILITIES

● Mr. STAFFORD. Mr. President, I am introducing a bill to grant consent to the States of Vermont and New Hampshire to enter into cooperative agreements to construct and operate facilities for processing solid waste.●

By Mr. CANNON (for himself and Mr. PACKWOOD):

S. 1916. A bill to amend the Federal Trade Commission Improvements Act of

1980 to provide for an evaluation by the Federal Trade Commission of the effects on interstate commerce and on consumers of acquisitions of domestic petroleum companies by major international energy concerns, and for other purposes; to the Committee on Commerce, Science, and Transportation.

FEDERAL TRADE COMMISSION PETROLEUM SUPPLY AND EFFECTS EVALUATION ACT OF 1981

● Mr. CANNON. Mr. President, today Senator PACKWOOD and I are introducing a bill to amend the Federal Trade Commission Act of 1980 to evaluate the effects on interstate commerce and the consumer of acquisitions of domestic petroleum companies by major international concerns. The necessity for such a study has been made clear by the recent events surrounding the hostile attempt by the giant Mobil Oil Corp. to gain approval for their proposed acquisition of Marathon Oil Co.

Recently, the Committee on Commerce, Science, and Transportation in a joint hearing with the House Committee on Energy and Commerce held hearings on this proposed acquisition. The committees heard testimony from such witnesses as an ad hoc coalition of independent small businessmen who are resellers of Marathon products, the attorney general of Ohio, and Marathon Oil Corp. These witnesses were concerned not only about the potential anticompetitive effects on the consumer of this merger. They were also concerned about the domino effect if the merger is approved which would result in a wave of other mergers in the industry.

Yesterday, newspapers reported that Mobil Corp. is attempting to skirt the policy of the antitrust laws. Last Monday, the U.S. District Court for the Northern District of Ohio, ruled that Mobil's $6.5 billion takeover bid for Marathon would violate Federal antitrust laws. Marathon was granted a preliminary injunction blocking the Mobil bid after finding that Marathon had shown a "reasonable probability" of proving that a merger of the two companies would substantially lessen competition in the relevant market. In response to this and to overcome antitrust obstacles, it is reported that Mobil Corp. will make a new offer to purchase Marathon Oil, this time jointly with another leading oil company.

The two commerce committees will again jointly meet on December 14, 1981, to examine these latest developments as well as to consider the necessity for the study called for in this legislation. Congress would benefit from the information provided from such a study as Congress has the responsibility to investigate public policy concerns associated with this merger. Congress also needs facts to evaluate the overall picture of the industry and market in which it operates. Perhaps, Congress may even decide, after careful evaluation, that our present antitrust laws are inadequate to prevent undesirable mergers.

This legislation requires the Federal Trade Commission to study the issue for 1 year. The study requires the FTC to evaluate the trend of major international energy concerns to affect interstate commerce by the acquisition of domestic petroleum supplies by acquiring domestic petroleum companies rather than through the exploration and development of new domestic petroleum reserves; the effects of such acquisitions on the exploration, development, and availability to consumers of domestic petroleum reserves; the effect of such acquisitions on the prices to consumers of petroleum products; and the effect of such acquisitions on interstate commerce in general, including the effects on the prices to consumers of transportation and marketing of petroleum products. The Commission already has many of the relevant documents in its possession as a result of its preliminary investigation in the Exxon case.

Mr. President, we will also be sending a letter to the FTC requesting a study and seeking the support of our House counterparts in making that request.

It is also my intention to introduce legislation next week which would place a 1-year moratorium on the acquisition of domestic petroleum companies by major international concerns.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1916

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

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Trade Commission Petroleum Supply and Effects Evaluation Act of 1981".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) the production and distribution of energy resources, including petroleum products, can have a major impact on interstate commerce and competition, as well as on the consumers of such resources;

(2) action by the Federal Trade Commission undertaken in the course of a proposed merger within the Commission's jurisdiction may have the decisive impact upon its success or failure and upon both interstate commerce and competition;

(3) major international energy concerns have demonstrated an intent to allocate substantial financial resources to acquire domestic petroleum companies; and

(4) acquisitions of domestic petroleum companies may eliminate important competitive checks on the market power of major international energy concerns and such acquisitions may be against public policy.

(b) It is the purpose of this Act to provide for an evaluation by the Federal Trade Commission of the increasing control over domestic energy supplies by major international energy concerns, particularly the impacts of such control on consumer prices of petroleum supplies and the availability to consumers of petroleum products within all regions of the United States.

AMENDMENT TO THE FEDERAL TRADE COMMISSION IMPROVEMENTS ACT OF 1980

SEC. 3. (a) The Federal Trade Commission Improvements Act of 1980 is amended by redesignating section 23 as section 24, and by inserting after section 22 the following new section:

"ENERGY SUPPLY IMPACTS OF ACQUISITIONS OF DOMESTIC PETROLEUM COMPANIES

"SEC. 23. (a) As used in this section, the term—

"(1) 'major international energy concern' means any person which is engaged in commerce in the United States—whose average net production of crude oil for calendar year 1980 exceeded 500,000 barrels per day and (A) of which more than 40 percent was from sources outside the United States; or (B) which is under the control of one or more foreign persons;

"(2) 'domestic petroleum company' means any person which is engaged in commerce in the United States, which is not a major international energy concern, and whose average net production of crude oil from sources within the United States for calendar year 1980 exceeded 50,000 barrels per day;

"(3) 'foreign person' means (A) any individual who is not a citizen of the United States; (B) any person which is organized under the laws of or has its principal place of business in a country other than the United States; or (C) any other person which is owned or controlled directly or indirectly by one or more of such individuals or persons;

"(4) 'affiliate', when used with respect to any major international energy concern, means any person which controls, is controlled by, or is under common control with a major international energy concern;

"(5) 'control' means the power, directly or indirectly, to direct or cause the direction of the management and policies of a person through ownership of voting securities or otherwise;

"(6) 'person' includes (A) any individual; (B) any corporation, company, association, firm, partnership, society, trust, joint venture, or joint stock company; and (C) the government of any country or any political subdivision or agency thereof; and

"(7) 'evaluation period' means the period beginning December 15, 1981 and ending December 15, 1982.

"(b) Notwithstanding the provisions of section 1 of the Act of June 16, 1933, the Federal Trade Commission shall undertake an evaluation of the impacts on interstate commerce and on consumers of acquisitions of domestic petroleum companies by major international energy concerns, and report its findings and recommendations to the Congress not later than December 15, 1982.

"(c) In conducting the investigation and evaluation required by subsection (b) of this section, the Federal Trade Commission shall evaluate—

"(1) the trend of major international energy concerns to affect interstate commerce by the acquisition of domestic petroleum supplies by acquiring domestic petroleum companies rather than through the exploration and development of new domestic petroleum reserves;

"(2) the effect of such acquisitions on the exploration, development and availability to consumers of domestic petroleum reserves;

"(3) the effect of such acquisitions on the prices to consumers of petroleum products; and

"(4) the effect of such acquisitions on interstate commerce in general, including the effect on the prices to consumers of transportation and marketing of petroleum products.".●

● Mr. PACKWOOD. Mr. President, I am pleased to join my colleague, Senator CANNON, in sponsoring this legislation.

During this past year, a merger wave of distressing proportions has swept this country. Acquisitions of unprecedented size have been proposed, and some have been consummated. Most recently, we have watched as both Mobil Corp. and United States Steel have engaged in a multibillion dollar bidding war for Marathon Oil Co. If Mobil succeeds, the merger will create the largest industrial company in the United States.

Acquisitions of domestic oil companies by international oil concerns, such as the Mobil-Marathon situation, cause a special concern for consumers. Not only may competition be seriously diminished by horizontal acquisitions of such unprecedented size, but consumers may be adversely affected to the extent such acquisitions lead to diminished petroleum development and production. The use of oil profits for the acquisition of one petroleum-producing firm by another adds nothing to our Nation's supply of oil reserves.

Mr. President, the impact of oil company mergers on consumers is not well understood. The House and Senate Commerce Committees are jointly conducting hearings on the Mobil-Marathon merger, and others have made important contributions to this effort. More needs to be done, however, and the legislation being introduced today seeks to address this need.

The Federal Trade Commission has already devoted years of study to the petroleum industry. With this background and its historical concern with both competition and consumer issues, the Commission may be uniquely suited to contribute to the existing body of knowledge respecting oil company mergers. A study of the kind proposed today will be most helpful in evaluating the need for additional antimerger legislation, or possibly a short-term moratorium on such acquisitions.●

ADDITIONAL COSPONSORS

S. 1645

At the request of Mr. MOYNIHAN, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 1645, a bill to let funds in individual retirement accounts be used to purchase collectibles.

S. 1770

At the request of Mr. INOUYE, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 1770, a bill to direct the Secretary of the Department of Transportation to conduct an indipendent study to determine the adequacy of certain industry practices and Federal Aviation Administration rules and regulations, and for other purposes.

S. 1848

At the request of Mr. GORTON, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 1848, a bill to amend the Congressional Budget Act of 1974 to impose limits on the amount of total budget outlays contained in concurrent resolutions on the budget, and for other purposes.

S. 1888

At the request of Mr. SYMMS, the Senator from Texas (Mr. BENTSEN), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. 1888, a bill to amend the Internal Revenue Code of 1954 to clarify the tax treatment of variable annuity contracts.

S. 1896

At the request of Mr. PELL, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of S. 1896, a bill to amend the Internal Revenue Code of 1954 to repeal the special leasing provisions enacted by the Economic Recovery Tax Act of 1981.

SENATE JOINT RESOLUTION 121

At the request of Mr. MITCHELL, the Senator from Pennsylvania (Mr. HEINZ), the Senator from Missouri (Mr. DANFORTH), and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of Senate Joint Resolution 121, a joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day."

SENATE CONCURRENT RESOLUTION 26

At the request of Mr. NUNN, the Senator from Georgia (Mr. MATTINGLY) was added as a cosponsor of Senate Concurrent Resolution 26, a concurrent resolution expressing the sense of the Congress that the Congress should encourage educational programs in the area of science and technology; and that the Congress encourages the establishment of a National Science Center for Communications and Electronics.

AMENDMENT NO. 650

At the request of Mr. ROBERT C. BYRD, his name was added as a cosponsor of amendment No. 650 proposed to H.R. 4995, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

UP AMENDMENT NO. 751

At the request of Mr. DOLE, the Senator from Delaware (Mr. ROTH), the Senator from Washington (Mr. GORTON), the Senator from Rhode Island (Mr. CHAFEE), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Wisconsin (Mr. KASTEN), the Senator from Iowa (Mr. JEPSEN), the Senator from Iowa (Mr. GRASSLEY), the Senator from Illinois (Mr. PERCY), the Senator from Idaho (Mr. SYMMS), the Senator from Utah (Mr. HATCH), the Senator from Oregon (Mr. HATFIELD), and the Senator from South Dakota (Mr. PRESSLER) were added as cosponsors of UP amendment No. 751 proposed to H.R. 4995, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

SENATE RESOLUTION 252—RESOLUTION COMMENDING PAUL W. "BEAR" BRYANT

Mr. HEFLIN (for himself, Mr. DENTON, Mr. BUMPERS, Mr. PRYOR, Mr. MATHIAS, Mr. SARBANES, Mr. FORD, Mr. HUDDLESTON, Mr. TOWER, Mr. BENTSEN, Mr. MATTINGLY, and Mr. RANDOLPH) submitted the following resolution; which was considered and agreed to:

S. RES. 252

Whereas Paul W. "Bear" Bryant is head football coach and athletic director at the University of Alabama;

Whereas this native of Arkansas has previously coached at the University of Maryland, the University of Kentucky, and Texas A&M University during his thirty-seven-year career;

Whereas he has coached football teams that have won or shared six National Championships and twelve Southeastern Conference Championships;

Whereas he has been named Southeastern Conference Coach of the Century and National Coach of the Decade and has received countless other honors and awards;

Whereas on November 28, 1981, he won his 315th game, surpassing the record for most victories by a head coach in college football, long held by the late Amos Alonzo Stagg; and

Whereas it is appropriate and fitting to recognize him on the occasion of this accomplishment: Now, therefore, be it

Resolved, That the Senate honors and commends Paul W. "Bear" Bryant for his achievements in, and contributions to, college athletics in the United States.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to Paul W. "Bear" Bryant, University of Alabama, University of Maryland, University of Kentucky, Texas A&M University, and the Mayors of Moro Bottom, Arkansas and Fordyce, Arkansas.

SENATE RESOLUTION 253—RESOLUTION RELATING TO "NATIONAL CIRCLE K WEEK"

Mr. DOLE (for himself, Mrs. KASSEBAUM, Mr. BAUCUS, Mr. D'AMATO, Mr. DURENBERGER, Mr. GRASSLEY, Mr. HATFIELD, Mr. HEFLIN, Mr. HOLLINGS, Mr. LUGAR, Mr. MATTINGLY, Mr. MELCHER, Mr. BAKER, and Mr. MURKOWSKI) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 253

Whereas Circle K International is an organization of college students sponsored by Kiwanis International that provides a means for responsible community action by students;

Whereas Circle K International emphasizes the advantages of the democratic way of life and provides the opportunity for leadership training in service;

Whereas Circle K International encourages the adoption and the application of high social, business, and professional standards;

Whereas Circle K International promotes the creation and maintenance of righteousness, justice, patriotism, and good will; and

Whereas the members of Circle K International are presently involved in service projects to help teenagers, the elderly, and the handicapped in need of support under the theme, "Together for Tomorrow": Now, therefore, be it

Resolved, That it is the sense of the Senate that the week of February 7, 1982, through February 13, 1982, be proclaimed as "National Circle K Week".

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the president of Circle K International.

● Mr. DOLE. Mr. President, the Senator from Kansas is today submitting a resolution to proclaim the week of February 7 through February 13, 1982, "National Circle K Week."

For 45 years, Circle K has given college students an opportunity to help those in need, and render a valuable service to our society. The goals that these young people keep in mind are admirable, and their actions are commendable. Whether working on behalf of teenagers, older Americans, or handicapped citizens in need of assistance, this organization has its heart and soul in the right place—wherever help is needed.

Circle K began as a Washington State University fraternity in 1936 with the sponsorship of the Pullman, Wash.,

Kiwanis Club. The organization became international in 1955, under the sponsorship of Kiwanis International. Today, with more than 13,500 members of nearly 800 clubs in 7 countries, it is the world's largest collegiate service organization.

Mr. President, the Senator from Kansas introduced a similar resolution last year, which gained the approval of this body. It is my hope that my colleagues will again join in this worthy effort, and proclaim the week of February 7, "National Circle K Week."●

SENATE RESOLUTION 254—RESOLUTION AUTHORIZING THE PRINTING OF "ENACTMENT OF A LAW AND OTHER ASPECTS OF THE LEGISLATIVE BRANCH OF GOVERNMENT"

Mr. BAKER submitted the following resolution; which was considered and agreed to:

S. RES. 254

Resolved, That a document entitled "Enactment of a Law and Other Aspects of the Legislative Branch of Government", relative to the procedural steps in the legislative process, prepared by the Parliamentarian of the Senate, under the direction of the Secretary of the Senate, be printed as a Senate document.

SEC. 2. There shall be printed eleven thousand additional copies for the use of the Committee on Rules and Administration.

NOTICES OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of two public hearings before the Senate Select Committee on Indian Affairs.

A committee hearing is scheduled for December 9, 1981, at 9:30 a.m. in room 357, Russell Senate Office Building. Testimony is invited regarding S. 1890, a bill to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin, and for other purposes.

For further information regarding the hearing, you may wish to contact Ms. Jo Jo Hunt of the committee staff at 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Select Committee on Indian Affairs, 6317 Dirksen Senate Office Building, Washington, D.C. 20510.

A second hearing is also scheduled for December 9, 1981, at 10 a.m. in room 357, Russell Senate Office Building. The hearing is an oversight hearing on Indian elderly programs and will focus on the Federal responsibility for funding Indian elderly projects as well as any problems tribes have encountered under the Older Americans Act, problems with elderly projects interfacing and coordinating with Bureau of Indian Affairs social services, and recommendations for improvements in programs to assist the Indian elderly.

For further information regarding the Indian aging hearing, you may wish to contact Ms. Jo Jo Hunt of the committee staff at 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Select Committee on Indian Affairs, 6317 Dirksen Senate Office Building, Washington, D.C. 20510.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, I wish to announce that nomination hearings have been scheduled by the Senate Agriculture Committee on the nominations of Ralph Ball and W. Proctor Scarboro to be members of the Federal Farm Credit Board of the Farm Credit Administration. The hearings will be held on Wednesday, December 9, beginning at 10 a.m. in room 324 Russell Building.

Anyone wishing further information should contact Denise Alexander or John Cozart of the Agriculture Committee staff at 224–2035.

ADDITIONAL STATEMENTS

GLENN AMENDMENT, UP NO. 742, AS MODIFIED

● Mr. PELL. Mr. President, on Thursday, December 3, the Senate briefly considered an amendment to the Defense appropriations bill dealing with SALT adherence. For procedural reasons, the amendment was tabled, and the Senate did not have a chance for a vote on the merits.

The purpose of the Glenn amendment was to express the sense of the Congress that the United States should not take any action in connection with its defense programs which would undercut existing SALT agreements. The amendment would not be binding and would allow the President leeway if he determines and notifies the Congress that the Soviet Union is no longer restraining itself or that such action is essential to the national security interest.

I strongly supported this amendment and was a cosponsor.

