HOUSE OF REPRESENTATIVES—*Tuesday, April 2, 1985*

The House met at 12 o'clock noon.

The Reverend Dr. Perry E. Gresham, president emeritus, Bethany College, Bethany, WV, offered the following prayer:

O God, we ask You to bless the leaders of our Parliament.

Time and space are in Your hands. Let those who fashion laws stand beside Elijah on the mountain. The hurricanes and tornadoes of ideology sweep the Earth. But You are not in the wind. As the mighty earthquake of change causes our moral habitations to tremble, let them behold Your changelessness. You are not in the earthquake.

When the fires of hatred destroy Your children through violence and terror, may they seek to quench the flames. But You are not in the fire.

Speak to the Congress in Your still small voice of reason, persuasion, civility, and responsibility. In quietude, without mandate, let each citizen become a living law.

O God of Peace. Amen.

THE JOURNAL

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

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

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

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

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 243, nays 161, answered "present" 3, not voting 25, as follows:

[Roll No. 40]

YEAS—243

Ackerman	Anthony	Bates
Addabbo	Applegate	Bedell
Akaka	Aspin	Beilenson
Alexander	Atkins	Bennett
Anderson	AuCoin	Berman
Andrews	Barnard	Bevill
Annunzio	Barnes	Biaggi
Boggs	Hamilton	Panetta
Boland	Hatcher	Pease
Boner (TN)	Hayes	Pepper
Bonior (MI)	Hefner	Perkins
Borski	Heftel	Pickle
Bosco	Hertel	Price
Boucher	Hillis	Quillen
Boulter	Horton	Rahall
Boxer	Howard	Rangel
Brooks	Hoyer	Ray
Broomfield	Hubbard	Reid
Brown (CA)	Hughes	Robinson
Bruce	Hutto	Roe
Bryant	Jenkins	Rose
Burton (CA)	Johnson	Rostenkowski
Bustamante	Jones (NC)	Roukema
Byron	Jones (OK)	Rowland (GA)
Carper	Jones (TN)	Roybal
Carr	Kanjorski	Rudd
Chappell	Kaptur	Russo
Coelho	Kastenmeier	Sabo
Coleman (TX)	Kennelly	Savage
Collins	Kildee	Schaefer
Conyers	Kleczka	Scheuer
Cooper	Kolter	Schneider
Coyne	Kostmayer	Schumer
Crockett	LaFalce	Seiberling
Darden	Lantos	Sharp
Daschle	Leath (TX)	Sisisky
de la Garza	Lehman (CA)	Skelton
Dellums	Lehman (FL)	Slattery
Derrick	Leland	Smith (FL)
Dicks	Levin (MI)	Smith (IA)
Dingell	Levine (CA)	Solarz
Dixon	Lipinski	Spratt
Donnelly	Lloyd	St Germain
Dorgan (ND)	Lowry (WA)	Staggers
Downey	Luken	Stallings
Dwyer	Lundine	Stark
Dyson	Lungren	Stenholm
Early	MacKay	Stokes
Eckart (OH)	Manton	Stratton
Edgar	Markey	Studds
Edwards (CA)	Martinez	Swift
English	Matsui	Synar
Erdreich	Mavroules	Tauzin
Evans (IL)	Mazzoli	Thomas (GA)
Fascell	McCurdy	Torres
Fazio	McGrath	Torricelli
Feighan	McHugh	Towns
Flippo	Mica	Traficant
Florio	Michel	Traxler
Foglietta	Miller (CA)	Udall
Foley	Mineta	Valentine
Ford (TN)	Moakley	Vento
Fowler	Mollohan	Visclosky
Frank	Montgomery	Volkmer
Frost	Moody	Walgren
Fuqua	Moore	Watkins
Garcia	Morrison (CT)	Waxman
Gaydos	Mrazek	Weaver
Gejdenson	Murphy	Weiss
Gephardt	Murtha	Wheat
Gibbons	Myers	Whitley
Gilman	Natcher	Whitten
Glickman	Neal	Wilson
Gonzalez	Nelson	Wirth
Gordon	Nichols	Wise
Gray (IL)	Nowak	Wolpe
Gray (PA)	O'Brien	Wright
Guarini	Oakar	Wyden
Hall (OH)	Obey	Wylie
Hall, Ralph	Olin	Yatron
Hall, Sam	Owens	Young (MO)

NAYS—161

Archer	Brown (CO)	Clinger
Armey	Broyhill	Coats
Badham	Burton (IN)	Cobey
Bartlett	Callahan	Coble
Barton	Campbell	Coleman (MO)
Bateman	Carney	Combest
Bereuter	Chandler	Conte
Bilirakis	Chappie	Coughlin
Boehlert	Clay	Courter
Craig	Kramer	Ritter
Crane	Lagomarsino	Roberts
Dannemeyer	Latta	Roemer
Daub	Leach (IA)	Rogers
Davis	Lent	Roth
DeLay	Lewis (CA)	Rowland (CT)
DeWine	Lewis (FL)	Saxton
Dickinson	Lightfoot	Schroeder
Dreier	Livingston	Schuette
Duncan	Loeffler	Schulze
Durbin	Lott	Sensenbrenner
Eckert (NY)	Lowery (CA)	Shaw
Edwards (OK)	Lujan	Shumway
Emerson	Mack	Shuster
Evans (IA)	Madigan	Sikorski
Fiedler	Martin (IL)	Siljander
Fields	Martin (NY)	Skeen
Fish	McCain	Slaughter
Franklin	McCandless	Smith (NE)
Frenzel	McCollum	Smith (NH)
Gallo	McDade	Smith (NJ)
Gekas	McEwen	Smith, Denny
Gingrich	McKernan	Smith, Robert
Goodling	McKinney	Snowe
Gradison	McMillan	Solomon
Green	Meyers	Spence
Gregg	Miller (OH)	Stangeland
Grotberg	Miller (WA)	Strang
Gunderson	Mitchell	Stump
Hammerschmidt	Molinari	Sundquist
Hansen	Monson	Sweeney
Hendon	Moorhead	Swindall
Henry	Morrison (WA)	Tauke
Hiler	Nielson	Taylor
Holt	Oxley	Thomas (CA)
Hopkins	Packard	Vander Jagt
Huckaby	Parris	Vucanovich
Hunter	Pashayan	Walker
Hyde	Penny	Whitehurst
Ireland	Petri	Wolf
Jacobs	Pursell	Wortley
Kasich	Regula	Young (AK)
Kemp	Richardson	Young (FL)
Kindness	Ridge	Zschau
Kolbe	Rinaldo	

ANSWERED "PRESENT"—3

Dymally	Mikulski	Oberstar

NOT VOTING—25

Bentley	Fawell	Shelby
Bliley	Ford (MI)	Snyder
Bonker	Hartnett	Tallon
Breaux	Hawkins	Weber
Cheney	Jeffords	Whittaker
Daniel	Marlenee	Williams
DioGuardi	Ortiz	Yates
Dornan (CA)	Porter	
Dowdy	Rodino	

□ 1210

Mr. HALL of Ohio changed his vote from "nay" to "yea."