The critical importance of the amendment was highlighted in recent hearings by the Committee on Foreign Relations on strategic weapons proposals. In those hearings, the concept that the United States should continue to respect the existing SALT regime was supported by the Secretaries of State and Defense and the Chairman of the Joint Chiefs of Staff. For example, Gen. David Jones, told the committee that the Joint Chiefs support the administration's position that we do nothing to undercut SALT as long as the Soviets do not do anything inconsistent.

I should note here that General Jones affirmed to the committee that the Joint Chiefs continue to believe, as they testified during the Carter administration, that the unratified SALT II treaty makes a modest but useful contribution to our national security.

Mr. President, the Anti-Ballistic Missile Treaty of 1972 continues to make a valuable contribution to strategic stability. It is also clear that the 1972 Interim Agreement and the 1979 SALT Treaty also are helping to apply some limits to the strategic arms competition. Under the terms of those agreements, the Russians continue to take such useful steps as the dismantling of their older ballistic missile submarines in order to stay within the stated limit.

I believe that it is essential that the new arms program approved by the Congress be coupled as closely as possible to strong, effective, and verifiable arms control agreements. Without arms control, the Soviet threat will be unconstrained. While there are those who believe that the Russians would not do more, they simply cannot be sure. And no one in full possession of his faculties should deliberately choose a murkier nuclear future than we now face.

We must not lose sight of the urgency of doing all that we can to reduce the threat of nuclear war. That is the essential purpose of our nuclear arsenals, and it should be the essential purpose of those of us who participate in determining our Nation's strategic directions. General Jones told the Committee on Foreign Relations that an all-out nuclear exchange against population centers would be the greatest catastrophe in history by many orders of magnitude.

Mr. President, I commend Senator GLENN for his initiative. The amendment would have sent a very clear message to the President of the United States that the Congress understands the imperatives we face and is willing to support him in every effort to preserve nuclear stability and rationality, while moving toward future strategic arms limitation agreements.

I hope that such a message can be conveyed to the President at an early date. With negotiations on theater nuclear forces already in progress and with new strategic arms talks in prospect, the President faces a major test of the willingness and ability of his administration to enhance our national security by achieving better controls on the nuclear arms competition and bringing about actual reductions. It was our intent in the amendment to bolster the President in this effort. I wish him every success.●

SOVIETS ATTACK SENATOR DENTON

● Mr. EAST. Mr. President, the Foreign Broadcast Information Service recently reprinted an article from the Soviet journal, Sovetskaya Rossiya by TASS correspondent B. Ivanov entitled "The Enemies of Détente: Who Are They? The Admiral's Crusade," which is a vicious propaganda attack on my good friend and colleague, Senator JEREMIAH DENTON of Alabama.

Ivanov's attack is especially interesting because it is mainly a recapitulation of similar, equally unfounded accusations against Senator DENTON found in American left-wing publications: Senator DENTON is singled out by the Soviets and their allies because of his strong anti-Communist views, his able chairmanship of the Senate Subcommittee on Security and Terrorism—where I am proud to serve with him—and his profound religious and moral commitments.

Mr. President, the Communists would not attack Senator DENTON unless they felt threatened by him, his activities,

and his example, Ivanov does not mention Admiral DENTON's tribulation as a prisoner of war in Vietnam during which he was subjected to brainwashing, solitary confinement, and physical torture for 7½ years at the hands of Ivanov's Vietcong friends, and of which Senator DENTON has written so eloquently in his book, "When Hell Was in Session." Instead of providing this kind of information for Ivanov's captive readers, Ivanov prefers to lie about DENTON's war record, and describes him as "one of the first to support that bandit adventure," the Vietnam war. Ivanov is so eager to smear that he resorts to insulting Senator DENTON by calling him a racist, a charge so baseless even his political opponents in this country would never think of it.

Senator DENTON's appointment as chairman of the Security and Terrorism Subcommittee, says Ivanov, was a "real triumph for the exteme reactionary forces in Washington," and "JEREMIAH DENTON has taken over the torch of obscurantism and anticommunism from Joe McCarthy."

Mr. President, there is little need to dwell on each of the little obscenities Ivanov has concocted about Senator DENTON, for the insulting and provocative nature of them is evident, as is the fact that the Soviets feel deeply threatened by Senator DENTON and his achievements. Perhaps in the Soviet Union, where a free press and accurate information have been unknown for over 60 years, there is someone thoroughly propagandized enough to believe this nonsense and take it seriously. But its transparent falsity is clear to every individual in the free world—still free, I might add, because of the efforts and sacrifices by men of the caliber of JEREMIAH DENTON.

The Soviet Union is the largest and most tyrannical state in human history. It has been responsible for the murder and torture of millions of human beings in its own country and has actively exported its homicidal and genocidal doctrines and activities everywhere it has been able to do so. Its KGB, founded by Lenin, is the largest secret police and terror organization in the world. It presides over millions of slaves in the concentration camps of the Gulag, and the Soviets themselves have become, since the demise of Nazi Germany, the most racist state in the world. No doubt we are supposed to take seriously its attacks on men like JEREMIAH DENTON, but Mr. Ivanov and his trained propagandists will have to do better than this.

Ivanov's drivel would be laughable were it not for the fact that the Soviet citizenry is prisoner to this kind of rubbish and must read it exclusively day after day. Ivanov can lie with impunity because he knows his readers are forbidden from reading contrary views. How brave of Mr. Ivanov to smear an American Senator while knowing full well the KGB will silence any critic.

We in the free world who do not fear open discussion and free speech, we who know JEREMIAH DENTON and his achievements know how ridiculous Ivanov's rantings really are.

Senator DENTON's heroism in Vietnam, his example as a public leader, his personal conduct as an American and as a human being, make JEREMIAH DENTON one of the most inspiring men I have ever had the honor to know; and I pray that someday the poor slaves and victims of the Soviet empire will have an opportunity to learn the truth about him and the challenge he offers their masters.●

SOLVING THE PRODUCTIVITY PROBLEM

● Mr. HART. Mr. President, the future course of American living standards depends critically on the restoration of our productivity growth. As we resume our debate on taxes and spending for 1982, we should not forget that the decisions we make in the next few weeks can have a significant long-term impact on our ability to solve the productivity problem. A new monograph issued by the Center for Democratic Policy, entitled "Strengthening the Economy: Studies in Productivity," provides some important insights about this challenge.

The monograph provides three separate analyses of the productivity problem and outlines several different proposals for solving it. All three analyses contend that we must take steps well beyond the recently enacted tax cuts and budget reductions. They recommend programs to boost saving and investment, promote development of new high-productivity industries, restructure worker-management relations, and strengthen education, research, and development.

In the first paper by MIT Prof. Lester Thurow, the declining-productivity problem is described as one of "a thousand cuts," requiring "a thousand Band-Aids." He cites demographic and structural factors, rising energy prices, tight money, and slow-growth policies as among the most important factors. To solve the problem, Thurow recommends tax reform to cut consumption and increase saving and investment, as well as a program to augment investment in high-productivity industries. I ask that this thoughtful analysis be included in the RECORD.

The article follows:

SOLVING THE PRODUCTIVITY PROBLEM

(By Lester C. Thurow)

If American standards of living are to resume their upward course, productivity growth must be restored. If we Americans are to maintain a standard of living equal to that of our international competitors such as the Japanese and Germans, productivity growth must not just be restored to its old levels, but raised to levels it has never achieved in American economic history.

This is not going to be easy. If an autopsy on American productivity were being written, it would list the cause of death as "death by a thousand cuts." There is no one thing to which the decline can be attributed; there is no one magic button that can be pushed to raise the economy from the dead. The cure will require a thousand bandaids for each of the thousand cuts. And each of those bandaids is painful and going to be resisted by some vested interest in the United States. Everyone wants a cure to the production problem, but everyone wants the cure to be imposed on someone else. If we cannot find the political will to impose the costs upon ourselves in some fair manner, we simply will not solve the problems facing us.

What is clear is that cure is not to be found by returning to the "good old days." The good old days weren't good enough to compete in today's world and some very real factors (the end of cheap energy, the completion of the shift from agriculture to industry) mean that it is impossible to return to the good old days in any case.

The United States will have to develop new industries and new techniques of managing the economy if it is to survive in the future. There is nothing in the stars that gives America a permanent right to the number one economy. It wasn't always that way (American *per capita* GNP only exceeded that of Great Britain around 1900). It isn't now that way (the U.S. no longer has the world's highest *per capita* GNP). And it may never again be that way.

SOURCES OF THE PRODUCTIVITY DECLINE

Depending upon the exact data set used, American productivity has been falling slightly (0.2 percent per year according to the official productivity statistics) or rising slightly (0.2 percent per year according to the National Income Accounts) since 1977. But for all practical purposes, both indicate that U.S. productivity growth has effectively stopped.

Productivity often declines when output is falling (workers are not laid off as fast as output falls), but the 1977 to 1980 period was not one of falling output. Real output was growing 2 percent per year. As a result, 1977–80 is unique in American economic history. It is the first period with rising output and no productivity growth.

TABLE 1.—GROWTH OF INDUSTRIAL PRODUCTIVITY

[In percent]

Industry	1948–65	1965–72	1972–77	1977–79
Agriculture forestry fisheries	5.0	4.1	1.6	2.3
Mining	4.3	2.4	−4.8	−4.2
Construction	3.4	−1.8	−1.4	−5.9
Nondurable manufacturing	3.3	3.2	3.2	1.9
Durable manufacturing	2.8	2.3	2.5	.2
Transportation	3.1	2.4	1.9	−.2
Communications	5.4	4.5	6.5	4.4
Electricity, gas, sanitary services	6.3	3.4	2.4	−.9
Wholesale trade	3.2	4.0	0	−1.2
Retail trade	2.6	1.8	1.6	1.1
Finance, insurance, real estate	2.0	.8	1.7	−1.6
Service	1.2	1.6	1.0	.7
Private business economy	3.3	2.3	1.8	.2

Note: All sectoral data come from U.S. Department of Commerce, "National Income and Product Accounts of the United States" Survey of Current Business, July various years, Tables 6.2 and 6.11.

While 1977–80 is historically unique, it is unfortunately not a radical departure from recent experience. It merely marks a shift into the negative range after a long period of declining productivity growth. From 1948 to 1965 productivity grew 3.3 percent per year using National Income Account data. This was followed by a 2.3 percent growth rate from 1965 to 1972 and a 1.8 percent growth rate from 1972 to 1977.[1]

An examination of a detailed industrial breakdown does little to mitigate the gloom (see Table 1). Only one industry (wholesale trade) had a faster rate of growth of productivity from 1965 to 1972 than from 1948 to 1965 and only two industries (communications and finance) were able to improve significantly on their 1965 to 1972 performance in the 1972 to 1977 period. In the final period only agriculture is growing more rapidly than it was in the previous period.

Footnotes at end of article.

Where there were no industries with falling productivity in the first period, there were six industries with falling productivity in the final period.

Since there are large differences in the levels of productivity among industries (in 1979 productivity was almost five times as high in finance as it was in agriculture), shifts in the industrial mix can have a large impact on aggregate productivity (see Table 2). National productivity is enhanced if high productivity industries are expanding or if low productivity industries are contracting. Conversely, productivity is reduced if low productivity industries are growing or if high productivity industries are contracting.

AGRICULTURE—THE END OF AN ERA

From 1948 to 1965 the industrial mix was shifting to enhance productivity gains. In 1948 agriculture's productivity was just 40 percent of the national average. Every worker released from agriculture and retained by industry represented a 60 percentage point jump in productivity. And millions of workers were released. From 1948 to 1965, 9.1 billion manhours of work (or 8 percent of the total number of hours worked in the entire private economy) left agriculture to enter into industrial employment. But this process was ending in the 1965 to 1972 period (only 1.8 billion man-hours were released from agriculture) and stopped entirely after 1972 (less than 0.1 billion manhours were released).[2]

As agriculture declined from 17 to 5 percent of all hours worked, it made a major contribution to aggregate productivity. A very low productivity industry was getting smaller and its workers were being transferred to jobs with much higher productivity. But this source of national productivity growth had to end, as it did after 1972, accounting for about 10 percent of the observed drop in productivity growth between the first and fourth periods of time.[3,4]

But this decline is not reversible. It simply marks a new stage in our industrial development.

A MYSTERY IN CONSTRUCTION

Construction productivity has now been falling continually since the late 1960s. Where it was once above the national average, it is now 35 percent below the national average and falling at almost 6 percent per year.

This performance is a major national disaster since construction has two effects on national productivity. First, it is an industry in its own right. But second, and probably more important, it builds the plant and installs the equipment of every other industry. If construction becomes inefficient plant and equipment costs rise. Less plant and equipment are bought and productivity grows more slowly in every other industry.

If construction productivity had continued to grow at its 1948–65 pace throughout the entire period of time, 26 percent of the decline in national productivity would have disappeared.

To say that 26 percent of the national decline has been identified, however, is not to say that there is a cure for 26 percent of the problem. The decline in construction productivity is a major mystery. Since no one knows what caused it, no one knows how to reverse it.

Various explanations have been advanced but none of them is entirely convincing. The problem may even not exist, but be the result of a statistical artifact produced by errors in the way that output is measured in the construction industry. Since construction does not produce a homogeneous output, it is difficult to measure how much output is being produced. Dollar expenditures on construction must be deflated by some price index to yield real output. And if some government statistician is overstating construction inflation, others will be understating construction output. But if output is understated, productivity will also be understated since productivity is simply value added divided by hours of work.

TABLE 2.—LEVELS OF INDUSTRIAL PRODUCTIVITY

Industry	Output per man-hour 1948 (1972 dollars)	Percent of the national average	Output per man-hour 1979 (1972 dollars)	Percent of the national average
Agriculture, forestry, fisheries	$1.48	40	$5.08	61
Mining	6.04	161	10.47	125
Construction	4.16	111	5.40	65
Nondurable manufacturing	3.44	92	9.05	108
Durable manufacturing	4.25	114	8.00	96
Transportation	4.15	110	9.00	108
Communications	4.15	110	20.75	249
Electricity, gas, sanitary services	5.66	151	22.37	268
Wholesale trade	4.51	121	9.85	118
Retail trade	2.74	73	5.32	64
Finance, insurance, real estate	15.01	401	23.19	278
Services	3.58	96	5.19	62
Average	3.74	100	8.35	100

Note: All sectoral data come from U.S. Department of Commerce, "National Income and Product Accounts of the United States" Survey of Current Business, July various years. Tables 6.2 and 6.11.

Some pieces of evidence point in this direction. From 1954 to 1977 construction output is thought to be up 58 percent but the use of construction materials (steel, concrete) rose 133 percent.[5] Can 1977 buildings really take twice as many materials as 1954 buildings? Maybe, but hardly likely. On the other hand, the government makes extensive use of private indexes of construction costs in calculating its own price index. If the government estimates are wrong then major builders, such as the Turner Construction Company, and major users of construction, such as the American Telephone & Telegraph Company and the Bureau of Public Roads, do not really know what it costs them to build.

Alternatively, construction productivity may have gotten bogged down in the fights over nuclear generating plants or a shift from building simple interstate highways across the wide-open spaces of Kansas to building the inner-city highways with their millions of wires and pipes to be moved before construction can even begin. Or construction workers may simply be lazy and doing less work per hour than their fathers.

While there is no doubt that construction is a major part of the national slowdown in productivity growth, there are a great many doubts as to what can be done about it.

A GEOLOGICAL BLOW IN MINING

The reasons for the decline in mining productivity are as clear as those in construction are mysterious. Mining productivity in 1979 was only 72 percent of what it was in 1972, but there is a simple explanation.

Approximately 80 percent of the answer is found in oil—the major mineral "mined" in the United States. America has simply reached a state of geological depletion. Production is falling in old oil wells and new wells yield less oil per well drilled. As a consequence it simply takes more hours of work to produce a barrel of oil. And this geological fact of life explains about 80 percent of the decline in mining productivity.

The remaining 20 percent of the explanation is found in the other minerals mined in the United States. Here environmental protection and occupational safety probably play the major role—there is little evidence of rapid depletion. If open pit mines have to be filled and the land restored to its natural contours, more hours of work are required to mine a ton of coal. If better ventilation and more tunnel supports are required to protect underground miners, more hours of work are necessary to mine a ton of copper.

While mining explains another 10 percent of the national productivity decline, only about one-fifth of this decline is controllable. The rest is a geological blow from mother nature.

FALLING DEMAND IN UTILITIES

Productivity growth in electrical and gas utilities declined from plus 6.3 percent in the first period of time to minus 0.9 percent in the past period of time.

Here again there is an easy explanation but no easy solution. Utilities employ most of their workers in maintaining their distribution network. Relatively few are employed producing gas or electricity. In periods of time when average household consumption is going up very rapidly, productivity rises dramatically. Output is up but more workers do not have to be employed since the extra output can be distributed through the existing distribution network. But when household consumption falls, productivity falls. Less output is being produced but the same work force is necessary to maintain the distribution network.

Utility productivity is a simple direct function of the rate of growth of output. If output grows rapidly, as it did from 1948 to 1965, productivity grows rapidly. If output falls, as it did from 1977 to 1979, productivity falls.

Although utilities explain another 10 percent of the national productivity decline, this part of the decline is in a class with oil depletion and agriculture when it comes to remedies. If energy prices rise rapidly, energy consumption will fall—it is even a national policy to make it fall. But if consumption falls or slows down, productivity must fall or slow down with it.

Together mining and utilities represent the direct "energy" blow to productivity. The decline in oil productivity is one of the reasons that energy prices are up and higher energy prices lead to lower utility productivity. When these direct effects are added to the indirect effects of having to devote investment funds to saving energy rather than raising labor productivity (see below), energy problems probably explain about 25 percent of the productivity decline.

SERVICES: BRAKING PRODUCTIVITY

Services are the mirror image of agriculture. In terms of employment, agriculture was a rapidly declining low-productivity industry. In terms of employment, services are a rapidly growing low-employment productivity industry. Whereas movement out of agriculture was enhancing productivity growth, movement into services is dampening it.

Services growth has been braking productivity growth since World War II. But the brakes have been gradually tightening as service productivity falls relative to the national average. In 1948 service productivity

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was 96 percent of the national average. Moving a worker into services only lowered productivity 4 percentage points. But by 1979 service productivity had fallen to 62 percent of the national average. Every worker moved into services represented a 38 percent decline in aggregate productivity.

From 1972 to 1979 services absorbed 33 percent of all of the hours of work added to the private economy. Of these 6.8 billion hours of work 42 percent went into health care, largely into nursing homes, and 29 percent went into business services (lawyers, accountants, consultants).

Our economy also added thousands of workers in occupations such as security guards. From 1972 to 1979 an extra 167,000 private security guards have been added to the economy, but security guards are pure negative productivity. They guard existing output and so add to hours of work, but they do not produce any new output and so add nothing to output. The result: declining productivity.

If services employment had not grown relative to the rest of the economy, about 5 percent of the observed decline in national productivity would have disappeared. If service productivity had also grown in pace with the national average, another 8 percent of the national decline disappears. As a result services account for about 13 percent of the national decline.

But the problem of nursing homes, lawyers, and security guards illustrates the difficulties of dealing with service productivity. Bathing and feeding old people may be a low-productivity occupation, but each of us wants to be bathed and fed when old. Lawyers may be a drag on productivity, but we are all using them in increasing numbers. Productivity statistics do not care whether you or some thief has your new stereo, but you care.

INFLATION, THE BABY BOOM, AND CAPITAL INVESTMENT

Particular problems in agriculture, construction, mining utilities and services explain about 69 percent of the productivity decline between the first and fourth periods of time. Most of the remaining 31 percent of the decline can be traced to the interaction of two other factors—the macro-economic policies used to fight inflation and the baby boom.

The amount of equipment per worker—the capital-labor ratio—is one of the key ingredients in productivity growth. With more equipment, workers can produce more output per hour, but new capital is also a carrier of new technologies. To put new, more productive technologies to work, workers must be provided with the new equipment that embodies those new technologies. Without new physical capital it is impossible to translate new knowledge into new output.

In the United States the capital-labor ratio grew at 2.8 percent per year from 1948 to 1965, accelerated to 3.2 percent per year from 1965 to 1972, and then plunged to 1.4 percent per year from 1972 to 1978. And in 1978 the capital-labor ratio actually fell 1.3 percent.[6]

But the slowdown in the growth of the capital-labor ratio did not occur because Americans were investing less. From 1948 to 1965 Americans invested 9.5 percent of the GNP in private plant and equipment. But in the period from 1977 to 1980, while productivity was stagnant, they invested 11.3 percent of GNP.[7] The capital stock was actually growing slightly faster in the 1972–78 period than in the 1948–65 period (3.4 versus 3.3 percent, but the labor force was growing much faster as the post-World War II baby boom entered the working ages.

The growth in hours worked gradually accelerated from a 0.4 percent per year rate in the 1948–65 period to 4.4 percent per year in the 1977–79 period. With an eleven-fold increase in the rate of growth of the private labor force and only a slight increase in plant and equipment investment, simple algebra requires a sharp slowdown in the rate of growth of the capital-labor ratio.

The problem was nicely illustrated in 1978. Americans invested 10.4 percent of their GNP in plant and equipment. The capital stock rose 3.4 percent. But hours of work rose 4.8 percent and the capital-labor ratio fell 1.3 percent. When the capital stock data for 1979 are available, it will undoubtedly exhibit an even larger reduction in the capital-labor ratio. The baby boom effects will, of course, be much less by the mid and late 1980s.

Pollution and energy problems may also be compounding the baby boom effect. To the extent that capital investment is used to control pollution or cut energy usage, there is less investment available to be used to raise productivity. No hard estimates exist to indicate how much of our plant and equipment investment has gone into energy savings since 1972, but about 5 percent of our plant and equipment investment has gone into pollution controls.[8]

If pollution and energy expenditures were excluded from capital investment, the slowdown in the rate of growth of the capital-labor ratio would be even sharper. But even without considering the investment drained off to fight pollution and cut energy usage, the observed slowdown in the growth of equipment per worker explains about 20 percent of the productivity growth decline. If pollution, energy, and the role of capital in carrying new technologies are considered, capital plays an even more important role in the productivity decline than this 20 percent indicates.

But to accelerate the growth of the capital-labor ratio would have required Americans to invest a much larger fraction of their GNP in plant and equipment. There is less equipment per worker not because Americans are investing less, but because there are many more Americans in the labor force. But less consumption is the necessary converse of more investment. And less consumption inevitably means a sharp reduction in standards of living until the baby boom has been equipped with capital, until pollution has been brought under control, until energy usage has been reduced to levels appropriate to the price of energy, and until America has caught up with the new technologies employed by our international competitors. And if the baby boom wants housing, even greater cuts will have to be made in the forms of consumption.

But it is important to understand that the slowdown in the growth of the capital-labor ratio was not irrational or a mistake. It was a perfectly rational response to the economic facts of life. Firms invest to raise the capital-labor ratio when it is profitable to do so. When the cost of capital falls relative to the price of labor, firms find it cheaper to raise production by investing in capital than by hiring more workers. The result is a rising capital-labor ratio. But when capital becomes more expensive relative to workers, firms find it cheaper to raise production by hiring more workers and the capital-labor ratio falls.

Unfortunately, from the point of view of productivity, economic signals have been calling for a slowdown or reduction in the capital-labor ratio. Looking just at the purchase price of new capital equipment relative to the compensation (wages plus fringe benefits) of labor, the price of capital was falling 2.7 percent per year relative to the price of labor from 1948 to 1965.[9] But from 1972 to 1979 the relative price of capital was only falling at a rate of 0.6 percent per year (see Table 3).

The purchase price of new capital equipment is also only part of the total costs of capital. Energy is required to run capital equipment and the price of energy becomes part of the total cost of acquiring and using capital. If energy costs are included, capital became cheaper relative to labor at the rate of 2.9 percent per year from 1948 to 1965 (energy prices were falling).[10] But from 1972 to 1979, the situation had reversed itself. Energy prices were rising and the costs of capital rose relative to that of labor at the rate of 3.1 percent per year.

If financing charges—the interest that must be paid to borrow the money necessary to buy the capital equipment—are included along with energy and purchase price, the turnaround is even more dramatic. While total capital costs fell 1.1 percent per year relative to total labor costs in the first period, total capital costs rose 5.8 percent per year relative to total labor costs after 1972.

Given such a sharp shift in the movement of relative prices, it is not surprising that there was a sharp slowdown in the rate of growth of the capital-labor ratio. Businesses were doing exactly what economic incentives were demanding. But, regardless of the cause, a more slowly growing capital-labor ratio inevitably leads to lower productivity growth.

While investment has not fallen, there is an easy explanation for why it did not rise faster than it did. America has attempted to stop inflation with slow growth and tight monetary and fiscal policies. Whatever their success in stopping inflation, these policies retard investment in a number of ways.

As has already been seen, tight monetary policies raise interest rates and directly increase the cost of capital. Corporate bond rates have gone from 3½ percent in the 1950s to close to 20 percent in 1982. When capital costs, including interest costs, rise, firms invest less.

TABLE 3.—GROWTH IN THE PRICE OF LABOR VIS-A-VIS CAPITAL

[Annual rate of change in relative prices, in percent]

Year	Price of labor		
	Purchase price of capital	Purchase price plus energy costs	Purchasee price plus energy costs plus interest costs
1948–65	+2.7	+2.9	+1.1
1965–72	+2.3	+1.8	−4.5
1972–79	+.6	−3.1	−5.3

Note: These figures are calculated using the National Accounts implicit price deflator for nonresidential plant and equipment investment and the National Income Accounts estimate of compensation per full time equivalent employee. The PPL index for industrial energy was used for energy prices and the interest rate used was the Baa corporate bond rate.

But deflation also means recessions, falling production, and idle capital capacity. Why should firms invest in more capital capacity when they already have vast amounts of idle capital capacity? They shouldn't and very few do. The result is less capital per worker.

While rising interest rates increase the cost of capital during recessions, recessions are supposed to stop inflation by retarding wage increases. With high unempolyment, union workers cannot demand high wage increases. With surplus labor available, nonunion employers have no incentive to give wage increases. But to the extent that this anti-inflation policy succeeds, it lowers the relative price of labor. With capital rising in relative price and labor falling in relative price, firms have every incentive to invest less. While the baby boom would have kept wages from rising relative to capital costs as fast in the 1970s as they did in the 1950s, anti-inflationary policies exacerbated the problem.

In addition, recessions and higher unemployment have a direct impact on productivity. In our mythology, recessions cause firms to redouble their efforts to improve productivity. Since they cannot increase

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sales, they focus on cutting costs. While some of this effect undoubtedly exists, the basic impact of recessions is very different.

When output falls, firms cannot or do not fire overhead labor (managers, sales or design staffs, researchers) as fast as output falls. Skilled workers also are kept on the payroll long after they are needed because firms worry that they will not be able to hire them back in the next boom. Add to this the costs of massive firings (morale problems, severance costs, psychological distress for both firer and firee) and it is easy to understand why labor is not fired as fast as output falls.

Productivity grows most rapidly when output is growing rapidly. All of the preceding factors are reversed. Workers who have been kept on the payroll are put back to work. Production goes up without hiring more labor, but labor shortages also induce new efforts to find more productive, capital intensive methods of production. Wages are rising and labor is hard to find. Part of the reason that Japanese and German productivity has grown more rapidly than ours since World War II is that firms in these two countries have had to operate in a world of perpetual labor shortages.

Adequate capital investment cannot be separated from macro-economic policies. Regardless of the tax incentives provided, investment only takes place in an atmosphere of economic growth. If the nation deliberately interrupts economic growth to stop inflation, it will inevitably stop investment.

SOLUTIONS

Productivity is like a gold mine. Every vein of ore, no matter how rich initially, eventually peters out. If the same amount of gold is to be withdrawn from the mine, new veins of ore must be perpetually found. Many of the traditional veins of American productivity gains have petered out. Large amounts of labor will never again be shifted out of agriculture. Mining productivity is going to continue to fall in oil-well drilling—more hours of work will be needed to find a barrel of oil. Utility productivity is not going to resume its rapid growth so long as energy prices are rising relative to incomes. Many of the sources of the slowdown in productivity growth are now curable, but must be offset with new sources of productivity gains.

As the previous analysis indicated, government played a limited role in the productivity slowdown. Most of it can be traced to other factors. Just as government was only part of the problem, so will it only be part of the solution. If the productivity problem is left to actions in Washington, D.C., it will not be solved. Everyone has contributed to the productivity problem and everyone will have to change habitual patterns of action to cure the productivity problem.

Many of the needed changes will have to occur within private industry. The Japanese make a distinction between what they call "hard" and "soft" productivity gains. Hard productivity gains are those brought about by more investment or more research and development. Soft productivity gains are those brought about by a better motivated work force willing to act to raise productivity. Soft productivity is an important part of our competitors' success. American firms are going to have to find some technique for getting a work force that is as well motivated and trained as their Japanese competitors. Japanese tax laws and rules and regulations are always going to be as good as ours. Ours can be improved, but that is not going to solve the productivity problem by itself.

The solutions that are suggested in the rest of this paper focus on public actions, since society can only improve the public framework within which private actions are taken. These suggestions will not cure the productivity problem. They will only make it possible for the private sector to cure the productivity problem. In the end, quality-control circles may prove to be more important than tax laws.

CUTTING CONSUMPTION TO STIMULATE INVESTMENT

Since many of the causes of the productivity problem are not reversible, the attention of the public has quite naturally focused on investment. If investment could be made to grow more rapidly, more investment would offset other negative factors and lead to a higher rate of growth of productivity. Every extra 1 percent of the GNP devoted to plant and equipment investment raises the growth of productivity by approximately 0.2 percentage points.[11] And to the extent that the new investment allows the country to use new technologies, the gains may be even greater.

Technically, it is easy to stimulate investment. If the tax system were biased in favor of capital investment—principally by eliminating the corporate income tax—and fiscal and monetary policies were operated to promote growth, low interest rates and consistent economic expansion, there is little doubt that investment would rise.

But to provide the funds necessary to bias the tax system in favor of capital, the tax system has to be biased against consumption. To pay for massive investment tax cuts, consumption taxes would have to be raised unless the revenue could be found by cutting defense or further cuts in social programs. Neither course, however, is likely or desirable.

To raise productivity and become more competitive in international markets, American savings rates must rise. It simply isn't possible to survive as a major industrial power with Americans saving 5 percent of their personal income while Germans save 14 percent and Japanese save more than 20 percent of their incomes.

To accomplish this objective, the long-run strategy should be to shift the American tax structure toward a system of progressive consumption taxes. There are essentially three elements to such a shift. The tax deductibility of consumer and mortgage credit should be limited and gradually phased out of the system. The present progressive federal income tax should be replaced with a progressive consumption tax. And the corporate income tax and the Social Security tax should be replaced with a progressive Value Added Tax.

By allowing the tax deductibility of consumer and mortgage interest, American tax laws encourage consumption. The country must now encourage savings rather than consumption. This means eliminating the tax-deductibility of consumer loans and limiting the tax deductibility of mortgage interest. Mortgage interest deductions should be limited to one house (society has no interest in subsidizing the ownership of second homes) and there should be an upper limit on the amount of interest that can be deducted. There is no magic line where this limit should be drawn, but the limit should be set relative to the cost of the median home. Mortgage interest might only be tax deductible up to loans that were twice the median mortgage loan.

The progressive federal income tax can easily be made into a progressive consumption tax by allowing unlimited Keogh and IRA accounts. Individuals should be allowed to deposit money in tax-free savings accounts for any purpose and for any period of time. But whenever they withdraw money from these accounts they would pay taxes. Thus a $50,000 family that saved $5,000 would owe taxes on its consumption—$45,000. If the same family withdrew $5,000 from its savings accounts it would owe taxes on $55,000—its consumption. Savings would be rewarded; consumption penalized.

President Reagan's tax cuts are highly inefficient when it comes to stimulating saving. If Americans continue to save 5 percent of their income, as they have been doing in recent years, the Reagan tax cuts will only be 5 percent efficient—savings will go up 5 cents for every $1 cut in federal tax revenue. In contrast, unlimited Keoghs or IRA accounts would be highly efficient. A taxpayer at the 50 percent bracket would have to save $2 to get a $1 benefit in lower tax payments—and that benefit only represents a tax postponement. To get savings up, the rich do not need to be made richer and the poor poorer.

By combining an income tax credit with a Value Added Tax, it is possible to construct a progressive Value Added Tax. Suppose the enactment of a 10 percent Value Added Tax and a $1,000 income tax credit. A family spending $10,000 would pay $1,000 in value added taxes as it spends its $10,000, but get the $1,000 back in the form of an income tax credit. The $20,000 family would pay $2,000, get $1,000 back and be a net taxpayer of $1,000. The $30,000 family would pay $2,000 net and so on up the income ladder.

The revenue from the Value Added Tax should be used to finish eliminating the corporate income tax (by 1990 it will for all practical purposes cease to exist because of the depreciation laws adopted in 1981) and to eliminate the Social Security tax. The corporate income tax should be eliminated to stimulate investment and to prevent the distortions that will emerge from the 1981 tax revisions. The Congress essentially adopted in 1981 a backdoor elimination of the corporate income tax law. But by eliminating the tax with accelerated depreciation, they chose to eliminate the tax for capital-intensive corporations while retaining it for labor-intensive firms. This creates a tremendous tax incentive to merge capital and labor-intensive firms. But there is every reason to believe that tax-induced mergers will harm the operational efficiency of the economy. They need to be prevented. But they can be prevented only by eliminating the corporate tax for everyone—not just the capital-intensive firms.

There are a number of reasons for replacing the Social Security tax. It is a tax on earnings and work. In the context of supply-side incentives for investment, similar incentives should be given for work and human capital investment. With the elimination of the corporate income tax, the Social Security tax represents a tremendous distortion of relative prices. By 1986, a 14.3 percent tax will be levied on the first $46,000 of earnings. This raises the price of labor relative to the price of capital and tells firms to fire workers and buy equipment. Hardly a message that any society wishes to give. The payroll tax places much more of a burden on the poor than a progressive Value Added Tax. The Value Added Tax encourages workers to save. Workers get their Social Security benefits cheaper if they save. The VAT is also a vehicle that could be used to generate a surplus in the Social Security trust funds to fund current benefits, prepare for the retirement of the baby boom generation in 2012, and raise national savings.

To introduce the tax without an inflationary shock, however, it will be necessary to purge the Consumer Price Index of indirect business taxes so that the adoption of a Value Added Tax does not increase inflation by raising the Consumer Price Index and, hence, indexed wages. Mrs. Thatcher did not do this in Great Britain and essentially doubled the rate of inflation when she increased the Value Added Tax.

DIFFERENT MONETARY POLICIES

The United States will have to fight inflation with something other than tight monetary policies and slow economic growth if

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rapid productivity growth is to resume. New technologies and investments will not be put in place rapidly with high interest rates and stagnant markets.

If the tax system were shifted toward a structure of progressive consumption taxes and used to run a surplus in the government budget, budgetary policies could play a major role in lowering interest rates by raising the supply of savings. A budgetary surplus is also the fairest way to raise the national savings rate. Governments can and should play a major role in raising savings.