Mr. MICA changed his vote from "present" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

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

H.J. Res. 186. Joint resolution designating April 2, 1985, as "Education Day, U.S.A."

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

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

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

□ 1220

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1714, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION ACT, 1986

Mr. WHEAT, from the Committee on Rules, submitted a privileged report (Rept. No. 99-33) on the resolution (H. Res. 119) providing for the consideration of the bill (H.R. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REV. PERRY E. GRESHAM

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

Mr. BENNETT. Mr. Speaker, it is great that Dr. Perry Gresham has been our chaplain today for our opening prayer. He has had a most distinguished career in the field of education and as a Disciples of Christ minister.

Dr. Gresham is now distinguished professor of humanities at Bethany College in West Virginia and was for two decades president of that renowned college, the primary and most prestigious among the Christian Church colleges and universities.

Having been educated at Texas Christian University, the University of Chicago, Columbia University, and the University of Glasgow, Dr. Gresham has taught philosophy at TCU, University of Washington, and the University of Michigan. For the last 15 years, he has taught economic philosophy.

In 1976, he conducted a seminar on Adam Smith at St. Andrew's University in Scotland. His career in education has paralleled his outstanding achievements in the world of business as well.

Dr. Gresham's hobbies include poetry and golf and he has lectured widely, both in the United States and abroad. He is the author of several books, including his latest, "With Wings as Eagles." To know him as I do is in fact to soar with him to new heights on the wings of eagles.

EMPLOYER SUPPORT INITIATIVE

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

Mr. MONTGOMERY. Mr. Speaker, I believe by now that most of the membership is aware of a series of initiatives which I have developed to enhance the readiness of the National Guard and Reserves. Today, I would like to speak on the employer support initiative.

In looking into the issue of employer support, it is obvious that this is an area which is critical to the readiness of our Reserve Forces. While substantial employer support is evident throughout the country, there are problem areas.

I intend to introduce a tax incentive which will reward those employers who contribute to the defense of this Nation by supporting their Guard and Reserve employees. While this action may not benefit all employers to the same degree, I believe it represents a significant cornerstone for building further recognition of the sacrifices made by loyal employers.

I have also introduced legislation (H.R. 1495) aimed at a serious problem being experienced by a significant number of guardsmen and reservists. That problem is discrimination in hiring. It was brought to my attention that men and women are being denied jobs, for which they are otherwise qualified, because of their membership in one of the Reserve components. One of the biggest violators is the Federal Government. I believe my legislation will remedy this situation.

Finally, Mr. Speaker, I will introduce a joint resolution calling upon the American people, and employers in particular, to support the patriotic men and women who willingly make the sacrifices necessarily associated with service in our Reserve Forces. I believe that the language of the resolution, which is drawn from the fiscal year 1983 DOD Authorization Act, reflects the feelings of a great majority of the Members of Congress. Hopefully, it will serve as a stepping stone toward establishing a true national awareness of the professionalism and dedication of the members of our Reserve Forces.

REGULATION OF GOVERNMENT SECURITIES DEALERS BY FEDERAL RESERVE BOARD

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

Mr. McCOLLUM. Mr. Speaker, today I am introducing a bill which will give statutory authority to the Federal Reserve Board to regulate Government securities dealers.

Government securities dealers are those folks who buy and sell the bills and bonds and notes that are issued by the Federal Reserve System to fund our huge, humongous public debt. Government securities dealers are private corporations like ESM which recently got into trouble, and as a result triggered the problems with the savings and loan banks in Ohio and some municipalities.

Unfortunately, many of these Government securities dealers are not regulated at all. And those which are do not come under the purview of the authority of the Federal Reserve System to investigate, to audit, to examine and so forth. And yet it is the Federal Reserve System that is responsible for the selling of these bills, bonds, and notes, these Government securities.

In order to protect our citizens, in order to protect our cities and our school boards, and those financial institutions that buy and invest in our Government securities, it seems to me to be fundamentally necessary to give regulatory power to the Federal Reserve Board in order to make sure that dealers who are in the business of buying and selling Federal paper are as sound and as secure as we can possibly make them be, and that the transactions involving our Government securities are as risk free as possible.

I urge my colleagues to support this new legislation.

KEEPING AMERICAN JOBS AT HOME

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

Mr. TRAFICANT. Mr. Speaker, General Electric has closed its Youngstown plant even though it was still profitable. Records show that GE has hired 30,000 people overseas in the last 10 years. Meanwhile Youngstown's unemployment is at a record 30 percent overall and 45 percent for minorities.

We've got to stop this.

Today, I am introducing a bill designed to discourage American corporations from packing up and moving overseas by closing loopholes in the current Tax Code.

Not only do these American corporations avoid paying Federal taxes by moving overseas, but they take American technology, profits, and jobs.

This country can no longer afford to sit idly by and be robbed by companies who pull up stakes, and take our jobs with them.

Revenue collected will be directed to reduce the national debt and aid areas of high unemployment.

Let's close these tax loopholes once and for all. By doing so, we will keep America's jobs in America, where they belong.

□ 1230

A DOUBLE SPECTACLE

(Mr. CONTE asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, last night the country was treated to a double spectacle: The magnificence of an inspirational athletic performance by the Wildcats of Villanova, and the dignity and grace my Georgetown Hoyas showed in defeat. Their performances truly showed college basketball at its very best—as was the case this year whenever two teams of the Big East met.

Coach Rollie Massimino deserves to stand tall today. He ignored the wisdom of all the experts and told his players that they were as good as the reigning champs were. His players believed him so much that they proved to be even a little better than that. Coach Mass' makes one proud to be an Italian. But, there is no shame on Coach John Thompson and his Hoyas. As Rollie Mass' said, Villanova will be remembered for beating one of the greatest teams of all times. You did nothing wrong Coach Thompson, it's just that Coach Mass' did nothing wrong a little bit better.

My congratulations go out to the Wildcats, but my heart still belongs to the Hoyas. And, as an old fan of the Boston Red Sox, I'm no stranger to those immortal words—wait'll next year. Still, I can't help but think what might have been if my ankles hadn't been aching in solidarity with Reggie Williams.

INTRODUCTION OF HOUSE CONCURRENT RESOLUTION ON TRADE PRACTICES OF JAPAN

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

Mr. DINGELL. Mr. Speaker, the sense-of-the-Congress resolution, which I am introducing today with Congressman BROOMFIELD and over 20 other Members of this House, is similar to Senate Concurrent Resolution 15, which the Senate approved on March 28 by a vote of 92 to 0.

The resolution calls upon the President to exercise his authority under existing laws to respond in kind to Japan's unfair and discriminatory trade practices. This is an opportunity for the House to go on record as objecting to the outrageous treatment by Japan of American goods and services.

There is no question that the President, the Congress, and this Nation must take decisive action to confront the international trade crisis between the United States and Japan which threatens our economic recovery, our industries, and hundreds of thousands of American jobs.

The situation is quite clear. For years, the United States has attempted to practice so-called free trade policies while Japan has played by a different set of rules. The result is in an overall trade deficit of $123 billion in 1984—a deficit which could very well exceed $170 billion by the end of 1985. In the case of Japan, the U.S. trade deficit has grown from $10 billion in 1980 to $37 billion in 1984.

The bottom line is that the United States opens its doors wide; the Japanese open its doors a mere crack, or not at all. The U.S. automotive trade deficit since 1981 has more than doubled—from $11 billion to $27 billion. The trade deficit in telecommunications equipment has grown from $516 million in 1979 to $1.9 billion in 1984. Japan's barriers to other U.S. exports such as pharmaceuticals, medical equipment, wood products, agriculture products and other goods and services have become intolerable.

Our trade problem is complicated by Japan's unfair and discriminatory treatment of products exported to Japan from developing countries. As a consequence, those Third World countries inundate the United States with their products. They do not have access to Japanese markets, so they flood our markets, because we are open. The United States takes 58 percent of the manufactured goods exported from lesser developed countries. The Japanese, by contrast, take only 8 percent of such exports.

In the area of telecommunications, the administration has engaged in another round of negotiations with Japan to open their market for U.S. equipment and services. The administration began with nine specific goals.

An internal administration evaluation of the negotiations as of March 17, 1985, showed that only two of those nine goals had been achieved.

Last Thursday, the chief U.S. neogtiator, Lionel Olmer, told the Energy and Commerce Committee's Subcommittee on Commerce that further progress had not been achieved.

Specifically, Japan has—

Refused to eliminate prior registration and approval requirements for type 2 business services:

Refused to eliminate arbitrary criteria and criteria that have no technical relevance;

Refused to adopt a regulatory basis for equipment approval focused on possible "harm to the network"—the same as in the United States;

Refused to put in writing an agreement to have impartial members on a single independent agency that would approve equipment and network services;

Refused to permit foreign suppliers an opportunity to comment on proposed administrative procedures, standards, and rules of certification; and

Refused to establish a legitimate appeal process external to the Ministry of Posts and Telecommunications.

In the area of automobiles, the administration threw away a voluntary restraint agreement with Japan in hopes of greater access to Japan's markets for U.S. goods and services. The Japanese have responded with a 25-percent increase in automobile shipments and a continuation of its closed door policy to U.S. exports. Our trade talks with the Japanese, according to a March 12, 1985, letter from Secretary Malcolm Baldrige, have been disappointing.

Today's newspapers indicate another expression of confidence in Prime Minister Nakasone's commitment to open Japan's markets. The President says he is assured that Mr. Nakasone "is going to continue doing his utmost to bring about changes." Thus, the President concludes:

So * * * we'll just have to wait and see what he can accomplish.

Mr. President, we have been waiting while the Japanese bureaucrats who are not influenced by Mr. Nakasone's assurance eat us alive at the negotiating table.

The time for tabletalk negotiations has ended. The President must take off the gloves. He must tell our Japanese trading partner that this Nation can no longer sit idly by while Japan's unfair and discriminatory trade practices protect Japanese industry at the expense of American firms and workers.

We do not advocate trade war. Instead, we seek bipartisan support for the President to take affirmative action to avoid a situation where this country could become a $1 trillion net debtor country over the next 5 years while Japan becomes a $500 billion creditor nation.

If we are ever to have free and fair trade between Japan and the United States, Japan must start playing by fair rules. For the sake of American firms and American workers, we must demand it.

For the benefit of my colleagues, I am inserting at the end of these remarks, House Concurrent Resolution 106:

H. CON. RES. 106

Concurrent resolution to express the sense of the Congress that the President respond to those trade practices of Japan that are adversely affecting the interstate commerce of the United States

Whereas the interstate commerce of the United States continues to be adversely affected by the trade deficits with Japan, which deficit, in 1984, reached the unprecedented level of $37,000,000,000 and thereby accounted for almost one-third of the entire United States trade deficit with the world;

Whereas this unprecedented bilateral deficit was accumulated in spite of significant growth in the Japanese economy;

Whereas the principles of free trade provide for trade flows between nations on the basis of each nation's comparative advantage;

Whereas although Japan has extensive and easy access for sale in interstate commerce in the United States of products in which Japan has a comparative advantage, United States exporters lack meaningful access to the Japanese market for manufactured goods, forest products, key agricultural commodities, and certain services in which the United States has a comparative advantage;

Whereas this imbalance is costing the United States hundreds of thousands of jobs every year and harming industries located in the United States;

Whereas negotiating with Japan over the years to secure meaningful improvements in market access for competitive United States exports has been largely unsuccessful;

Whereas the high value of the United States dollar relative to the Japanese yen effectively subsidizes Japanese exports to the United States and taxes United States exports to Japan;

Whereas an extension by Japan of the voluntary restraint agreement on Japanese-made automobiles with a 25 percent increase in the number of such automobiles sold in interstate commerce in the United States without a comparable improvement in access for competitive United States exports to the Japanese market, including automobiles and other products, will severely exacerbate the bilateral trade deficit and harm United States industry and workers;

Whereas the merchandise balance of trade deficit has the potential of undermining the entire range of bilateral relations between the United States and Japan; and

Whereas action by the United States is appropriate—

(1) to enforce United States rights under international agreements, to which Japan is a party, that affect interstate commerce in the United States and our foreign commerce, and

(2) to respond, through regulatory and other actions, to Japanese acts, policies, and practices which are—

(A) inconsistent with, and otherwise deny benefits to the United States, under such international agreements, and

(B) are unjustifiable, unreasonable, or discriminatory and burden or restrict interstate commerce in the United States: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President, in furtherance of United States interstate and foreign commerce, should take all appropriate and feasible action within the power of the President to—

(1) enforce the rights of the United States described in paragraph (1) of the last clause of the preamble to this resolution; and

(2) obtain the elimination, through regulatory and other actions, of the acts, policies, and practices described in paragraph (2) of that last clause.

SEC. 2. (a)(1) By no later than the date that is 45 days after the date on which this resolution is agreed to by the Congress, the President should report to the Congress and publish in the Federal Register notice of the actions that the President has determined to take to accomplish the objectives described in paragraphs (1) and (2) of the first section of this resolution.

(2) The President should implement all actions that the President has determined to take to accomplish the objectives described in paragraphs (1) and (2) of the first section of this resolution by no later than the date that is 90 days after the date on which this resolution is agreed to by the Congress.

(3) Any action taken by the President to accomplish the objectives described in paragraphs (1) and (2) of the first section of this resolution should be modified or revoked only if the President determines that the minimum objective described in subsection (b) has been achieved. The President should report to Congress and publish in the Federal Register notice of such determination.