The current Reagan strategy is tight monetary policies (high interest rates) and easy fiscal policies (big deficits). Given the problems facing the United States, the strategy could be exactly the reverse—low interest rates and large surpluses to raise national savings.

A NATIONAL FINANCE COMMITTEE

But investment problems go beyond those of simply raising the fraction of the GNP devoted to plant and equipment investment. Other countries not only invest more; they have a more systematic method of moving funds into new growth areas. The Japanese operate through MITI, the Ministry of Trade and Industry, and the Bank of Japan. The French and Germans have a much more important investment-banking sector that is often backed by government. In each case, the aim is to direct capital into new growth areas—sunrise industries.

To compete in world markets the United States is going to have to develop some equivalent institutions. What it needs is the national equivalent of the corporate finance committee. As in any corporation, this committee would not seek to plan the economy, but to direct some of the economy's investment funds into new growth areas.

Consider the semiconductor industry—an industry pioneered in America. This industry is in the process of shifting to much larger and more capital-intensive techniques of operation. In an economy such as the United States, where industries operate with low debt-to-equity ratios and depend upon retained earnings to fuel investment, the shift to the new production processes occurs at a pace that is limited by current profits.

But the Japanese are entering this industry with massive amounts of debt capital ultimately lent by the Bank of Japan. Their aim is to jump directly into large scale, capital-intensive techniques of production; proceed rapidly down the learning curve; sell at prices lower than those of the rest of the world; and capture most, if not all, of the market. If American industry limits its investments to those that can be financed by retained earnings, we will simply be driven out of the semiconductor industry.

The problem cannot be solved by pretending that it does not exist. U.S. industry simply will not be able to compete in the modern world of international trade without changes in the ways that it has traditionally operated. With perpetually falling exchange rates, Americans will always be able to export. But falling exchange rates do not preserve our ability to compete as equals. If we choose to compete with low productivity and falling exchange rates, we are deliberately allowing our standard of living to fall relative to the rest of the industrialized world. We may also lose our comparative advantage in high-technology products and essentially become an exporter only of raw materials and agricultural products.

Maybe America would be better off if no government engaged in investment banking, but other governments do. And American firms have to compete with foreign firms that are backed by investment facilities that new small American firms do not have. Unless a country is able to take advantage of product innovations and develop new large-scale sunrise manufacturing industries to replace its old large-scale sunset industries, it does very little good to develop a product first.

There will also have to be changes in the banking laws governing private banks if the U.S. is to compete. Many of the restrictions placed on banks—stopping branch banking, separating commercial and investment banking, limiting S&Ls to home mortgages, preventing lenders from placing representatives on boards of directors of the firms to which they lend—will have to be removed. Whatever the relevance of these laws in the past—most of them were passed in the 1930s—they are simply irrelevant and harmful in the international competition of the 1980s. All of them lead to a reluctance to provide debt capital for the expansion of industrial investment.

Many observers have criticized the idea of a national corporate investment committee on the grounds that it would be used to prop up old sunset industries that are better left to die rather than to help new sunrise industries. No doubt there is a real danger. Yet if this criticism is taken seriously, the conclusion is incredible pessimism about the ability of Americans to compete and adjust to new economic facts of life. The critic is saying that the country cannot compete in international markets as they are now organized, and that America is so incompetent that it cannot reorganize itself to compete. Maybe this is a correct diagnosis, but it would be a shame to accept such a diagnosis without trying to overcome the real difficulties in the way of an efficient industrial policy.

The problem is also not as difficult as it is made out to be. Obviously no one can pick the industries that will be America's sunrise industries 15 or 25 years from now. But, fortunately, that isn't the problem. The problem is to aid today's sunrise industries so that they remain sunrise industries for as long as possible. One does not have to have perfect foresight to know that semiconductors are a sunrise industry. The problem is to keep it a sunrise industry. And if you really think that Americans are so incompetent that they cannot pick sunrise industries, then you can of course simply use the Japanese list.

The problem is also not a government problem. The trick is to use the knowledge of private economy, labor and management, plus the knowledge of government to determine where America is going and how it could get there more efficiently. I suspect that if you asked those three groups to list the country's growth industries, you would have remarkably similar lists.

An industrial policy also isn't one of likes and dislikes. You may prefer a free-market economy where government is not involved in "planning" the directions of the economy. You may wish that the rest of the world were willing to play that economic game. But it isn't. As the semiconductor industry indicates, we may have no winners if we aren't willing to change our methods of playing the economic game. The market will kill our losers, the Japanese and Germans will kiss our winners, and we will gradually settle into a second-rate economy. We may fail in spite of our attempts to build an industrial policy, but we will certainly fail without an industrial policy.

Within that category of options called industrial policies there are two broad choices. Policies can be built to help losers or winners. The correct solution is to have a social safety net for helping the individuals who are hurt when losers fail and an industrial policy for insuring that America has sunrise industries into which individuals can move when their old jobs disappear.

An industrial policy designed to prop up dying industries is a route to disaster. We need only look at the countries that have tried—Britain and Italy. No one can make it work. There are usually good reasons why an industry is a loser. Its market is shrinking or the industry has lost its comparative advantage to some other nation or region of the world. But the British at least adopted a policy of propping up losers when no one had failed in the attempt. We do not have that excuse. We have only to look around us to see that it does not work.

Additional problems of a bail-out strategy are clearly seen in the case of Chrysler. Automobile manufacturing is not a sunset industry. The industry is simply facing a difficult shift from large to small cars. But, in such a shift, marginal, poorly-managed firms will be the first to fall. And Chrysler is such a firm. By propping it up, the government prevents other American firms, such as Ford, from buying its viable small-car facilities. This gives America one very sick and one slightly sick car company rather than one healthy car company. And it does nothing to help those people who work in the old, unviable Chrysler plants. Those plants will be shut down regardless of whether Chrysler does or does not survive as a company.

What is more, we won't have a really effective bailout strategy. One can argue that zero is the right Chrysler loan guarantee or that $5 billion is the right loan guarantee, but $1½ billion is clearly wrong. It is enough to prolong the agony, but not enough to cure the problem. Chrysler will have to come back for more. It may get more, but getting $5 billion in small lumps, with great uncertainty, is not the same as being able to plan on $5 billion in additional resources.

If we are talking about real losers, such as textiles, the difference in the strategies is clear. Productivity and real standards of living rise by getting into new high-productivity industries and getting out of old low-productivity industries. If the latter are protected, this stops labor and capital from leaving these industries and flowing into new industries. In addition, the bailout funds must come from somewhere—and they usually come out of funds that otherwise would be available for new industries. This leads to a slower growth for the sunrise industries and a lower real standard of living.

In general, the shift from sunset to sunrise industries does not mean the complete elimination of any industry. The American steel industry may stop being a large supplier of millions of tons of raw pig iron, but it becomes a supplier of high-technology specialty steels. In the process it may become much smaller in terms of employment, but it does not go out of existence.

Nor need the shift result in permanently-depressed regions of the country. The two industrial states with the lowest unemployment rates in the fall of 1980 were Texas and Massachusetts. New England is a prosperous region because it got out of its old, dying industries and into new growth industries. If Washington had protected New England's old, dying industries, New England would still be depressed. It is correct to point out that New England went through 40 years of economic pain before it made that transition. But the correct answer to this is a national policy for aiding individuals and speeding up the transition. To prop up dying industries will only prolong the pain. Whatever government does, they will in the end die.

When a firm moves from Ohio to Texas, the nation does not suffer an economic disaster. Texas, which is after all part of the same country, grows; the new workers get new higher paid jobs, and those remaining in Ohio do not in the long run lose. This is clearly seen if you look at per capita income growth from 1977 to 1979. If you look at the 10 states with the worst performance, the bottom five (Alaska, Maryland, Hawaii, Utah, and Idaho) are in what is usually called the sunbelt. Mississippi, Alabama, and Kentucky also turned in below-average per-

formances. Similarly the top ten performers contain 4 frostbelt states (North and South Dakota, Iowa, and Indiana). And only one state in the Southeast (Florida) is even in the top ten. The economic recovery of Massachusetts is the rule and not the exception.

Real factors, mostly energy costs, are dictating a shift in the location of manufacturing activity. This is a shift that we stop at our own peril. If we stop it, we simply won't have a prosperous country. Ohio will be slightly larger and Texas slightly smaller in terms of population, but both regions will have lower real standards of living.

Given the demonstrated failure of an industrial policy designed to aid losers, the only question is: Can you design an efficient industrial policy to aid winners? This policy would have to be modified as experience teaches us what will and will not work in the United States, but it should start with a small group of people who have the right to extend government loan guarantees to firms in industries such as the semiconductor industry.

This national "corporate investment committee" should be made up of recently retired businessmen, labor leaders, and government officials from the congressional and administrative branches of government. Recently retired officials should still be young enough to be vigorous yet have the necessary information upon which to act while at the same time not having direct self-interests.

Their task should not be to tell sunrise industries what to do, but to ask sunrise industries what they need to be more successful than they are. The answer may be capital, and in this case the committee would have the power to offer debt capital at market rates of interest. This would protect the taxpayer—since he/she would own the corporation's assets if the firm went broke—and would not let firms acquire capital at less than market rates of interest. These firms are, after all, supposed to be some of the most profitable firms in the economy—but firms that cannot grow as fast as their foreign competitors because of their ability to acquire debt capital, because debt-to-equity ratios that are considered normal in Japan or Germany are considered abnormally risky in the U.S.

The firms might say that they need something else—changes in anti-trust regulations or environmental regulations—to be successful. In thise case, the committee's job would be to evaluate the costs and benefits of that request and, if convinced that the costs exceeded the benefits, to recommend the changes to the larger society and political process. To some extent, committee members would be a lobbying group for the sunrise industries of the economy. In this they would be a counterweight to the large lobbies that always support the sunset industries. Sunrise industries do not have large vested interests behind them until they are already large.

Perhaps it will prove impossible to make a "winners" industrial policy work in the United States. If so, the United States' day in the economic sun simply will have come to an end. But not to try will guarantee that the economic sun has set. The sun is now setting—the economy is not performing as well as that of our neighbors, allies, and competitors. It is our task to reverse this process.

RESEARCH AND DEVELOPMENT

While it is not possible to trace much of the decline in productivity to declines in research and development—the productivity decline began well before the cut-back in research expenditures in the early 1970s. The time lags between research and productivity are so long that the cut-backs of the early 1970s probably have not yet had a chance to affect the system—our economic competitors do not spend as much or more on civilian research and development than we. Previously we were far out front.

While foreign analogies should be treated with caution, it is instructive to think about Japan's success with process innovations. Japan has not been a leader in new products, but it has been a leader in better processes for producing old products. This springs from the absence of a sharp dividing line between public and private—the public is willing to finance process R&D within a firm even though that will help the profits of a particular firm—and a willingness to engage in process R&D. But, to do this, the Japanese must take revenue away from the Japanese taxpayer and give it to Japanese firms. We are reluctant to invest in process R&D because the beneficiaries are too obvious.[12]

Some way must be found within the American context to subsidize process R&D rather than concentrating expenditures in basic research or new products. Perhaps a system of compulsory cross-licensing of the benefits is one of the answers.

HUMAN CAPITAL INVESTMENTS

Interestingly, human capital investments have almost slipped out of the discussion when it comes to stimulating productivity. President Reagan is even cutting back on many of the training programs that would formerly have been considered part and parcel of any program to raise productivity.

This occurs for two reasons. First, with very slow economic growth the economy seems to have surpluses of all types of labor. While the surpluses do exist they would disappear quickly if rapid growth were to start. Two, there is general surplus of college educated labor. Everyone is familiar with the newspaper story of college graduates without jobs. Here, again, while there is a general surplus there is a shortage of engineers.

While salaries and job opportunities will eventually cure the engineering shortage by persuading students that they should shift their majors to engineering, there is a role for government in preserving the educational base of science. Because of job opportunities and low salaries, high schools are losing their ability to teach mathematics and science at an alarming rate. There is also some current evidence that the situation is now spreading to colleges and universities. Better job opportunities and salaries persuade actual or potential faculty members to leave for industrial jobs. But this leaves colleges and universities without the ability to expand their teaching of scientific subjects.

The solution is generalized support for scientific education such as that we had after the Sputnik success in the late 1950s, but have since dismantled. When it comes to investments in humans, supply-side economics has meant actions to cut back supplies of trained labor.

But the real skill shortages come not in those areas where skills are acquired in formal education, but in the high-skilled blue collar jobs, such as tool and die makers or machinists. These skills are in short supply because of the on-the-job training process that produces them and the recent history of slow growth. On-the-job training slots only open up when new jobs are being created. If there is a period of slow growth, training automatically slows down. But since these skills take several years to learn, the supply of skills cannot expand as fast as the economy when economic growth finally starts. No firm trains workers in anticipation of future growth because the training is expensive, because workers may leave for other employers, and because every firm thinks that it can get the skills it needs by pirating workers from other firms. But this latter option obviously cannot work for everyone in the aggregate. Stop-go economic policies produce much slower rates of growth in these skills and the resulting shortages reinforce the stop-go economic policies since, with an inadequate supply of skilled blue collar workers, the economy quickly runs up against inflation producing supply bottlenecks.

To eliminate this problem the government is going to have to achieve some smooth sustainable growth path or institute some program of training subsidies to keep training going during economic slowdowns. Since the first is unlikely, the latter is almost a necessity.

FOOTNOTES

[1] Council of Economic Advisers, *Economic Report of the President 1980*. Government Printing Office, January 1980, page 246.

[2] All sectorial data come from U.S. Department of Commerce, "National Income and Product Accounts of the United States." *Survey of Current Business*, July various years. Tables 6.2 and 6.11.

[3] This is calculated by estimating how much productivity would have grown from 1977 to 1980 if agriculture had been shrinking at the 1948–65 rate. All other sectorial percentages are calculated in the same way.

[4] Council of Economic Advisers, *Op. Cit.* page 310.

[5] H. Kemble Stokes, Jr. "An Examination of the Productivity Decline in the Construction Industry" Mimeo March 1979. Office of the Chief Economist, U.S. Department of Commerce.

[6] U.S. Department of Commerce, "Fixed Nonresidential Business Capital in the United States" *Survey of Current Business Part II*. August 1979, page 62.

[7] U.S. Department of Commerce, *Survey of Current Business*. July 1981, page 11.

[8] U.S. Department of Commerce, "Pollution Abatement and Control Expenditures 1972–78." *Survey of Current Business*, February 1980, page 27.

[9] These figures are calculated using the National Income Accounts' implicit price deflator for nonresidential plant and equipment investment and the National Income Accounts' estimate of compensation per full time equivalent employee. The PPI index for industrial energy was used for energy prices and the interest rate used was the Baa corporate bond rate.

[10] Energy operating costs were estimated to be 20 percent of capital purchase price. See Ernst R. Berndt, "Energy Price Increases and the Productivity Slowdown in United States Manufacturing." Presented to Federal Reserve Bank of Boston Conference on Productivity, June 1980.

[11] Based on estimates from aggregate production functions fitted to U.S. data.

[12] For a more extended discussion of process R&D see: Lester C. Thurow, *The Zero-Sum Society*. Basic Books, 1980, pp. 82–95.●

ADMINISTRATION ATTACKS JAPANESE PROTECTIONISM

● Mr. HEINZ. Mr. President, at a recent hearing of the Trade Subcommittee of the Finance Committee, Under Secretary of Commerce Lionel Olmer made an excellent statement summarizing with extraordinary clarity the sustained effort by the Japanese Government and private sector to close their markets to U.S. exports.

A number of us in the Senate have been speaking out on this problem for some time and have been growing increasingly impatient with the lack of progress in opening up Japanese markets despite sustained talks over two administrations.

This year's U.S. trade deficit with Japan threatens to grow to $15 billion, and I am pleased to note that Under Secretary Olmer, like myself, appears to be running out of patience with the un-

willingness of the Japanese to take any meaningful actions to reduce this deficit through increasing U.S. imports. Mr. Olmer indicates, quite properly, that our preferred policy is to increase U.S. exports to Japan rather than to restrict their access to our markets. If there is no progress soon, however, I believe many of us in the Congress are going to start considering appropriate means of retaliation and market limitation. Talk seems to have gotten us very little in terms of reciprocal market access. The time for action is fast approaching.

Mr. President, I ask that Under Secretary Olmer's statement be printed at this point in the RECORD.

The statement follows:

STATEMENT OF LIONEL H. OLMER

Originally, I had prepared a short oral statement which covered essentially the same ground as the statements offered today by Ambassador Macdonald, Mr. Dederick and Mr. Hormats. Let me, Mr. Chairman, spare you and the Committee, this redundancy and tell you what is foremost on my mind as we discuss the auto issue.

The trade situation in autos and auto parts between Japan and the U.S. is symptomatic of the larger problem in our trade relationship with Japan—that is, the enormous U.S. trade imbalance with Japan, which this year will exceed $15 billion, and unless present trends are changed could reach as high as $50 billion by 1990. In autos and auto parts alone the U.S. trade deficit with Japan in 1981 will exceed $10 billion.

Before identifying the root cause of the Japanese surplus, some explanations must be eliminated.

These staggering trade deficits with Japan are not in general the result of lack of competitiveness of U.S. products. Even highly competitive U.S. industries are denied access to the Japanese market.

It is not caused by the strong U.S. dollar or high U.S. interest rates. The growth of the U.S. deficit predates the strong dollar, and Japan is simultaneously running a proportionally larger surplus with the EC, where currencies have been weak.

It is not caused by U.S. apathy in developing the Japanese market. The U.S. has a substantial 34 percent of the Japanese market for manufactured imports. The problem is that Japan does not import much in the way of manufactures. We have a large share of a small pie.