(b) Action by the President to accomplish the objectives described in paragraphs (1) and (2) of the first section of this resolution should at least negate the cumulative impact that the relaxation of the voluntary restraints on Japanese automobiles entered into interstate commerce in the United States will have on the merchandise balance of trade between Japan and the United States. Action taken to accomplish this objective should be directed against competitive Japanese products entered into interstate commerce in the United States including, but not limited to, automobiles, telecommunication products, optical fibers, textiles, and electronic products.

JAPAN AND THE UNITED STATES ON A COLLISION COURSE OVER TRADE PRACTICES

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

Mr. BROOMFIELD. Mr. Speaker, America is down right mad with Japan's trade policy.

Unless there is a sudden about-face, we are headed on a collision course that will surely cause serious and permanent damage to our relationship as allies and friends.

My colleague, Mr. DINGELL, and I are introducing a bipartisan resolution today intended as a warning shot across the bow of Japan, incorporated.

We're tired of their liberal-sounding policies that turn out to be protectionist in practice. We're tired of Japanese bureaucrats nitpicking our products to death. We're tired of Japan acting like a greedy child unwilling to let anyone else sit at its table.

America is up in arms, Mr. Speaker, and it would be a mistake to underestimate our frustration. Unless this warning is heeded, retaliation and possibly full-blown trade warfare lie just around the corner.

CONGRATULATING THE 1985 VILLANOVA WILDCATS

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

Mr. EDGAR. Mr. Speaker, I rise today to congratulate 12 of the finest college students in my congressional district and in the Nation—I'm speaking of the 1985 Villanova Wildcats—this year's NCAA basketball champions who last night beat the heavily favored, defending national champion Georgetown Hoyas in what is being called the greatest upset victory in college basketball history.

As you know, Mr. Speaker, my congressional district is known for close finishes and upset victories. Over my 10 years in Congress we've had some very close elections. During this year's college basketball season, the Villanova Wildcats had some very close basketball games. From the very beginning in the NCAA tournament, Villanova was cast as the underdog that nobody picked to win.

In fact, the skeptics said just a few short weeks ago that Villanova would not even make the NCAA's—they said that they didn't have the talent of St. John's, or the strength of Georgetown. But Rollie Massimino and his Villanova Wildcats proved all the skeptics wrong.

To those of us who have followed Villanova over the years, their upset victory comes as no great suprise. Rollie Massimino, my favorite constituent, says that his team is a family, and through their dedication together they beat teams that were thought to be unbeatable. He has been patient with his team, and taught them well. Their efforts are testimony to what hard work and dedication can bring.

As Gary McLain, Villanova's starting point guard who bewildered the Hoya's trapping defenses, said last night: "No one in America knows how hard we worked." Well, Mr. Speaker, today the entire Nation knows just how hard this team has worked.

The Villanova Wildcats beat the team heralded until last night by basketball experts as the greatest team of all time. But that's all changed now and the Villanova Wildcats are indisputably the No. 1 team in the Nation. I'm proud of them, Mr. Speaker, and am gratified that they are now getting all the recognition that they have worked so hard to earn.

Let me conclude my remarks with a heartfelt: Go Cats.

WILDCATS' VICTORY ONE OF THE GREATEST UPSETS IN HISTORY OF THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

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

Mr. COUGHLIN. Mr. Speaker, the Villanova Wildcats stunning victory last night over the No. 1 ranked Georgetown Hoyas will long be remembered as one of the greatest upsets in the history of National Collegiate Athletic Association basketball competition.

Coach Rollie Massimino and his team surely deserve the NCAA title after defeating highly rated teams before facing the powerful George-

town squad coached by John Thompson. Always the underdog, Villanova proved the prophets wrong.

With a nod of honor to Coach Thompson and his tremendous team and an apology to Lord Byron, I offer this tribute to Villanova University's basketball organization:

The Hoyas came down like the wolf on the fold,
The Wildcats were doomed all people were told.
The coronation was set with John Thompson as king,
While Massimino's men were accorded nary a thing.
As the favorites of all when all had been seen,
Ewing and team played tough and played mean.
Like warriors of yore when sweet victory has flown,
The once-omnipotent stood together but fearfully alone.
For the skill of the Wildcats arose so supreme
And breathed life in the face of the impossible dream.
And the prophets of sportsdom so cynical and chill
Were astounded to find that their words were so nil.
And the Hoyas of Georgetown are loud in their wail,
The arrogance once mighty now was so frail.
And the courage of Wildcats so tried and so tested
Stood Number 1 in the land—the best had been bested.

PRESIDENT REAGAN'S CONSTRUCTIVE ENGAGEMENT POLICY IS NOT WORKING IN SOUTH AFRICA

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

Mr. LELAND. Mr. Speaker, yesterday a South African police lieutenant admitted that he had ordered his men to fire into thousands of black marchers after one woman threw one stone. Nineteen people were killed because one woman threw a stone.

I do not interpret this mindless violence as a sign of progress made by the South African Government. Yet President Reagan is quoted by the Washington Post this morning as stating:

> We think that what we're doing (constructive engagement) is the best, has the best effect, the most effect of anything we could do * * *. We think some progress has been made.

Nineteen dead from police guns after one rock is thrown from a crowd.

President Reagan also once again tried to blame the violence in South Africa on the blacks. He stated that there are many factions in South Africa and that some of the violence comes from within these factions. How can President Reagan argue about factionalism in a country which has banned public meetings?

Constructive engagement is not working in South Africa. The only thing that seems to be working is the destructive duplicity practiced by the South African Government and endorsed through the destructive complacency of the Reagan administration.

SEAT RICK McINTYRE

(Mrs. MEYERS of Kansas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MEYERS of Kansas. Mr. Speaker, fairness is such an elusive quality. It's kind of like beauty—it's in the eyes of the beholder.

But, those taking an objective look at the outcome of the election in Indiana's Eighth Congressional District are having trouble distinguishing what is fair, and what is constitutionally right.

In letters to my colleagues from Kansas, the past president of the National Association of Secretaries of State, and our Kansas secretary of state, Jack Brier, goes right to the heart of the matter.

Secretary Brier says, first, that Mr. McIntyre is the duly elected representative. He won both the election and a subsequent recount and was certified the winner by the Indiana secretary of state. Mr. McIntyre's opponent has never filed an action to contest the election.

And second, never before has the House refused to recognize a valid election certificate issued by a sovereign State. If, on a whim, Congress may set aside the certification of a duly elected member, then what purpose will future certifications have? Indeed, what purpose will an election serve?

Mr. Speaker, I request this body to reaffirm the principle of fairness in our dealings with each other, and seat Rick McIntyre.

□ 1240

FINANCIAL SERVICES EQUITY ACT OF 1985

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

Mr. LUNDINE. Mr. Speaker, today I am introducing legislation designed to improve the equity and effectiveness of our Nation's financial system. This bill, the Financial Services Equity Act of 1985, addresses several problems which currently plague various aspects of this country's financial services industries. It will enable banks and other financial institutions to compete in a more stable and equitable environment, and will require that these same institutions follow certain procedures which are designed to protect consumers.

This bill addresses some of the most pressing problems facing the financial services industry today: It closes the controversial nonbank bank loophole, which the chairmen of both the House and Senate Banking Committees have stated must be closed; it allows troubled agricultural banks to be eligible for the Net Worth Certificate Program and extends this program, which was originally designed to aid ailing thrifts, until 1988; it requires that a Federal policy on deposited funds availability be approved and enforced by the Federal Reserve; and requires that interest rate policies on savings accounts be prominently displayed in all savings and loans associations.

In addition to these provisions, which I believe will go a long way toward ensuring the safety and soundness of our system and protecting the consumer, my bill contains several measures to increase competiton and bring our laws up to the realities of the marketplace.

Since the enactment of the Banking Act of 1933 (Glass-Steagall), there have been changes in our domestic and international economies and advances in technology that would have been inconceivable to the lawmakers who drafted Glass-Steagall in the dark days of the depression. In the last few years, automated teller machines, split second transfers of funds, new money market instruments, and the participation of financial conglomerates have revolutionalized the banking world. Our Nation's financial industry must be able to adapt to and utilize these changes in a safe, reasonably regulated environment.

The banking structure that was established under Glass-Steagall has served this country well for 50 years, but changes in the marketplace have outstripped the present regulatory structure. It is becoming increasingly difficult for banks to continue to prosper, as sound businesses should, in the restricted environment that currently exists.

The legislation I am introducing today provides for a gradual phase in of interstate banking, enabling banks to invest in new localities and infuse depressed areas with new capital. One of the problems that a large number of troubled agricultural banks are facing is that of being restricted to doing business in States in which the economies are largely dependent upon agriculture. Interstate banking would bring much needed capital into many new areas and expand the range of services available to local consumers.

In addition to an interstate provision, the bill would allow banks and other financial institutions to establish separate subsidiaries through which they could deal in and underwrite mortgaged back securities, municipal revenue bonds, and commercial

paper. This measure will enable banks to compete on an equitable basis with other types of financial institutions. Under the provisions of this bill, these activities would be federally regulated and would in no way threaten the safety and soundness of the banking system. In fact, I believe that these provisions, by increasing competition and enabling banks to take advantage of different market opportunities, will enhance the safety and soundness of our system.

Mr. Speaker, the legislation I am introducing today is controversial and far reaching, but I believe it is also long overdue. If we in Congress do not act to regulate this rapidly changing industry, highly paid attorneys and corporate strategists of the large financial services conglomerates will continue to develop new ways of working around the existing, antiquated laws. Such practices constitute a grave threat to the safety and soundness of our banking system and do consumers a disservice. It is time that we address these issues.

NICARAGUAN REFUGEES FLOOD COSTA RICA

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

Mr. LIVINGSTON. Mr. Speaker, during the week of March 11, in one 3-day period, 3,000 Nicaraguan citizens voted with their feet against the Sandinista regime by leaving their homes in Nicaragua and fleeing to neighboring Costa Rica. At this very moment there are about 20,000 such refugees from Nicaragua, and Costa Rica's Minister of Public Security, Benjamin Piza, estimates that as many as another 80,000 Nicaraguans are living in Costa Rica without declaring themselves.

In short, people are fleeing Nicaragua in droves, joining the thousands of their fellow citizens who have fled before them. The impetus for the current flight appears to be the stepped-up military draft undertaken by the Sandinistas to bolster what has become the largest army in Central America. According to Medaro Antonio Lopez, a 22-year-old Nicaraguan now in Costa Rica.

No one wants to join the army. They don't give you adequate training. They give you 8 days training and then send you to the front as though you were a dog. Young kids have to go to the mountains to fight and die. Meanwhile, the internacionalistas (Soviet Bloc advisors) who are organizing the country stay in Managua and have a party.

Mr. Speaker, today these young men and their families are fleeing to neighboring Central American countries like Costa Rica and Honduras, placing a terrible burden on the resources and the people of those countries. Where will they run tomorrow?

Mr. Speaker, I urge my colleagues to recognize the very real implications for the United States, and I direct their attention to the March 21, 1985, article in the Washington Times outlining the refugee situation in greater detail.

[From the Washington Times, Mar. 21, 1985]

NICARAGUAN REFUGEES FLOOD COSTA RICA

(By Glenn Garvin)

SANTA ROSA, COSTA RICA.—Thousands of Nicaraguan refugees, fleeing a stepped-up military draft in their country, are sweeping into Costa Rica in a human tidal wave that threatens to swamp this little republic.

"To me, this is an invasion. That's how bad it is," said Benjamin Piza, Costa Rica's minister of public security. "We cannot cope with it ourselves. It has to be an international effort."

Mr. Piza said 3,000 Nicaraguans arrived in three days at the end of last week, and he expects the rate to increase as the Nicaraguan army searches for more young men to meet its draft calls.

The Costa Rican Red Cross is scrambling for food, medicine and tents to meet the needs of 20,000 refugees, most of whom are malnourished and sick after spending up to a month in the jungle evading the Nicaraguan Sandinista government's patrols. Mr. Piza estimates that as many as another 80,000 Nicaraguans may be living here on their own without formally declaring themselves.

"They're bringing in diseases that we wiped out long ago," said Mr. Piza. "We have malaria again in Costa Rica, for the first time in 15 years . . . but I don't know what we can do. We have to let them in. We can't just shoot the people at the border."

Refugees have been trickling out of Nicaragua into Costa Rica ever since resistance fighters under the command of one-time Sandinista war hero Eden Pastora went to war against the Nicaraguan government in early 1983. But Nicaragua's tough new draft laws have turned the trickle into a deluge.

"Before, the refugees were campesinos [peasant farmers]," said Mr. Piza. "You could organize them into a farm unit and put them to work supporting themselves. They were back-country people.

"But new we're getting younger people, people from the city, which is an entirely different problem. You have to give them a chance to continue their studies, or go to the university, or whatever they were doing."

Santa Rosa is an agricultural village of about 10,000, located 35 miles south of the Nicaraguan border. In the first six months the camp here was open, the number of refugees hovered around 70. But the new arrivals crowded in last week, and over the weekend Red Cross workers struggled in brutal 95-degree heat to pitch long lines of khaki tents to hold them.

The refugees themselves were dirty and exhausted, and some so malnourished that Red Cross workers were feeding them intravenously. But they were anxious to talk about what they said was a deteriorating situation inside Nicaragua.

Most of them agreed that Nicaragua's military draft, which scoops up boys as young as 13, has touched off massive resistance—even in the capital city of Managua, until now a stronghold of support for the Sandinistas.

And many of them confirmed the claim of counter-revolutionary Eden Pastora, who contends that he could easily double or triple his army of 7,000 if he had financial backing from the United States. A large number of the refugees said they would like to join Mr. Pastora's forces, but the counter-revolutionaries have no food, weapons, or uniforms for them.