No. These are not the reasons. The fundamental reason for Japan's surplus is a profound inequality in our access to the Japanese economy. This inequality is caused by long-standing Japanese policies and practices which encourage exports and discriminate aganst imports. It is caused by a pervasive bias against imports at virtually every level of private government decision-making. It can only be solved by timely, effective and fundamental change in these policies by the Japanese Government.

This is the basic message Secretary Baldridge and I conveyed to Prime Minister Suzuki and other Japanese leaders on our recent trip to Japan. We made four key points:

The imbalance is becoming a political issue which threatens to affect our total relationship.

We do not seek to redress the imbalance through restrictions on Japanese imports, but rather through an expansion of U.S. exports to Japan.

The Administration and the Congress are equally concerned and united in their insistence on effective Japanese measures. The letter we delivered to Prime Minister Suzuki from 31 members of the House Export Task Force was an effective expression of the depth of Congressional concern. I would like to introduce this letter for the record.

Finally and most importantly, the time for talk is over. The time for action on the part of the Japanese is now.

We are running out of time to postpone the hard choices. We cannot accept emergency or limited piecemeal concessions. We need:

A measurable and sustained increase in Japanese imports of U.S. manufactured goods including autos and auto parts. Although Japan is the second largest economy in the free world, its imports of manufactures are about equivalent to those of Switzerland. Japan's imports of manufactures on a per-capita basis are the lowest in the industrial world.

A dismantling of the web of blatantly protective devices around Japan's agriculture.

A reduction in some of Japan's remaining high duties on manufactured goods.

Elimination of the permissive treatment of business cartels in Japan and the informal industry clubs which restrict imports and sustain uncompetitive Japanese industries. These devices keep out competitive U.S. exports, even though the U.S. export prices are substantially lower than domestic prices in Japan.

Opening up Japanese high technology development programs to genuine market competition, including the participation of foreign firms.

The U.S.-Japan economic relationship—the single most important economic relationship in the free world—is clearly in serious trouble. The problem has been developing for well over a decade. With a $20 billion deficit looming for next year, we are running out of time for discussion.

Our economic relationship has not been conducted on a fully reciprocal basis. It should be. Our trading relationship must afford us substantially equivalent competitive opportunity.

The time for a genuine and effective Japanese response is now.●

REAGAN URBANOMICS

● Mr. TSONGAS. Mr. President, the Reagan administration is preparing a grim Christmas package for urban America.

For the past 3 years, our older distressed cities have undergone major reductions in Federal aid. They are still reeling from their disproportionate share of the recent budget cuts. They are trying to survive despite massive layoffs, tax increases, service cuts, and abandonment of major capital investment and repair projects.

The latest budget proposals call for the elimination of Federal housing production programs for low income elderly and families and for the elimination of two highly successful and important community and economic development programs for distressed cities—CDBG and UDAG.

In short, this is the first administration since the Depression to attempt to overthrow, by budget fiat, our national laws, programs and policies calling for decent housing and viable communities for every American. If these proposals are enacted, they will end the Federal role in urban America, and threaten the survival of every major city in this country.

Perhaps the importance of this "urban policy"—which one official has aptly termed our "domestic Bay of Pigs"—is best seen through a comparison with the frightening picture of our economic ills.

The latest unemployment figures were released just today. The administration that promised economic growth, reindustrialization and jobs has the following record of accomplishment after a year in office. The national unemployment rate is 8.4 percent—the highest since the 1974 recession.

Unemployment in this country has risen by 1.5 million since July. Unemployment has risen by one-half million in the last 30 days.

Three-quarters of the 4-month increase is due to job layoffs.

There are now 9 million Americans out of work.

The male jobless rate is 7.2 percent. The all-time post-World War II high is 7.3 percent.

Teenage unemployment is 21.8 percent.

Black unemployment is at a record high of 15.5 percent.

Given an 18.2 unemployment rate in construction industry, the administration is considering elimination of Federal programs which assist in the new construction, rehabilitation or modernization of housing for the elderly and for poor families.

Given the worst national unemployment rates since the last recession, the administration is going to eliminate the action grant program which creates 155,000 new jobs a year at a one-time cost of $6,838—far less than the cost of supporting the unemployed through welfare rolls. Three-fourths of the unemployment since July is due to job layoffs, but the administration wants to abolish UDAG, which has retained 109,000 jobs in 3 years.

These proposals are more than misjudgments. They are economic nonsense.

Let us look at the blueprint for the destruction of our older, poorer cities which is reportedly being drafted by the executive branch:

HOUSING

Public Housing development, public housing modernization, section 8 new construction and substantial rehabilitation would receive zero funding in fiscal year 1983. In addition, all 1982 funds for these programs would be rescinded. Prior year funding awards would be recaptured from the housing production pipeline, and 50 percent of these funds would be rescinded.

Operating subsidies for public housing would be reduced to about one-third of actual need.

Finally, the section 8 existing housing program would be replaced by a different voucher system, with great reductions in the number of clients served and the amount of housing subsidy provided.

The fundamental basis for our national housing laws, programs and policies is set forth in the U.S. Housing Act of 1937, as amended:

It is the policy of the United States to promote the general welfare of the nation by employing its funds and credit . . . to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe and sanitary dwellings for families of low income.

If the administration succeeds, this will be called into question for the first time since its enactment during the Depression.

By calling for a halt in the expansion of our low-income housing stock, the administration is ignoring a number of realities:

First, the lack of affordable and available housing for the poor. Three percent or lower vacancy rates are common in our largest cities with many of our larger cities reporting 1- and 2-percent rates. In Boston the vacancy rate for private rental housing is 2 percent, and the price of family units is over $500 a month. Only 14 percent of all units have 3 bedrooms or more. Family unit production is critical in order to alleviate these severe shortages for the poor.

Second, in many of our older cities, housing stock needs constant upgrading, repair and replacement. In Massachusetts, over 60 percent of our stock is over 40 years old, and rehabilitation and new production are critical to keep pace with new household formations.

Third, if the country is going through a recession, the housing industry is going through a depression. The jobless rate in the construction industry is over 18 percent, and the housing industry has had the worst year since World War II, with starts at an all time low. In the best times, the Government has assumed the lion's share of the rental housing production burden.

With the industry pleading for its life, the notion that we can turn our backs on production of housing for elderly and low-income families on the theory that the private sector will fill the need is nothing short of criminal.

The housing programs which are now slated for abolition have already suffered a 30-percent reduction this year. In a recent 100-city survey conducted by the U.S. Conference of Mayors, the impact of these cuts was plain; 57 percent characterized the cuts as having a disastrous or substantial effect, and 70 percent said that an additional 12-percent reduction would have a similar impact.

So while the proposal to eliminate housing production and rehabilitation for the poor is by far the harshest punishment which has yet been devised, it is by no means the first.

COMMUNITY AND ECONOMIC DEVELOPMENT

The second major feature of the administration's plan is to eliminate the CDBG and UDAG programs—two classic Republican concepts which represent the major source of physical development for our older distressed communities.

CDBG

The CDBG program, which provides highly targetted funding for neighborhood development, infrastructure, capital investment, housing rehabilitation and related services for low- and moderate-income persons, has already been the victim of a triple whammy in this year's budget.

First the funds for the program were cut. Then, scores of additional programs were "folded into" the CDBG program, which has forced already shrinking dollars to be stretched even thinner.

Finally, legislative changes which were enacted as part of the budget yielded an effective 10-percent reduction for the larger, entitlement cities. In a recent U.S. Conference of Mayors survey 72 percent of cities reported that an additional 12-percent cut would have a disastrous or substantial effect on their ability to continue urban revitalization programs.

Despite the importance of the CDBG program to our cities, the administration is planning to reduce the budget from $3.6 to $2.2 billion in fiscal year 1982. In fiscal year 1983, the program will be reduced to $1.1 billion, and in 1984, the program will receive no funds.

ACTION GRANTS (UDAG)

It is fashionable in this administration to talk nostalgically about a return to the Constitution, and a time when the Federal Government has no role in our economic growth, outside of providing guns and postage stamps. This implies that Federal intervention in the economic growth of our country was invented by the Johnson administration about 20 years ago. Of course, the westward expansion, the reconstruction of the South, and the development of our railroads are only a few obvious examples of the long history of a Federal role in the economic well-being of our country.

The UDAG concept is classic—put in the least amount of Federal money need to stimulate the greatest private investment. The results of this simple concept have been phenomenal. The accomplishments of the UDAG program during its 3-year history have been cited with great frequency but since the administration chooses to be deaf, dumb, and blind to the program's success, the accomplishments are worth citing again.

Every action grant dollar has resulted in $6 in private investment, for a total of $13 billion in new private investments.

Every action grant dollar has generated 17 cents in new annual tax revenues for local governments, over $363 million every year.

The 1201 Action Grants projects have created: 307,000 new jobs—over half of them for low- and moderate-income workers. In addition, over 109,000 jobs have been retained by the projects. Most important, the average job creation cost is $6,838—far less than the burden to the taxpayer of supporting unemployment through the welfare rolls.

In conclusion let me add a word of caution:

These trial balloons from the administration, calling for the elimination of housing and community development programs, have been accompanied by reassuring reports of new programs for cities.

The Wall Street Journal carried a story on Thursday which said the administration is planning to increase revenue sharing, and to return a portion of tobacco and gasoline excise tax revenues to State and local governments.

Read the fine print:

Revenue sharing might be increased, but education and transportation grants will be abolished and "folded in." Our experience with CDBG should teach us that when this administration folds in, the cities come up short on ingredients.

The other word of caution is: With this administration, today's commitment is tomorrow's betrayal. Since January the President has abolished and restored UDAG twice. Since he took office, he has shown through deed how his promise to the elderly on social security was worth.

In short, urban America is fighting for its life this time around, and it is time for everyone who has a commitment to cities, and understands what they represent to his Nation's economic, social, political fabric to stand up and speak out and fight back.●

TIME TO DECONTROL NATURAL GAS?

● Mr. SYMMS. Mr. President, one of the first actions taken by President Reagan after assuming office was the decontrol of domestic oil prices. This action was merely an acceleration of the decision already taken by President Carter, but it was nonetheless an act of the kind of courage we have come to expect from this President. He was soundly criticized for decontrolling oil prices, but the action turns out to have been exactly correct.

There was an immediate jump in retail gasoline and heating oil prices, of course, though I should point out that those prices were already moving up, and it is not at all clear that decontrol caused them. Since then, however, all the news has been good.

Retail prices have fallen; supplies have increased; imports are down; the domestic exploration and production picture has stabilized, and the future is far more certain than it has been for years. Best of all, OPEC has been virtually emasculated.

The details of how our "energy crisis" came about, and how it was solved through decontrol are contained in a very readable account by William Tucker in the November issue of Harper's magazine. All Senators should take the opportunity to consider these issues, and to make it easier for them, I ask that it appear at the end of this statement.

But before we consider the article, let us consider a piece of unfinished business: natural gas. Exactly the same nonsense that produced our "crisis" in gasoline continues to operate with respect to natural gas. Controls on natural gas continue to encourage consumption among homeowners, at least; industrial use is officially discouraged; discourage exploration and production; and distort the capital markets and exploration plans surrounding the natural gas industry.

Even worse, the present pattern of regulation has developed its defenders among the regulated. Some aspects of the industry, such as pipelines and those already producing very deep gas, oppose regulation because it would mean more competition.

Mr. President, this situation is intolerable. I well understand that deregulation of the natural gas industry is complex and politically touchy. Still, it should be done. We know it should be

done as a matter of principle. Our experience with oil decontrol tells us that it should be done as a benefit to consumers. Let us get on with it.

The article follows:

THE ENERGY CRISIS IS OVER!

(By William Tucker)

HOW WE BEAT OPEC

On January 28, 1981, after less than a week in office, President Ronald Reagan announced that he was bringing an immediate end to the price controls that had governed American oil for almost ten years, speeding up a process already set in motion by President Carter. With that simple act, the energy crisis of the 1970s ended.

You would have hardly known it from reading the newspapers. Reporters, making their rounds of the usual reliable sources, asked only one constituency—consumer groups—what they thought of the decision. The consumer groups put up their usual howl, complaining that it would only mean higher prices.

Thus the Associated Press report of the story, the next day, began like this:

WASHINGTON.—American motorists can expect to pay even more at the gasoline pumps in the next few days as a result of President Reagan's first major economic decision.

Reagan is making good on a campaign promise to remove immediately the remaining price and allocation controls on petroleum.

Angry consumer groups charged that gasoline and heating-oil prices could rise by 8 to 12 cents per gallon over the next few weeks as a result of the decision.

There was not the slightest suggestion of what the long-term effects of the decision might be. Nor has there been since—except for a few scattered editorials in the Wall Street Journal and The New York Times.

So the news is told. When President Reagan asked for a review of the situation this summer, his advisers told him that the decision to scrap price controls had effectively ended the energy traumas of the 1970s. Consumption was declining, domestic drilling was skyrocketing, imports were down, and OPEC was starting to fall apart. His response was reported to be: "Why doesn't anybody tell me these things?"

It was a legitimate question. Apart from a few economists, probably no more than a handful of people have yet realized that the current collapse of world oil prices is the direct result of the American people's decision finally to face reality. We have already swallowed the bitter medicine, and the cure is working. Remarkably, nobody has even realized it yet.

Let us take a look at what has happened since President Reagan decided last January to accelerate President Carter's 1979 decision to remove oil price by fall 1981, and thus to end, with one stroke, the long-drawn-out attempt to protect consumers from reality.

For a few weeks, oil prices did rise, just as consumer groups had predicted. Within a month, gas prices at the pump had climbed by about ten cents a gallon. Heating oil also went up by about the same amount. Domestic oil prices, freed from constraints that had kept them at about twenty-nine dollars a barrel, quickly jumped to around thirty-six dollars a barrel—a change that should have reflected a rise of about fourteen cents at the pump. It looked as if consumers might be in for a rough time.

But then strange things started to happen. As late as December 1980, the Department of Energy had been predicting that world oil supplies would remain tight "indefinitely," and that world oil prices might soon be moving up through the range of $45–$50 per barrel.

But by March the major oil companies suddenly found themselves with growing inventories on their hands. By May, refineries had a 20-percent oversupply of oil products, and were starting to worry about storage problems. They did the only sensible thing. They started to cut prices.

By the end of May, heating-oil prices were down throughout the country by four or five cents. Gas prices at the pump fell below their January levels. The national average of gasoline prices across the country fell to its lowest level in two years. Sporadic price wars broke out in various areas. By midsummer, competition between two service stations in Cincinnati had lowered the price of gasoline to seventy-three cents per gallon at one point, and cars were once again lining up outside filling stations—this time to buy the new cheap gas.

Before very long, these events began to have repercussions on the world market. By early summer, every major OPEC nation found itself with growing stockpiles. Libya, always the most militant of OPEC members, lost 60 percent of its customers between April and August because it refused to lower prices. Nigeria also had large surpluses. OPEC production as a whole has now fallen 30 percent since 1979.

What happened in Mexico was tragicomic. In June, the nation found itself unable to sell its oil at the premium price of forty dollars a barrel anymore. The minister for oil, Jorge Díaz Serrano, faced with a collapsing market, lowered the price of Mexican oil by four dollars. Mexican public opinion, however, accustomed to high prices, was outraged at the decision and demanded that the old price be restored. Jorge Díaz Serrano, till then considered the favorite to succeed Lopez Portillo to the presidency next year, was forced to resign from office, his political career ruined. But the oil still could not be sold at $40 a barrel, and subsequent oil ministers have now lowered the price by $3.90—holding back the last ten cents apparently in an effort to avoid Jorge Díaz Serrano's fate.

The story being told is that Saudi Arabia has deliberately created the oil glut by pumping 10 million barrels of oil a day instead of its previous 8 million, in order to "discipline" other OPEC members and end up with a uniform price of around thirty-four dollars a barrel. Yet many observers are skeptical of this interpretation. They point out that Saudi Arabia has already committed most of its oil revenues, and with prices falling, will not find it easy to cut back to production of 8 million barrels a day again.

In any case, OPEC's attempts at an emergency August meeting to reach agreement on a price, and regain "control" of the market, were a failure. Not only were the members unable to compromise on a unified price of $34–36 a barrel, but their subsequent actions showed that the OPEC countries themselves are now at the mercy of the market. Two days after the meeting fell apart, Nigeria voluntarily lowered its oil price from $40 to $36 per barrel. It was the largest price reduction an OPEC nation has ever imposed on itself. There is no indication that prices have hit bottom yet. The golden age of OPEC is over.

How did this sudden reversal occur? There are many reasons, but the crucial one—both for its timing and its effect—is the Reagan administration's decision last January to end price control.

It is now possible to examine the related upheavals of the 1970s and put them in perspective. The oil crisis was nothing more than a self-inflicted wound. With the exception of five months in 1973–74 when the Arab states stopped sending oil to the West in retaliation for U.S. support of Israel, no event of the 1970s that we labeled under the rubric of "the oil crisis" was anything more than America's refusal to pay the proper price for its own oil. It was certainly not an oil-company plot or a sign that we were "running out of resources." Oil was the only commodity in the entire economy that was never freed from President Nixon's temporary wage and price controls imposed in 1971. This created an inevitable gap between supply and demand for domestically produced oil. We bridged it by importing more oil, leaving us vulnerable to all the foreign shocks and international intrigues that followed.

Here is the way it happened.