"The majority hide out rather than join the military," said Medardo Antonio Lopez, a 22-year-old accountant from Managua. "No-one wants to join the army. They don't give you adequate training. They give you eight days training and then send you to the front as though you were a dog. Young kids have to go to the mountains to fight and die. Meanwhile, the *internacionalistas* [Soviet-bloc advisers] who are organizing the country stay in Managua and have a party."

Mr. Lopez led a group of young men, mostly teen-agers, who fled Managua and arrived in Costa Rica last Friday, 22 days later. He said they had been labeled *Contras*—counter-revolutionaries—and threatened with arrest because they were members of a Catholic pacifist group opposed to military service.

Like most of the other refugees, Mr. Lopez and his group are worried about what will happen to the families they left behind.

"I cannot tell what's going to become of them," he said. "The authorities, when they find out we're not in the country, they'll arrest our fathers. Some fathers have been sentenced to years of jail when they won't tell where their sons are."

Nonetheless, Mr. Lopez said he and his friends did not hesitate to leave when they heard they were going to be arrested. "Our fathers were willing to die beside us," he said. "But we told them we wanted to come here and try to have a few more years of life."

Even so, they almost did not make it. A campesino who was aiding their group detected an army ambush and had to lead them deeper into the jungle to evade it. "If they find you in the mountains in the area where the contras are, then you are a contra and you're a dead man."

Stories of ambushes—and summary executions of captured refugees—are common among the Nicarguans. Sandanista officials continue to insist that there is no death penalty in Nicaragua but the refugees scoff at that claim.

"Paper will take whatever you write upon it and the tongue will speak any words you choose," said Jose Maria Down, an agricultural worker from the farmlands along the Rio Coco in Nicaragua "but it's all lies."

Mr. Down showed reporters a broken finger and scars on his knees and arms that he said were made by Sandinista bayonets during a prolonged torture session last year.

Sandinistas executed his brother, he added. "They believed we were Contras," he said. "They were right, we were Contras, but they had no evidence. Still they tortured me. Still they shot my brother."

Mr. Down fled after an international human rights group won his release from prison.

Ronaldo Romero, a construction worker from the village of Juigualpa, said that Sandinista soldiers shot two members of his group who were captured. Still, Mr. Romero counted himself lucky; he said another group of 140 refugees was traveling behind him, but Sandinistas killed or captured 137 of them.

Mr. Romero and his wife carried three children—ages 1, 3 and 4—in their arms during the 22-day march out of Nicaragua. Often, he thought they wouldn't make it. "We couldn't find anything in the mountains to eat," he said. "Green bananas, sometimes. Other times, nothing at all."

How did the children survive with no food? He shrugged. "They suffered."

Their suffering would have been much worse if the family hadn't left Nicaragua, Mr. Romero added. The situation there: "No sugar. No soap. Get sick, no medicine. . . . I had a few horses and cows, but they made a census of the animals. And they said the animals would belong to the state. And I would have to go to work in a cooperative, for the state."

Despite all those conditions, Mr. Romero said he would have stayed at home. But four families in the nearby village of El Rama were forced to hand their children over to the Sandinistas so they could be sent to school in Cuba.

"The only thing I thought about was to rescue my children from the Sandinistas," he said. "Because I knew otherwise they would be sent to Cuba. And then they wouldn't be my children. They would be three more military machines."

Other refugees said parents were frequently pressured to let their children go to Cuba. Fifteen-year-old Dennis Castro, also from Juigalpa, said that he left when the Sandinistas told him they wanted him to go to school in Cuba.

"They said they were going to train me for six months there," he explained.

Train him to do what?

"To be a professor," he said, laughing. "That's what they said. To be a professor. . . . They were going to get politics in my mind."

A young men said that several groups left Juigalpa, a village of about 10,000, located in south central Nicaragua, recently.

"There's no young people left in Juigalpa," said one youngster of about 14. "Not in all of Zelaya [province]. Nicaragua is going to be a country of old men."

Most of the young men said they hoped to join Eden Pastora's guerrillas. Many of them have relatives—in some cases a half dozen or more—already serving with the Pastora forces. The guerrillas helped guide many of the refugees out of Nicaragua.

The young men are willing to fight for the counter-revolutionaries but not the government because, they say, the Sandinistas are communists.

"They confiscate the farms and the food. If you don't work for the state you don't eat," said one.

A FIRST AMENDMENT ISSUE

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

Mr. RICHARDSON. Mr. Speaker, recent reports about the CBS takeover by extreme rightwing groups raise, in my judgment, a fundamental issue involving the first amendment: Is it proper for a raider takeover to occur over a news organization if the expressed stated purpose is to advance a particular ideological agenda, be it left or right?

My concern does not revolve around mergers, buyouts or takeovers. We operate in a free market economy, and as long as no Federal laws or antitrust actions are violated, this is perfectly proper.

I am not here, either, to specifically defend CBS or Dan Rather, both of whom have been unfairly maligned. CBS has a good reputation, and Dan Rather is one of the most trusted and respected men in America. I am here to urge this body to watch these developments closely, to ensure that the first amendment is not threatened.

Do we really someday want Reverend Falwell anchoring the CBS Evening News to lecture the Nation on morality someday?

STATEMENT OF OBSERVER DELEGATION OF UNITED STATES TO THE EL SALVADOR ELECTIONS

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

Mr. KOLBE. Mr. Speaker, yesterday afternoon, the official U.S. observer delegation for the recent elections in El Salvador returned to Washington. I was privileged to serve, along with my distinguished colleague from Oklahoma, JIM JONES, as one of the congressional Members of that delegation.

Our eight-member delegation scattered to the far corners of the country on Sunday and observed the election process in more than 30 municipalities. We were unanimous in our opinion that the elections were conducted fairly, openly, and with a minimum of confusion. There were attempts by the opponents of democracy to disrupt the elections, but in comparison to past efforts they were minimal and almost totally ineffective.

If a single word could be used to describe the elections we observed, I think one would have to choose "routine." That, in itself, is a great achievement for a nation that only 3 years ago was racked by violence and discord.

The United States made a commitment to El Salvador to help make its dream of political democracy come true. We can indeed be pleased that El Salvador has come so far toward achieving that objective.

Mr. Speaker, I include with my remarks a list of the official delegation and a copy of the statement that was agreed upon by all members of that delegation.

U.S. OBSERVER DELEGATION TO THE EL SALVADOR ELECTIONS, MARCH 1985

MEMBERS OF THE OFFICIAL OBSERVER DELEGATION

The Honorable James R. Jones, Representative (D-Oklahoma), The United States House of Representatives.

The Honorable James Kolbe, Representative (R-Arizona), The United States House of Representatives.

The Honorable Angier Biddle Duke, Former Ambassador to El Salvador and, United States Chief of Protocol.

Mr. Maurice Sonnenberg, Investment Consultant; Member, National Committee on American Foreign Policy; Member, Executive Committee, PRODEMCA.

Rabbi Morton M. Rosenthal, Director, Latin American Affairs Department, B'nai B'rith Anti-Defamation League.