DEPENDENCE ON FOREIGN OIL

The beginning of the oil crisis of the 1970s can be traced to 1968 and the first stirrings of the environmental movement. At the time, though few people remember it, the country was operating under the Oil Import Quota system set up by President Eisenhower in 1959. The policy limited the country's imports to no more than 12 percent of its total consumption. It was honored more in the breach than the observance, however, and imports actually hovered around 19 percent throughout the 1960s.

The original rationale for the quota system was national security. It was argued that if we became too dependent on foreign sources for such an important commodity as oil, we might become vulnerable to cutoffs in time of war or national emergency. The effect of the program, on the other hand, was to give some protection to the small domestic oil companies centered around Texas, Oklahoma, and Louisiana. These are not the oil giants like Exxon, Gulf, Texaco, and the rest of the Seven Sisters. They are the hundreds and hundreds of entrepreneurs who live off small and medium-sized oil holdings—and produce about 60 percent of our own oil. A great deal of the confusion that existed in the early years of the 1970s arose from the failure to distinguish between these small companies and the giants.

The import quotas protected the small companies from the dirt-cheap competition in the Middle East, where oil could be pumped out of the ground for less than ten cents a barrel. Domestic oil was selling at about $1.90 a barrel in 1969. But even with the import quotas, the price to consumers had been steadily falling over the previous twenty years. The oil giants, on the other hand, were slightly hampered by the import quotas, although they never made too much fuss about it. They were prevented from importing great quantities from the Middle East, but, on the other hand, were afforded some protection for their American holdings. They made money by selling Middle Eastern oil to Europe, and did not press much for abolition of the U.S. import restrictions.

The trouble began when environmental groups decided that newly discovered low-sulfur oils in North Africa and Indonesia were just what was needed to clean up air pollution. Before Lyndon Johnson left office, environmental groups in California and New York had wrung concessions out of Interior Secretary Stewart Udall (who administered the quota program) to allow more cheap, low-sulfur crudes to be imported from Libya and Southeast Asia as a substitute for coal in utility boilers. A number of incentives were introduced, and imports began to rise.

Then an odd thing happened. Consumer groups, suddenly aware of all the cheap oil being pumped around the world, began to argue that scrapping the import quotas would produce a consumer bonanza as well. In 1970, Ralph Nader's task force on air pollution (one of the first incarnations of "Nader's Raiders") published a book called Vanishing Air, which questioned the "national-security" argument and argued strenuously that ending the oil import-quota program would solve both environmental and consumer problems. They suggested that the quotas were a "protectionist wall" that "creates a domestic price for petroleum substantially in excess of the world price." It was "estimated to cost American consumers five to eight billion dollars a year."

After the Santa Barbara oil spill of 1969 created new concerns about offshore drilling, the environmentalists' urgings to lift the import quotas became much louder. In 1972 the Sierra Club published a book on coal strip-mining called Stripping, which concluded that scrapping the import quotas would cut down on strip-mining, reduce offshore drilling, clean the air, and solve just about every other environmental difficulty. Criticizing a decision of the Nixon administration not to give up the quotas, the author, John F. Stacks, wrote:

"The scrapping of the import quota task force recommendation to abolish that system will pile more costs onto the consumer, who has already paid more than $30 billion to subsidize the oil industry through quotas and tax giveaways."

Soon the case for importing more oil was common currency in consumer and environmental circles.

Unnoticed, however, was that the real turning point in America's energy situation had already passed. In 1970, our domestic oil production peaked at 9.6 million barrels a day, after a century of steady increases. We had run out of "easy oil." Older wells were playing out, and all the new oil lay in environmentally troublesome areas—offshore, in Alaska, and in deeper, unexplored regions of the earth's crust. Americans faced a difficult choice. Either we had to accept a steep rise in American oil prices, to pay for the higher costs of drilling and encourage wiser use, or we had to open our doors to more imported oil.

For a long while the Nixon administration resisted making a decision. Task forces were assigned to the problem, and most of them came back with the recommendation that we might as well import more oil. Nixon personally resisted the idea, however. He was still impressed with the national-security argument, and leery of making the country dependent on foreign imports.

Unfortunately, the courage of this position was obviated by a decision in August 1971 to impose an across-the-board temporary wage and price freeze. The controls had an enormous impact on the oil market. Prices should have been climbing rapidly. Production from old wells was leveling off and the development of new sources was proving expensive. A clear signal was needed to tell consumers that the time had come to start conserving.

Instead, the price controls seriously distorted the situation. The artificially low price of domestic oil discouraged expensive new exploration. But it also allowed consumers to go on guzzling oil as if nothing had happened. Consumption rose in 1971–73 at 4 percent per year—a straight-line projection from the old days of falling prices in the 1960s. Nobody noticed that domestic oil was harder to find.

And so, in order to make up for this growing gap between domestic supply and demand, we turned to the solution that was to become the characteristic pattern of the entire decade. We imported more oil. The holes that the environmental movement had already punched in the import-quota program made it easy. All sorts of incentives had been set up allowing refiners bonus quantities of imported crude if they cleaned it of sulfur. The program was easily manipulated so that imported crudes became the stock for other uses as well. By 1973 we were importing close to 30 percent of our oil, an unprecedented foreign dependence. By the time the quotas were scrapped, they were useless anyway. Without even noticing it, we were at the mercy of world events.

THE REASON FOR SHORTAGES

The inevitability of price controls for the benefit of consumers creating shortages of goods is a cardinal point understood by nearly all economists and only a handful of members of the public. I have searched for a metaphor for this phenomenon, and finally found one in an experience a friend of mine had in the Peace Corps. He and his colleagues were trying to teach Indian village women the rhythm method of birth control by giving them a string of thirty beads that represented the days of their menstrual cycle. The eight days representing their fertile period were marked by red beads in the middle of the month. Each day they were to move one bead, refraining from intercourse on the red days. After a while, however, they found the system didn't work. When the dangerous days of the month arrived, the women would simply move all the red beads across the string at once. They assumed that this act of magic would prevent them from getting pregnant.

We do the same thing with prices. The market price of a commodity is nothing more than a reflection of its scarcity relative to its demand. When goods become harder to obtain, the price goes up. But we assume that by artificially lowering the price—asking the government to intervene with price controls, that is—we can make a good less scarce. Instead, the opposite results. With prices artificially low, consumers try to buy more of the commodity, while suppliers reduce production because they cannot recover their costs. The result is an artificial shortage, where goods are scarcer than at the beginning. Our confusion of reality and its symbols only makes things worse and precipitates what we hoped to avoid.

As President Nixon's 1971 price freeze remained in place, the American economy became increasingly characterized by a series of surpluses and shortages. With prices held at rigid, artificial levels, the gaps between supply and demand became unavoidable. By 1973, steel, concrete, aluminum, and dozens of other basic commodities were becoming unobtainable on the market.

The situation coincided with the Club of Rome's jeremiads and the popular conception that we were quickly hitting the bottom of the barrel on resources. Newsweek ran a cover story showing Uncle Sam holding up an empty horn of plenty under the caption Running Out of Everything?

Apparently, nobody at Newsweek realized that we were only experiencing the inevitable results of price controls (no one, that is, except Milton Friedman, who continually pointed it out in his columns). But by the middle of 1973 the price controls had been phased out, and these shortages quickly solved themselves.

Oil, however, was an exception. So much pressure had already built up behind the price of oil that Congress became afraid to let the market go where it would. It was obvious that the days of twenty-five cents a gallon for gasoline were over. Yet Congress shunned the cure for America's falling domestic production. Oil became the only exception to the general abandonment of price controls; protection was extended through 1975.

Meanwhile, barely noticed events in the Middle East were beginning to indicate that "cheap foreign oil" wasn't going to remain cheap for very long. In 1969, a colonel's revolt in Libya overthrew the pro-Western monarchy. The new military regime, under Colonel Muammer Qaddafi, soon realized it was supplying both Europe and America with low-sulfur oil that could hardly be matched anywhere else in the world.

In 1970, the new government imposed a twenty-cent price increase on its concessionaires. The oil companies fussed and fumed, but soon realized that there were no American Marines or strategists for the Central Intelligence Agency waiting in the wings to correct the problem. (In the last such incident, which neither the oil companies nor the producing nations had ever forgotten, the attempt by Mohammed Mossadegh to nationalize Iran's oil concessions and impose a price increase on Western consumers had resulted in a coup masterminded by the CIA, and the installation of the shah. On the eve of the Arab oil boycott, President Nixon was still publicly reminding the Middle Eastern states to beware the "lesson of Mossadegh.") Finally, the oil companies accepted the price increase; they had no choice.

Soon a moribund debating society, the Organization of Petroleum Exporting Countries, founded in 1960 at the instigation of Venezuelan oil minister Juan Pablo Pérez Alfonso, was meeting in earnest in Vienna. By September 1973, OPEC members were presenting a solid front to the oil companies and negotiating for an across-the-board price increase of fifty-three cents to match Libya's efforts. The oil companies protested and said it was impossible. In truth, though, they weren't sure. When the negotiations finally broke down, Sheikh Yamani, the Saudi Arabian OPEC minister, said that the producing nations might just go ahead and do it anyway.

Yet all the while American consumers remained oblivious. Blinded by the continuing price controls, we went on guzzling gas in ever greater amounts as if nothing had happened. Few people were aware that we were importing any of our oil, let alone 30 percent. British journalist Anthony Sampson, whose book The Seven Sisters describes the events leading up to the boycott, says that an "air of unreality" began to enshroud those American businessmen and politicians who could actually see what was happening. In 1972 we set an all-time record for oil consumption, and were headed for another in 1973. When several oil companies formed a delegation to try to warn Nixon administration officials of the growing restiveness in the producing countries, they were politely ignored. On the day Shiekh Yamani and the OPEC ministers broke off negotiations with American oil firms in October 1973, no American newspaper carried the story.

What happened next, of course, is history. The Arabs realized their growing market leverage and exercised it in the oil boycott during the 1973–74 Arab-Israeli War. The result of this deliberate supply interruption was the first of the "gas shortages."

But the boycott was over by March, and gas lines ended well before that. Far more important was that the producing nations—to their surprise—found they had a stranglehold on the Western oil market. They quickly raised prices to seven times their 1970 levels, setting in motion what was later called "the greatest and swiftest transfer of wealth in history." Over the next year, some $112 billion flowed out of consumers' pockets and into the coffers of the oil-producing nations.

What should we have done? Obviously, we should have increased domestic production and cut consumption. The formula for this was not really very difficult. Domestic oil price controls were already artificially discouraging production and stimulating consumption. Getting rid of them would have been the easiest step of all. Then, had we been really serious, we could have done what the Europeans and Japanese have done for decades and taxed consumption, particularly consumption of foreign oil. This was exactly what President Ford tried to do in January 1975, when he began his state-of-the-union address by asking Congress to abolish price controls and impose a two-dollar-a-barrel tax on foreign oil. He promised that reducing imports would be the first priority of the administration. Had the nation been willing to give President Ford a hearing, we might have avoided some of the turmoil that followed. Congress, however, had its own ideas.

The battleground became the 1975 Energy Policy and Conservation Act (a political euphemism if ever there was one). At first,

Congress seemed willing to go along with President Ford's assessment: foreign dependence was a problem, and price controls were only making things worse. But then a suburban rebellion began in the House of Representatives. Congressmen Andrew Maguire (N.J.), Richard Ottinger (N.Y.), and Toby Moffett (Conn.)—all liberal Democrats representing the three wealthiest suburban counties in the New York area—began a campaign to extend oil price controls. Joined by figures such as Edward Kennedy (Dem.-Mass.), Howard Metzenbaum (Dem.-Ohio), James Abdnor (Dem.-S.D.), and Henry Jackson (Dem.-Wash.) in the Senate, these legislators eventually succeeded in getting through a decision to extend price controls all the way through 1979 and possibly beyond. Not only that, the Energy Research and Development Administration was instructed to lower the price of domestic oil in February 1976 in order to punish the oil companies. It was Congress's election-year present to the nation for 1976.

It worked well. Large Democratic majorities were returned to Congress at the end of the year, with a new Democratic president to lead them. Consumers were already celebrating by surging back to big cars, and guzzling gas again as if the boycott had never happened. Everything seemed fine. Yet the oil price controls remained a time bomb ticking away in the American economy. It finally exploded in 1979, and perhaps helped to carry away the Democratic administration with it.

OPEC'S SHORT, HAPPY LIFE

Few people seem to realize that OPEC's monopoly of the market lasted only about three years. Like any monopoly, it quickly attracted new competition into the field. From 1974 to 1977, the relatively few oil-producing countries probably could have charged any price they wanted to Western consumers. Europe, in particular, had long been accustomed to easy access to Middle Eastern oil, and had few alternatives.

But, as always, the success of a monopoly was also its undoing. The new high price of oil sent geologists scurrying out all over the world looking for new reserves. Britain and Norway developed the fields under the North Sea, the American oil companies were allowed to finish the Alaskan pipeline, and dozens of other small countries began to find and develop deposits. Mexico, it turned out, had had oil all along, but hadn't wanted to reveal its resources for fear of being exploited, as the Arabs had been for decades. In addition, the old patterns of ever increasing consumption were quickly reversed. Yale economist Paul MacAvoy has calculated that OPEC's price distortions only lasted from 1974 to 1977. By that time, the market forces had caught up and supply and demand were back in balance, promoting the wise and efficient use of resources everywhere.

Everywhere, that is, except the United States. Here, unfortunately, events had taken a different turn. Almost from the day in February 1976 when Congress had instructed that the price of domestic oil be lowered, Americans had once again rushed back to their old pre-embargo habits. Over the next twelve months, big-car divisions of the three major auto companies broke sales records in every month of the year. Small cars were left sitting in the lots, and even huge rebate programs failed to win back the public to conservation.

Gasoline consumption also resumed its pre-embargo climb, surpassing the 1973 record in 1977, and breaking it again in 1978. We were headed for even higher consumption in 1979, until events in Iran put a stop to it. Domestic producers, on the other hand, could not begin to hope to make back their money from drilling for new oil. They sat on their hands or put their money into real estate. Once again there was a shortage of domestic oil. And yet there was no time between 1976 and 1979 that motorists couldn't get gas. How did we do it? The answer is the same. We made up for our self-inflicted domestic shortages by importing still more oil. From the crack of the gun in February 1976, our imports once again took off, climbing from 33 percent to almost 50 percent by mid-1979. In fact, it's a good thing the Iranian revolution happened when it did. Had things gone on any longer, the eventual crash, whatever form it took, would have been far worse.

Just about everything Congress did to solve the energy crisis in the 1970s was aimed at one thing—keeping cheap gas flowing to the consumers. Washington was filled with liberal congressman singing the joys of conservation and wringing their hands about foreign dependence. Yet not one of them was ever willing to accept the simple formula that would have ended the whole dilemma—paying a market price for our own oil.

It is commonly assumed that the events in Iran and the second "gas shortages" in 1979 finally curbed the nation's appetite for foreign oil. That is not quite correct. Redoubled international oil prices and the resulting rise in the cost of gasoline certainly reminded people of the realities of the world oil situation. But the effect would probably have been temporary once again, had not the second gas shortage finally convinced President Carter that domestic price controls were a self-defeating policy and should be abandoned. Carter bravely announced in late 1979 that he would phase out price controls by the fall of 1981.

Incredibly, even at this late date, congressmen howled, and consumer groups moaned, that the president was abandoning his apparent constitutional responsibility to provide Americans with cheap energy. Yet the payoff came almost immediately. Within one year, U.S. oil imports fell by 25 percent, back to their 1975 level.

Oil drilling increased as never before (although oil is still getting harder to find), and consumers finally began demonstrating hitherto unsuspected capabilities for conserving energy. President Reagan's January decision, which accelerated Carter's schedule by nine months, only completed the process. Drilling for new oil has increased by 50 percent in the last six months. Consumption has dropped another 20 percent. Domestic oil production is holding steady, and consumers—finally deprived of the "protection" of Congress—seem permanently set on a conservation course.

The unanticipated—though predictable—result of this new realism has been that energy prices are now falling on the world market. Throughout the 1970s, our energy policy was to prop up world oil prices by creating a domestic shortage and then making up for it by buying in the world market. Without our support, OPEC would have been defunct by 1977. Now it is falling apart anyway. Americans are buying 2.2 million barrels a day less than we were before President Carter launched the repeal of the price controls in 1979. This is the exact amount of the current world glut. Left to the mercies of supply and demand, OPEC is finding it can do nothing more than set its prices where the market tells it to.

THE SEVEN (WEAK) SISTERS

Are we really out of the woods? Perhaps not entirely. We still import just over 30 percent of our oil, which is about where we were in 1973 just before the embargo. What we could do now is to put a modest tax on imported oil—perhaps two dollars a barrel—in order to pay the costs of building a strategic petroleum reserve; this would be a fair measure of the risks we incur by importing some of our oil. Both Europe and Japan have long used high government taxes to discourage consumption, which is why they were much less affected by the Iranian events than we were, even though they import nearly all their oil.

Yet all these wise and conscientious measures would still have to run the gauntlet of short-sighted "consumer protectors." There are still enough Toby Moffetts and Edward Kennedys in Washington to put on a magic show of preaching conservation with one hand while subsidizing consumption with the other.

Where do the oil companies fit into all this? Those Enemies of the People, of course, were the favorite whipping boys of the mid-1970s. By 1975 it probably didn't seem a bad guess to predict that they would have been nationalized within a few years. It is easy enough now to see what happened to the oil companies in the 1970s, and why we hated them so much. The problem was that the oil companies were getting weaker. During the 1950s and '60s, they had bullied their way through the producing countries, robbing them for the benefit of Europeans and Americans and bringing home the goods at ridiculously low prices. When things got difficult, there were always the Marines and the CIA to hold up our interests.

But in the 1970s all that changed. The oil companies found themselves up against a more firmly knit cartel with better control over the resources than they had. What could we do but hate them? They had failed us miserably. As Eric Hoffer said of revolutions, it is usually when the public feels the government weakening that it expresses all its hidden resentments.

The oil companies have now lost their preeminence in world trade. In 1970 they handled over 90 percent of the transactions between the producing and consuming countries. Now they handle only about 40 percent. More and more, the consuming countries are dealing directly with the producers. In addition, the OPEC nations are building their own refining operations, buying tankers, and moving "downstream" in the oil business.

The future for the oil companies, of course, is not bleak. The value of their remaining oil resources has increased enormously. Their profits have risen by 20 percent per year since 1973. They are still the world's specialists in exploration and drilling technology. In addition, they are diversifying into other fields and energy technologies. They will probably do as they have always done—quite well.

Is the energy crisis over, then? Not quite. Unfortunately, we still have a forty-year-old hangover to deal with—the chaotic state of resources, created by government intervention in the natural-gas industry.

The havoc is almost too complicated to delineate. (For an excellent account, read Tom Bethell's article "The Gas Price Fixers," Harper's, June 1979.) Price controls were originally imposed in 1938 because of a supposed "monopoly." Actually, there was no monopoly at all. Consumers had a choice of several other fuels, and gas drilling is one of the most decentralized industries in the country. One out of every two hundred Americans owns interest in a natural-gas well.

In 1954, one producer tried to raise the price of gas from three to four cents a thousand cubic feet. This ridiculously low price had originally been granted only as an open invitation for the pipeline companies to build their connections into the oil fields. Before that, the producers had flared off their gas as a waste product of oil drilling. But a Wisconsin state consumer authority, reacting to this insignificant price increase, forced the Federal Power Commission to extend its control back to the wellhead price as well. The decision was upheld in the courts, and Congress has never mustered the will to change it.

The results have been utterly perverse. The natural-gas industry became a kind of national utility company. No one was ever encouraged to go out and find more. The only gas we have used is the "waste product" now associated with oil deposits. Yet all indications now are that there are staggering amounts of natural gas—perhaps as much as 200 years' supply at current prices—in different kinds of formations in the earth.

The situation finally reached a crisis with the "natural-gas shortages" of the winter of 1977. These "shortages," again, were nothing but the result of price controls. The law had never extended federal control over pricing within the producing states themselves. By 1977, gas prices in the intrastate market were four times the price in the interstate market. Most producing states, like Texas, Louisiana, and Oklahoma, which collect large royalties, simply refused to send any more gas north, where consumers were still paying 1960s prices; hence the shortages.

The hopelessness of government efforts to anticipate market prices can be seen in the 1978 Natural Gas Policy Act, which at the time was perceived as a victory over the consumer advocates. Toby Moffett and the gas-guzzling suburbanites once again tried to ensure their constituents cheap energy at other people's expense. They failed, in that the Carter administration finally decided on a phased program ending in complete decontrol in 1985. It is said that when the vote against continuing price controls was finally taken, Representative Moffett left the House, fell against a tree, and wept.

He could have saved his tears. Congress, in its wisdom, decided to anticipate the future by allowing natural-gas prices to rise to the 1978 level of oil prices—equivalent to $15 a barrel—by 1985. Then they could go where they would. Yet in less than a year that price was already hopelessly out of date. Taking inflation into account, natural-gas consumers are once again paying 1960s prices for energy. (Because of the resulting shortage, industry and utilities are rapidly being squeezed out of the market, and consumption of natural gas is now concentrated almost entirely in home heating.)

The results have been chaos. Congress allowed that all gas found below 15,000 feet could be free from price controls. Previously, most gas had been found at 5,000 feet. This spurred new exploration, which started turning up gas reserves no one had ever dreamed possible. It is now clear that there are probably huge reserves between 5,000 and 15,000 feet as well.

But the owners of gas deposits below 15,000 feet have now become opponents of decontrol. They fear that they will be undersold by all the gas that obviously exists between 5,000 and 15,000 feet. This doesn't promise a very orderly development of resources. In a final irony, the pipeline owners themselves have become a principal opponent of deregulation. They are paid according to the amount of gas that flows through their pipelines. They fear, quite reasonably, that if prices are decontrolled, people will start conserving gas. That will cut down on their pipeline transmission, and lose them money. Thus, as always, the regulated have ended up falling in love with their regulations.

There are already fears that when 1985 arrives Congress will find decontrolling the price of natural gas intolerable. Yet there is hardly any choice. In fact, removing price controls right now—as the Reagan administration is beginning to propose—would be even easier. There is no time like the present for getting rid of price controls. The medicine would be only slightly harder to swallow than our current decontrol of oil prices, which people have hardly noticed at all.

The only alternative is that natural gas will be a resource that we simply don't use. Once again one may ask: if we are creating artificial shortages by controlling the price of natural gas, where are we making them up? And once again, the answer is the same. We are importing more oil. It is estimated that between one and two million barrels per day of our current oil imports are the result of our failure to use our own natural gas. The subsidy of natural-gas consumers is also delaying the introduction of rooftop solar energy. Decontrol would unquestionably mean higher natural-gas prices, but this would quickly be neutralized by a further drop in the price of oil and the introduction of new technologies. People are never going to conserve, or use solar energy in home heating, as long as they are paying fifteen-year-old prices for natural gas.

But without the foreign oil needed to make up for the natural-gas shortage, OPEC would be about as important to the American economy as a Turkish bazaar.

The energy crisis, then, is half won. We have ended OPEC's dominance of the market within a few short months by swallowing what turned out to be a relatively mild pill and accepting a market price for our own oil. All we have to do now is decontrol our natural-gas prices, and we will be home free. There will be another mild period of adjustment, and soon we will be on a firm, stable, and innovative energy course.

Are we up to it? Can Americans tackle the energy problems of the 1980s?

Stay tuned.●

PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

The administration has agreed that since the Christmas recess is approaching, they will take the appropriate steps to assure that Congress has the full 30 calendar days while Congress is in session to review this sale.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room 4229 of the Dirksen Building.

The notification follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., December 4, 1981.

In reply refer to: I-03060/81ct.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 82-12 and under separate cover the classified annex thereto.

This Transmittal concerns the Department of Air Force's proposed Letter of Offer to Venezuela for defense articles and services estimated to cost $615 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL NO. 82-12

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act)

(i) Prospective purchaser: Venezuela.

(ii) Total estimated value:

	Millions
Major defense equipment*	$319
Other	296
Total	615

*As included in the U.S. Munitions Lists, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of articles or services offered: Eighteen F-16A and 6 F-16B tactical fighter aircraft with related spare parts, training, technical assistance, and support items.

(iv) Military department: Air Force (SGA).

(v) Sales commission, fee, etc., paid, offered, or agreed to be paid: None.

(vi) Sensitivity of technology contained in the defense articles or defense services proposed to be sold: See Annex under separate cover.

(vii) Section 28 report: Included in report for quarter ending 30 September 1981.

(viii) Date report delivered to Congress: December 4, 1981.

POLICY JUSTIFICATION

VENEZUELA—F-16 AIRCRAFT

The Government of Venezuela has requested the purchase of 18 F-16A and 6 F-16B tactical fighter aircraft with related spare parts, training, technical assistance, and support items at an estimated cost of $615 million.

This sale will contribute to the foreign policy objectives of the United States by improving the defense capabilities of a friendly democratic country which is a continuing force for stability in Latin America.

Venezuela requires replacements for its aging CF-5A and Mirage aircraft. This sale should significantly enhance the Venezuelan Air Force's (VAF) capabilities and should aid in modernizing existing VAF facilities and the logistical infrastructure.

The sale of this equipment and support will not alter the basic military balance in the region.

The prime contractor will be the General Dynamics Corporation of Fort Worth, Texas.

Implementation of this sale may require the assignment of additional U.S. Government or contractor personnel to Venezuela for short term training purposes. Also, contractor assistance may be required for maintenance support during the first 1½ years of operation.

There will be no adverse impact on U.S. defense readiness as a result of this sale.●

RECIPROCITY AS A TOOL IN REDUCING TRADE OBSTACLES TO SERVICES

● Mr. INOUYE. Mr. President, within the last 2 years, during which time I have become increasingly interested in the international trade in services and committed to reducing hidden barriers to our service exports, I have noted with pleasure that not only are these issues being given more attention within Government trade policy discussions, but also the

American press is paying greater attention to this matter.

Public discussion of this issue is important because a general consensus on negotiating objectives will be necessary before we embark on a wide-scale multilateral trade discussion. The service sector, which may be the major area of the next significant round of trade negotiations, consists of many different industries with different problems, objectives, and interests.

I would like to draw particular attention to the statement of Mr. Geza Feketekuty, Assistant U.S. Trade Representative, who, in the ensuing article, calls for—

A look at the various laws pertaining to reciprocity in the international service area. . . . We want to find out what is the power of the President and other U.S. authorities to deny access to countries that don't give us access.

I applaud this fresh and open-minded approach to American trade policy in the 1980's. Free trade must be fair, and without leverage to deal with foreign trade barriers, all the good intentions in the world are worthless. The time for strengthening the U.S. arsenal against foreign protectionism has arrived. I know that my sentiments are shared by many of my colleagues in the Senate.

I ask that a copy of this article on services, which appeared in the Christian Science Monitor of July 22, 1981, be reprinted in the RECORD.

The article follows:

U.S. EXPORTERS OF SERVICES PROTEST UNFAIR FOREIGN BARRIERS

(By Thomas Watterson)

Now that the seven-nation economic summit meeting is over, executives of hundreds of American companies would like to suggest a lively topic for next year's meeting: a $60 billion U.S. export business that is facing a rising wall of protectionism around the world.

The products from these companies are not goods wrapped in cartons and strapped to pallets, but are services such as advertising, insurance, film processing, shipping, banking, and data processing.

In places like Mexico, Venezuela, Argentina, West Germany, Sweden, Japan, and even Canada—the site of this year's summit. US service companies are dealing with an increasing variety of nontariff barriers.

In Canada, no commercials produced outside the country may be aired on television or radio.

In Mexico, all ocean cargo going to or from that country must carry insurance from Mexican underwriters.

In West Germany, all companies that use computers, including foreign firms that may only gather a small amount of information there, must do at least some data processing in that country.

In Japan, cargo carried on foreign airlines must be checked through three warehouses, a process that can take several days, while cargo carried on Japan Air Lines gets overnight service in one warehouse.

In Brazil, prints and copies of color feature films to be shown there must be processed there.

While protectionism in services was part of the preparatory discussions that led to the summit, it is considered unlikely that the topic was given much specific attention by the leaders themselves. And even if it does come up next year, US executives are not sure how much effect it would have in changing the policies of foreign governments.

"I don't know if we can change their minds, but I hope we can enact something in this country to change their minds," said Donald Miller, executive vice-president of American Marine Underwriters, a Miami firm that insures ocean cargo, except cargo going to Mexico and other countries with similar protections.

"It is a situation where we deal in an almost totally free environment, but the other side doesn't," he continued.

A number of companies and US agencies, led by the Office of the US Trade Representative, are making an effort to change that environment.

"What we have here is a complete absence of the kind of international trade rules you have in goods," said Geza Feketekuty, assistant US trade representative, who is coordinating the effort to institute some rules.

This effort includes a program to identify all the specific industries, firms, and countries involved; preparations for multilateral talks among the members of the Organization for Economic Cooperation and Development; making sure that all future trade talks include discussions of protectionism in services; and a "major overhaul" of trade data. "The data we have is way out of date," Mr. Feketekuty said.

But a more aggressive solution would call for "a look at the various US laws pertaining to reciprocity in the international service area.... We want to find out what is the power of the president and other US authorities to deny access to countries that don't give us access."

The question of protectionism in services was considered for inclusion in the "Tokyo round" of trade negotiations, which ended in 1979. Because there had not been enough work done on the problem, "it was premature to bring it up then," Feketekuty said. "But we've been getting more and more into the details in the last year or so."

An example of the lack of access for US companies involves something called "transborder data flows." Basically, these are any movements of information across international borders. But in a computer age, where intricate communication networks cover many countries but feed data to a central computer in one country, this process bumps up against a variety of laws concerning privacy, citizen access to information, and work for data-processing employees.

"The links between computers and telecommunication have become asbsolutely essential to international firms," said Joan Spiro, a vice-president at American Express and a former ambassador to the United Nations for economic and cultural affairs. But these links are being weakened by laws in countries like West Germany, Canada, and Japan requiring that some computing be done in host countries, restricting the type of information that can leave the country, or limiting the number of special communication lines that may be leased for data processing.

The restrictions mean that a company like American Express, which is involved in a variety of worldwide financial services, cannot completely centralize all its processing of credit card charges, traveler's checks, and other services, Ms. Spiro said.

For Flying Tiger, the Los Angeles-based air cargo carrier, the problems of sending freight to Japan represent another problem. In Tokyo, says Charles Malone, director of market development, Japan-bound cargo has to be processed through the New Tokyo Air Service Terminal, the International Air Cargo Terminal, and the Tokyo Air Cargo Terminal while goods in Japanese carriers only go through one terminal. "In our business, the quality of ground service is the key difference to competition," Mr. Malone said.

"I could give you a litany of the problems we've had," said Ronald K. Shelp, vice-president for international relations at the American International Group, one of the largest insurance companies selling policies abroad. Several countries, he said, do not allow any foreign insurers to write policies. Some two dozen others, including Sweden and Kuwait, will permit only foreign firms to sell domestically types of insurance not sold by native companies.

Ms. Spiro sees some hope in the news that a few foreign companies and nations, including Hoechst, Air Force, and Singapore, are calling for freer trade in services.●

THE DEATH OF ROBERT VERKUILEN

● Mr. LEVIN. Mr. President, Michigan was stunned earlier this week at the news of the death of Macomb County Board of Commissioners Chairman Robert VerKuilen.

Bob VerKuilen had provided extraordinary service as the seven-term chairman of the board of commissioners of Michigan's third largest county, and one of its fastest growing counties.

He worked so well with his colleagues that he was overwhelmingly selected to be the new county administrator.

Bob VerKuilen was only 54 years old and his vitality was that of an even younger person. When the news struck of his passing, his legions of friends were so utterly shocked they were hardly able to respond. Such was the vigor of the man whose medical history was such that perhaps we should have been more prepared for the blow. We seek in vain for ways to express our grief and the depth of our loss.

His wife, Mary Lou, is such a strong and wise woman that I know she will carry on in her own work, she also being a dedicated county commissioner. She will be sustained by the memory of what Bob VerKuilen did for his community. That community will find it difficult to replace Bob VerKuilen and that difficulty will be eloquent testimony of his lasting place in the history of his county and of the State of Michigan.●

THE ANTINUCLEAR MOOD OF THE AMERICAN PEOPLE

● Mr. PELL. Mr. President, the Providence Sunday Journal recently featured a very perceptive article by its editorial page editor, Brian Dickinson, on the antinuclear sentiment of the American people. Mr. Dickinson suggests that this sentiment is growing because the American people are becoming more knowledgeable about nuclear weapons and more skeptical of the proposition that American security will be enhanced through the deployment of more nuclear weapons. The administration's ambiguous and sometimes contradictory statements on nuclear issues and its reluctance to embark upon arms control negotiations have also, in his view, contributed to the development of this antinuclear mood.

As legislators and representatives of the American people, we need to pay close attention to the growth of the antinuclear movement in the United States and to understand its roots. I believe that Mr. Dickinson's article helps us to do this, and I recommend it highly to my colleagues. Mr. President, I ask that the

full text of this article be printed in the RECORD at this point.

The article follows:

HONESTY, FEAR AND THE ATOMIC BOMB

(By Brian Dickinson)

The Bomb is back.

During years of civil rights marches and Vietnam anguish, realities about atomic weapons—the very fact that they existed, in the hundreds and thousands—remained largely blurred in the public's mind.

But the subject has surged forward again to claim public attention. Unless my readings are way off base, there is today more widespread concern about the risk of a nuclear war than there has been in years. It is growing. It isn't confined to the liberal left or to those disparagingly referred to as "peaceniks." Even among people who don't usually bring up the subject of nuclear war, there now can be heard concerned talk that "it" might really happen.

A thoughtful East Greenwich man stopped in at the office last week to discuss an anxious letter he had written President Reagan, criticizing plans to build more nuclear weapons. A lawyer friend of moderate-to-conservative persuasion, not known for excessive brooding about such grim questions, confided his worries about the implications of the huge Reagan weapons build-up. And next Wednesday, Veterans Day, the Union of Concerned Socientists is to sponsor anti-nuclear "teach-ins"—remember those?—on more than 100 American college campuses.

What is behind this newly sensitized anti-nuclear mood, gaining momentum only months after Reagan's election on a promise to build up U.S. military weapons? I see at least three causes.

First, I think there is a growing understanding of the basic facts about nuclear weapons: how big they are, how many there are, how they are deployed and their almost incredible capacity for devastation. I think this awareness has been heightened by debate over the proposed MX missile and the revived plan for a B–1 strategic bomber.

More public knowledge about such weapons, in turn, has begun to pull away the mystique that has hindered attempts by laymen to discuss them knowledgeably. I find this one of the few encouraging signs in the whole nuclear-arms issue. Without access to top-secret materials, citizens now are asking, for example, why an MX missile buried in an underground silo is any more secure than an existing Minuteman missile in a similar silo. It is a modern-day variant of the boy who saw that the emperor had no clothes, and it could mark a healthy coming-of-age in our national discussions of security policy.