Dr. Howard Penniman, Resident Scholar, American Enterprise Institute.

Mr. Howard K. Smith, News Commentator.

Mr. Max Singer, Consultant; President, The Potomac Organization; former President, The Hudson Institute.

STATEMENT OF THE OBSERVER DELEGATION OF THE UNITED STATES OF AMERICA TO THE EL SALVADOR ELECTIONS, APRIL 1, 1985

Yesterday we witnessed El Salvador's third national election in less than a year. The unanimous conclusion of this bi-partisan observer delegation of elected officials and private citizens is that the election was fair, that the election machinery was conducted efficiently, and that it represents a most encouraging symbol for the future of democratic institutions in El Salvador.

In all, this small delegation visited nearly thirty towns in most parts of the country. We spoke with election officials, candidates and most important, voters of all parties.

This election differed in several ways from those held last year. First, since this was not a vote for a nationwide candidate, voters were required to cast ballots in their home towns. Further, the penalty for not voting had been lifted. Other, mechanical changes were implemented as the country fine-tuned its voting procedures.

The delegation notes that the Salvadoran military took obvious pains to remain impartial in the contest. They were stationed well away from the polls, and refused to be drawn into political disputes.

Disagreements at the polls were, for the most part, inconsequential, and generally settled on the spot by representatives of the various parties. These disputes centered on mechanics and procedures of the elections, and we saw no evidence of intimidation or coercion that would raise a question of the fundamental fairness of the vote.

The mechanics of the election ran without serious incident. The Central Election Council deserves particular praise for its fine coordination of the process.

Guerrilla threats and attacks comprised the most serious challenge to voting. This delegation notes the inconsistency between the guerrillas' initial posture that the elections were meaningless, and their subsequent attempts to thwart the electoral process through violent intimidation. In spite of their attempts at intimidation, more municipalities were able to participate this year than last. Whereas 42 towns were unable to vote last time in the Presidential elections, only 19 municipalities were denied the voting privilege Sunday because of terrorist intimidation.

The election itself, then, must be hailed as a free, open, and fair contest, and we expect all parties to respect the results.

El Salvador now has in place its Presidential, legislative, and municipal leadership for the next three years. This delegation recognizes the need for continued American support for El Salvador as she addresses her continuing economic and military problems through her democratic institutions.

The delegation was struck by the rather consistent answer we got the frequently asked question, "Why are you voting?" The vast majority of voters' answers centered on the hope for peace, and the desire to live in tranquility.

In our meeting with President Duarate after the polls closed, he confirmed his commitment to peace by building confidence among his people, through judicial reform, agrarian reform, and economic development. In addition, he reaffirmed his commitment to make every effort to bring the guerrillas to the peace table, and to put an end to the random violence which has so torn this nation.

This delegation commends the great strides made in this nation. Nowhere are they more evident than in this election. We look forward to working with the people of El Salvador to build on this election, further nurturing her democratic institutions, and we call on all factions, regardless of ideology, to join in that process.

We would be remiss if we did not mention the outstanding job performed by outgoing Ambassador Tom Pickering. He clearly has performed his duties in El Salvador in the highest tradition of American diplomacy. We know that he will continue to make a positive contribution to U.S. foreign policy.

Our delegation unanimously agreed that this election could be described as routine even by the historical standards of elections in the United States. That speaks volumes of how successfully the recently planted democratic institutions in El Salvador have taken root.

DAIRY DIVERSION PROGRAM

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

Mr. OBERSTAR. Mr. Speaker, yesterday was not April Fools Day for dairy farmers across this country. The Dairy Diversion Program ended, and the Secretary of Agriculture reduced price supports by 50 cents per hundredweight. On July 1, he will impose another 50 cent reduction.

Yesterday was no joke for dairy farmers in my district and throughout Minnesota.

The end of the Dairy Diversion Program raises an interesting question: Why would the administration and Congress allow the expiration of a self-financing program which cut Government expenditures by $1 billion? There really is no answer which makes sense to farmers or to consumers.

In November 1983, I offered an amendment on the House floor which would have provided that the Dairy Diversion Program run concurrently with the 4-year farm program which expires September 30, 1985. Misunderstanding of the realities of dairy farming and a failure to appreciate that the Diversion Program was to be financed through a $10 per hundredweight deduction from all dairy production caused the House to reject an amendment which would have increased the savings to the Treasury over a longer period of time.

The consequences of yesterday's price support cut will fall most heavily on medium sized dairy farmers in Wisconsin and Minnesota. The State of Minnesota may lose 1,500 dairy farms, with thousands more dairy farmers going out of business throughout the Nation.

The issue today is no longer the Diversion Program. Rather, it is the urgent need to write sensible, equitable dairy provisions in the 1985 farm bill and to prevent further erosion of farm income and the loss of even more American dairy farms in the next year.

SEAT MR. McINTYRE

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

Mr. PACKARD. Mr. Speaker, two centuries ago, the United States of America enacted a Constitution that ended a long battle. We fought against the tyrannical rule of British King George III, who had plenty of room in his treasury for American taxes, but no room in his Parliament for American representatives.

The Eighth District of Indiana, having duly elected Rick McIntyre, suffers the same undemocratic fate today. During the last 3 months we have voted on farm legislation, aid to starving millions abroad, and just last week the expensive but necessary MX missile.

We spend in Congress about $5 billion every day that we are in session. Several million of those dollars come from the Eighth District in Indiana, whose taxpayers have not had a say on how that money will be spent.

Why hasn't Rick McIntyre been seated? Congressional partisanship, that is why. Common Americans see things differently. One hundred percent of the mail from my constituents in California support Rick McIntyre on the issues. The newspapers support him, too, the New York Times, the Washington Post, the Atlanta Journal, the Detroit News and, just this morning, the Wall Street Journal. They looked at the facts and reached the same conclusion. Let us listen to the American people and seat Mr. McIntyre this afternoon.

AUTOMOBILE IMPORTS

(Ms. KAPTUR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. KAPTUR. Mr. Speaker, when they say auto imports will not harm you, just say, "April fool."

I rise today in opposition to the President's decision, absent any alternative, to lift the auto import restraints on imported Japanese cars. That decision went into effect yesterday, April Fool's Day. I found ironic the subsequent announcement by Japan that it intends to increase by 25 percent the number of autos they export to the United States this year. Japan now holds a 25-percent market share of the U.S. auto market. How much more are they entitled to?

A bill I am introducing today aims at restoring fair trade. How can this administration lift the restraints when vital negotiations aimed at opening up the Japanese telecommunications market are stalled, and other markets remain closed to American producers?

What about opening Japanese markets to American telecommunications, steel, textiles, lumber, agriculture, finished wood, pharmaceuticals, medical equipment, and financial services?

The removal of the auto restraints will serve only to further open U.S. markets to unfair world competition and force more U.S. corporate investment abroad. Jobs are being lost every day in America. Mr. Speaker, when they say auto restraints will not harm you, just say: "April fool!"