Second, in addition to being more informed about nuclear weaponry, more people are coming to understand the numbers behind the huge nuclear arsenals of both United States and the Soviet Union. There is a continuing consensus on the need for this country to remain militarily strong and alert, yes; but I find growing skepticism that more nuclear weapons can have any conceivable value.

A third cause of the new anti-nuclear mood, perhaps more influential than all the rest, lies with the Reagan administration's inept handling of the issues involved. This administration, in stark contrast to every other American administration of the nuclear age, has all but ignored the purposes and strategies of arms control. It asks for more atomic weapons while refusing even to entertain the idea that fewer might keep us just as safe (for safer).

This hard-line policy might be palatable if the administration had shown any sign that it had a coherent strategy, or that it regarded the topic of nuclear warfare with appropriate seriousness; but in this administration I see neither.

This President is given to making offhand remarks about nuclear weapons and then having to "clarify" them; while last week, in a flurry of embarrassment, the Secretaries of State and Defense got tangled in a public dispute over whether NATO ever had considered firing a nuclear "warning shot" in event of a major European ground war. Public confidence in the administration's handling of nuclear issues, it is fair to guess, has not been enhanced.

A hidden danger of the resulting anti-nuclear mood is that it may polarize Americans on national security issues, and spawn a neo-pacifist mentality against all measures to upgrade U.S. readiness. This might almost be worse than a nation blindly endorsing an unending arms race; for some U.S. military needs are real and must be met for the simple purpose of shoring up the nation's security.

But there is no conceivable military purpose for a nuclear weapon. Because this is so, and because of the perils in loose talk about "using" them in a conflict (as if they were so many crossbows), any bandying of nuclear threats is enormously risky. Unless the Reagan administration forthrightly addresses the problems raised by its own clumsy handling of nuclear-weapons issues, these risks are all too likely to grow.●

COSPONSORSHIP OF COLLECTIBLES BILL

● Mr. DURENBERGER. Mr. President, I am pleased to join my colleagues in sponsoring S. 1645.

The need for S. 1645 has arisen because of a little noticed provision of the Economic Recovery Act of 1981 which provides that any investment in collectibles by an IRA or self-directed Keogh after December 1981 will be considered a distribution subject to current taxation. This provision, section 314(b) of the Economic Recovery Tax Act, results from the House-passed version of that bill. I believe most Members of Congress were not even aware of the provision. No hearings were ever held on this matter in either the Senate or the House, and we in the Senate included no such provision in our version of the tax bill.

I simply do not believe that it is the proper role of the Federal Government to tell Americans what assets they may or may not invest in to help provide for their retirement. This is especially true in the absence of any strong and compelling evidence warranting such provisions.

The Ways and Means Committee's report on the tax bill, in referring to this provision, stated:

The Committee is concerned that collectibles divert retirement savings from thrift institutions and other traditional investment media and that investments in collectibles do not contribute to productive capital formation.

While it is true that investment in collectibles does not directly contribute to productive capital formation, the same can be said of most stocks, bonds, Government securities, et cetera. In most instances, money spent on stocks and bonds is not channeled directly to the purchase of productive assets, that is, plant or equipment. Unless the stock or bond is a new issue, the money does not even go to the company selling the stock or bond—it goes to another investor. The same is true of money placed in savings accounts, and, of course, of money used to purchase collectibles.

No one has suggested that Congress limit IRA investments to original issues of stocks and bonds, investments which can be said to stimulate directly the creation of productive assets. It makes little difference whether funds in an IRA are used to purchase stocks and bonds, open a savings account, or purchase collectibles. In each case, the funds set aside for retirement are available to be invested.

Congress created IRA's in order to encourage employees not covered by retirement plans at their place of business to save for retirement. With the changes in the Economic Recovery Act, every wage earner will now be able to use IRA's to save for their future.

However, by barring investment in collectibles, Congress has acted to reduce saving for retirement, especially among those who have decided that investing in collectibles is the best way to protect their retirement fund from today's high inflation rate. Over the past few years, moreover, collectibles have often outperformed the more traditional investments.

The bottom line, Mr. President, is that Congress goofed in passing section 314 (b). Congress needs to do everything within its power to encourage American workers to save for their retirements by investing in whatever assets they choose. Congress should not restrict the freedom of the American people to invest their own money for their own retirements in the manner they determine is in their own best interests.●

SUPPLY-SIDE ECONOMICS

● Mr. HART. Mr. President, whether we like it or not, America today has become the test sight for a radical experiment on the theory of supply-side economics. Whatever the theoretical benefits, we are beginning to see the real costs of this theory—at least as it is applied by the Reagan administration. These costs are radical indeed: Moribund automobile sales, record low housing starts, and more people out of work today than at any time since the Great Depression.

Administration economists refer to such developments as the "natural short-term consequences" of the administration's anti-inflation policy. But this hardly sounds like the "rosy scenario" these same economists were painting when they were trying to sell this program a few months ago.

Worse, there is no recognition in the administration's economic program of the crucial need to prepare for America's future. The administration's corporate tax cuts, for example, are biased against the most rapidly growing sectors of the economy—services and high-technology industries. Spending cuts in health services, education, and training diminish our ability to improve the quality of our workers and to enable them to keep pace with changes in technology and international competition.

As we attempt once again to forge a consensus on the budget, we must all

keep in mind how our decisions are affecting Americans jobs today and their prospects for steady, rewarding work in the future. To this end, I commend to my colleagues the article "A Threat to Jobs," by Emma Rothschild.

I ask that this article be included in the RECORD.

The article follows:

A THREAT TO JOBS

(By Emma Rothschild)

CAMBRIDGE, MASS.—President Reagan greeted the autumn increase in unemployment with grim resolve—"I will not be deterred by temporary economic changes or short-term political expediency"—and with an affirmation of historic mission.

The forces of inflation and unemployment, in the Reagan view, confront each other at last. Eight percent unemployment, says his Council of Economic Advisers, "reflects the unfortunate but natural short-term consequences of unwinding the deeply rooted inflation that is embedded in the American economy." Once the unwinding is concluded, it suggests, a weaker but purer America will move forward again into the medium-term sunlight of "economic recovery."

This "Pilgrim's Progress" vision is familiar. But it is also deceptive. It obscures the real transformation of the work Americans do, the real dangers ahead, and the ways in which the Reagan policies could bring a far greater collapse in employment, above all in industries where jobs grew fastest in the 1970's.

Since 1973, employment in America has increased rapidly—more rapidly than in other large industrial countries. But three-quarters of the new jobs created—10 million positions—were in services, retail trade, and state and local government. New private-sector employment was further concentrated in health services, business services, and eating and drinking places (including fast-food restaurants). These "big three" labor-intensive industries generated almost five million new jobs between 1973 and 1980: more than the total employment in the automobile, steel, computer, electronic-components, aircraft, and petroleum industries combined. It is this structure of employment, these sources of new work, that Reagan policies may jeopardize. For three trends, each ominous for employment, are likely to coincide in the years ahead.

The first is the recession itself, and the effects of restrictive monetary policies. Inflation is likely to remain high next year, particularly given the effects of tax cuts and increased military spending. It is hard to believe that the Republicans, faced with inflation plus unprecedented Federal-budget deficits, will soon abandon their hope of redemption through hard times. They are far more likely to maintain existing monetary policies, and even to tighten fiscal policies.

The second trend has to do with long-term developments in the new boom industries. Employment in the "big three" has been growing much slower in 1981 than it did from 1973 to 1980—in eating and drinking places, the rate of growth this year has been a little more than 2 percent per year, compared to 8 percent per year between 1973 and 1980. The growth of demand for services and meals may be slowing down; the boom industries may be investing in processes that are less labor-intensive. A deep recession, moreover, might devastate small, recently established service businesses. Employment in trade and services increased rapidly in the 1920's but was far from immune to the recession of 1929 to 1932.

The third trend is the Administration's assault on nonmilitary public spending. This will have direct consequences for employment. State and local government is no longer a source of new work: From April to October, this sector actually lost 350,000 jobs, on a seasonally adjusted basis.

The effects of spending cuts are also unlikely to be counteracted by eventual defense-related employment. Even at the time of the Vietnamese War, military spending created less employment than other public spending. The new boom—buying research, accurate missiles, a communications system that would survive a nuclear war—would provide still fewer jobs, above all for unskilled and unemployed workers.

The indirect consequences of the Reagan cuts may be even more ominous. For the private health services, on which so much new employment depends, grew up in the interstices of public-health spending. Like certain business services that supply government, they will be hurt by cuts in public expenditure. Recent suggestions by Richard S. Schweiker, Secretary of Health and Human Services—to cut reimbursement of "ancillary hospital services," and to limit Medicaid payments for long-term care—could end the growth of jobs in the private hospitals and nursing homes so important in the 1970's boom.

The transformation of employment in the United States makes it essential to find ways of creating new jobs in industries where productivity is high; of creating jobs with possibilities for advancement and creativity; of increasing quality and efficiency in private and public services. These needs are obscured by an economic vision that looks only at the behemoths of overall inflation and overall unemployment. The chance of long-term growth in productive work may be lost for many more years to come—if the Reagan policies bring a collapse in employment in services, in government, and throughout the economy.●

ORDER FOR RECESS UNTIL MONDAY, DECEMBER 7, 1981

Mr. BAKER. Madam President, I ask unanimous consent that the previous order for the Senate to convene on tomorrow be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS ON MONDAY

Mr. BAKER. Madam President, I ask unanimous consent that following the recognition of the two leaders under the standing order on Monday, there be a period for the transaction of routine morning business, not to exceed 1 hour, in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Madam President, it is the intention of the leadership on Monday to ask the Senate to proceed to the consideration of S. 10, the Hoover Commission bill; S. 881, the Small Business Innovation Research Act; and possibly other matters, in the course of the day.

There is another matter which may be disposed of on Monday, and which I hope we will be able to clear—and I believe we will—and that is Calendar No. 394, Senate Resolution 328, a resolution by the Senator from Texas (Mr. BENTSEN) dealing with deductibility from personal taxes of interest paid on residential mortgages.

It is possible that, during the day, other matters may be dealt with.

Next week will be a busy week. It is the hope of the leadership that we will be able to dispose of other appropriations bills. There are now only three yet to be dealt with in the Senate, and I should like to do all of them, but we will certainly do some of them in the course of the week.

In addition, I expect the Senate to proceed to the further consideration of the Department of Justice authorization bill in the course of next week.

It is my hope, Madam President, that the other body will act on a continuing resolution and transmit it to the Senate in time for action before the weekend. There is a strong possibility of a Saturday session next week, on the 12th of December. That is especially likely in light of the probable action of the House of Representatives on a continuing resolution on the 11th.

Other matters will come before the Senate, including the possibility of a second concurrent resolution, which may be presented on Tuesday or Wednesday of next week; a regulatory reform bill, S. 1080, perhaps; and other matters.

I urge all Senators to plan to be here during the entire week and on Saturday. We are very close to the time when the Senate and the House of Representatives can adjourn sine die.

I hope that we will exert our best efforts then in the 6 days of next week to move us closer to that objective.

ORDER OF BUSINESS

Mr. BAKER. Madam President, the request that I am about to make at this time has been cleared by the distinguished minority leader.

OLDER AMERICANS ACT AMENDMENTS OF 1981

Mr. BAKER. Madam President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1086.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon its amendments to the bill (S. 1086) entitled "An Act to extend and revise the Older Americans Act of 1965, and for other purposes", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Perkins, Mr. Biaggi, Mr. Andrews, Mr. Corrada, Mr. Williams of Montana, Mr. Ratchford, Mr. Ashbrook, Mr. Coleman, and Mr. Petri be the managers of the conference on the part of the House.

● Mr. HATCH. Madam President, as we approach the culmination of the national meeting of the 1981 White House Conference on Aging, I would like to renew my pledge to improve the lives of our 36 million senior citizens by requesting a conference with the House on S. 1086 and

expedite reauthorization of the Older Americans Act.

As chairman of the Senate Labor and Human Resources Committee, I would request that the following be appointed as conferees: Messrs. HATCH, DENTON, HUMPHREY, QUAYLE, EAGLETON, METZENBAUM, and KENNEDY.●

Mr. BAKER. Madam President, I move that the Senate disagree with the House amendments and agree with the request of the House of Representatives for a conference and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer (Mrs. KASSEBAUM) appointed Mr. HATCH, Mr. DENTON, Mr. HUMPHREY, Mr. QUAYLE, Mr. EAGLETON, Mr. METZENBAUM, and Mr. KENNEDY conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. BAKER. Madam President, this request has been cleared as well by the distinguished minority leader.

SEQUENTIAL REFERRAL

Madam President, I ask unanimous consent that a bill introduced by Senator STAFFORD today, dealing with cooperative agreements to construct and operate facilities for processing solid waste, be sequentially referred, and that when the bill is reported by the Judiciary Committee it be referred to the Committee on Environment and Public Works for a period not to exceed 30 days.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR PRINTING "ENACTMENT OF A LAW AND OTHER ASPECTS OF THE LEGISLATIVE BRANCH OF GOVERNMENT"

Mr. BAKER. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 254) authorizing the printing of "Enactment of a Law and Other Aspects of the Legislative Branch of Government as a Senate document.

The PRESIDING OFFICER. Is there objection to its immediate consideration?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 254) was agreed to, as follows:

S. RES. 254

Resolved, That a document entitled "Enactment of a Law and Other Aspects of the Legislative Branch of Government", relative to the procedural steps in the legislative process, prepared by the Parliamentarian of the Senate, under the direction of the Secretary of the Senate, be printed as a Senate document.

SEC. 2. There shall be printed eleven thousand additional copies for the use of the Committee on Rules and Administration.

NATIONAL CONSTRUCTION INDUSTRY WEEK

Mr. BAKER. Madam President, this has been cleared by the minority leader as well. I ask that the Chair lay before the Senate Senate Joint Resolution 122, Calendar No. 396, a joint resolution.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk reads as follows:

A joint resolution (S.J. Res. 122) to authorize and request the President to designate the week of February 28, 1982, through March 6, 1982, as "National Construction Industry Week."

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Without objection, the joint resolution will be considered to have been read the second time at length.

The joint resolution (S.J. Res. 122) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 122

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of February 28, 1982, through March 6, 1982, as "National Construction Industry Week," and calling upon all Government agencies and people of the United States to observe the week with appropriate programs, ceremonies, and activities.

RECESS UNTIL MONDAY, DECEMBER 7, 1981

Mr. BAKER. Madam President, I know of no other business to come before the Senate and I see no Senator seeking recognition. I move now, in accordance with the order previously entered, that the Senate stand in recess until the hour of 12 noon on Monday.

The motion was agreed to; and at 5:21 p.m., the Senate recessed until Monday, December 7, 1981, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate December 4, 1981:

DEPARTMENT OF STATE

Walter Leon Cutler, of Maryland, a Career Member of the Senior Foreign Service, class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Maurice H. Stans, of California, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term of 3 years expiring December 17, 1984, vice William M. Landau, term expiring.

THE JUDICIARY

Michael S. Kanne, of Indiana, to be U.S. district judge for the northern district of Indiana vice Phil M. McNagny, Jr., deceased.

James T. Moody, of Indiana, to be U.S. district judge for the northern district of Indiana vice Jesse E. Eschbach, elevated.

David L. Russell, of Oklahoma, to be U.S. district judge for the northern, eastern, and western districts of Oklahoma vice Frederick A. Daugherty, retired.

DEPARTMENT OF JUSTICE

Lamond Robert Mills, of Nevada, to be United States attorney for the district of Nevada for the term of 4 years vice B. Mahlon Brown III.

Thomas A. O'Hara, Jr., of Nebraska, to be United States Marshal for the district of Nebraska for the term of 4 years vice Mack A. Backhaus.

Bruce R. Montgomery, of Tennessee, to be United States Marshal for the eastern district of Tennessee for the term of 4 years vice Harry D. Mansfield.

Robert T. Keating, of Wisconsin, to be United States Marshal for the eastern district of Wisconsin for the term of 4 years vice William L. Brown, term expired.

IN THE AIR FORCE

The following officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of chapters 35, 831, and 837, title 10, United States Code:

To be major general

Brig. Gen. Frank H. Smoker, Jr., [redacted], Air National Guard of the United States.

Brig. Gen. Henry C. Smyth, Jr., [redacted], Air National Guard of the United States.

Brig. Gen. Herbert L. Wassell, Jr., [redacted], Air National Guard of the United States.

To be brigadier general

Col. Carl D. Black, [redacted], Air National Guard of the United States.

Col. John E. Blewett, [redacted] Air National Guard of the United States.

Col. James T. Botticelli, [redacted] Air National Guard of the United States.

Col. Charles S. Cooper III, [redacted], Air National Guard of the United States.

Col. Michael DiBernardo, [redacted] Air National Guard of the United States.

Col. Thomas A. Facelle, Jr., [redacted] Air National Guard of the United States.

Col. Richard J. Geehan, Jr., [redacted] Air National Guard of the United States.

Col. William H. Johnson, [redacted] Air National Guard of the United States.

Col. Harold E. Juedeman, [redacted], Air National Guard of the United States.

Col. John M. Karibo, [redacted], Air National Guard of the United States.

Col. Myrle B. Langley, [redacted] Air National Guard of the United States.

Col. John R. Layman, [redacted] Air National Guard of the United States.

Col. Alexander P. MacDonald, [redacted] Air National Guard of the United States.

Col. William M. MacInnes, [redacted], Air National Guard of the United States.

Col. John T. Olson, [redacted], Air National Guard of the United States.

Col. Robert W. Paret, [redacted] Air National Guard of the United States.

Col. Bertram W. Sealy, Jr., [redacted] Air National Guard of the United States.

Col. John J. Zito, [redacted], Air National Guard of the United States.