VOTE TODAY TO SEAT RICK McINTYRE

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

Mr. BARTON of Texas. Mr. Speaker, today is the 90th day that the Eighth Congressional District of Indiana has not had a Representative in this body. Ninety days is enough. Later today, Mr. Speaker, each Member of this body will have an opportunity to end the lack of representation by voting to seat the certified winner, Rick McIntyre.

Congressman-elect McIntyre is still ahead in the most current recount with respect to maintaining his 34-vote election day margin.

□ 1250

Three counties have been recounted. I am told that Mr. McCloskey's people are now saying that they do not like this recount either. Where will it end? Are we to have a world series of recounts? The best four out of seven?

The Indiana Eighth District deserves a Representative. McIntyre won on election day; he won the State of Indiana recount; he is now winning, by all accounts, the U.S. congressional recount. Let us end the debate and begin to legislate. Let us vote today to seat Rick McIntyre.

A LETTER TO THE PRESIDENT

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

Mr. RAY. Mr. Speaker, I and many of my colleagues have spoken in this Chamber over the last few months on the problems our textile industry is facing. We have tried to explain to the Members of this body the seriousness of this situation and we have urged them to cosponsor H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985. We are convinced that this legislation can help to ease the current textile crisis.

However, the publisher of the Tri-county Papers in my district has expressed, far more eloquently than I can, the need for this legislation. I am putting into the RECORD today an editorial Bob Tribble, of Manchester, GA, published in the March issue of his papers. When you read this editorial, Mr. Speaker, you will see that Mr. Tribble is a strong and firm supporter of the administration. But, he captures, from a firsthand perspective, why we must do something in this country to help textiles. I encourage all my colleagues to read and to think carefully about Mr. Tribble's editorial.

A LETTER TO THE PRESIDENT

(By Bob Tribble)

President RONALD REAGAN,
White House,
Washington, DC.

DEAR MR. PRESIDENT: There is probably not a newspaper editor or publisher in these United States who has been a more vocal supporter of you and what you stand for than I. Over the years personal columns have been full of echoes of agreement with your beliefs and policies.

For many years, this country was headed in the wrong directon. We had been taken over by the liberal minded politicians who felt that giveaways and bigger government was the answer to everything.

Over the past four years, you and your administration has changed that philosophy of government and now have our nation headed on a solid course that can bring us all nothing but good times and restored pride in being an American.

Your philosophy has been "let's make America strong again." "Let's restore pride to our people and make them proud once again to be an American." To a great degree, you have accomplished that, and I commend you for it.

Now, let me tell you a long story, in brief form, about our little Georgia town of Manchester, population 4,784. We are losing an industry here (textile) that is the very reason our town exist at all. Callaway Mills and the railroad are responsible for us being here since 1909.

In 1968 Milliken & Co. out of Spartanburg, S.C. purchased the mill and has run it since. In June they are closing down putting a total of 350 emplyees out of work.

This is a sad ending to a beautiful love story about a town, a cotton mill and a railroad. We have people here who have known nothing else but to labor daily, and proudly I must say, in that mill. Working in the mill has become a family tradition.

No matter what other type industry we might put there, if any, it will never replace "the mill."

Milliken & Co. has labored tirelessly to place these 350 workers in other plants in LaGrange (35 miles away) and Pine Mountain (25 miles away). To date they have been successful in over 50 percent of the cases.

Roger Milliken committed just this week to donate the plant and it's valued at one and one half million dollars, to our little town. He also sent a top executive and $25,000 to help us prepare a brochure on the plant and our town in hopes that we can locate another industry here right away.

Mr. President, the action taken by Milliken & Co. is the true American way. They have not asked for government funds to help them keep their plants open. In fact I am sure they would refuse government money even if it were offered.

But Mr. President, they and other textile manufacturers need your help to keep America strong. They tell me, and I believe them, that foreign textile imports caused this plant to close, as well as many other similar plants across this nation. Here in our area of Georgia alone there has been thousands of jobs lost, and I understand a half million or more nationwide.

I understand fully that our country must maintain a trade balance and good relations with our allies. We must help them for they rely heavily on us.

But, I understand also that first we must protect our own people if we are to remain strong. We owe it to them. There has to be a balance to be found.

The textile industry has not laid over and played dead. They have spent millions of dollars on machinery to allow themselves to better compete. But there is no way they can compete with the cheap labor from the far east. Mr. President, there must be some controls.

Congressman Ed Jenkins of our state will introduce legislation in the House this month that will greatly help this situation. I encourage you to fully support this measure so that we can keep America and our American worker strong.

Warm Regards,

BOB TRIBBLE.

P.S.—Thank you for being our President and may God lead you to lead our nation as we should go.

LET US PROVIDE A VOICE FOR INDIANA'S EIGHTH DISTRICT

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

Mr. SCHUETTE. Mr. Speaker, the people of Indiana's Eighth District have spoken, but as yet, the House Administration Committee has not been heard from.

The committee's recount and decision are now 6 days overdue and the Eighth District of Indiana has been without representation for 3 months—90 days. I understand that the Administration Committee has counted disputed ballots, which would have been disqualified in any other Indiana congressional race, and still Rick McIntyre appears to be the winner.

I rise today to ask the House of Representatives to do what is right and fair and just and grant the Eighth District representation in the 99th Congress. The people of that district have spoken, let's seat Rick McIntyre, and provide a voice for Indiana's Eighth District.

THE AGRICULTURAL EFFICIENCY AND EQUITY ACT

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

Mr. STENHOLM. Mr. Speaker, an acreage base, or number of acres to be planted, is assigned to farmers who wish to take part in Federal farm programs, and a yield measures how many bushels per acre the farmer is assumed to produce, based on his past experience. Both bases and yields are important when farmers decide whether to participate in the programs.

Some system of bases and yields would be necessary under almost any conceivable farm program. That means that no matter what shape the 1985 farm bill takes, we'll need base and yield formulas in order to administer agricultural policies effectively. But there are many problems with the way those formulas are set up now.

For one thing, the formulas are contained in 4-year farm bills, not permanent law. So every time a new farm bill is written, the base and yield system comes under the political pressures of the day. In those years, farmers don't know what this year's planting decisions will mean for next year's acreage base, because they don't know what kind of legislation we in Congress will write. This uncertainty about farm programs is a major complaint of farmers, and a major reason many of them don't take part in Federal programs. As we all know, low participation can cause high surplus levels, and that means billions of dollars in taxpayers costs.

That's not the only problem with the current system. It's inconsistent between crops, it leaves too much discretion to USDA, and it doesn't adequately reward soil conservation practices.

The Agricultural Efficiency and Equity Act is an attempt to design a better system. It writes base and yield formulas into permanent law to give farmers a stable benchmark for planning. It assigns acreage bases by a moving average of acres actually planted, and yields by a moving average of bushels or pounds actually produced. It also gives farmers more flexibility than they now have in deciding for themselves how much of a given crop they will plant. The bill applies only to wheat, feed grains, cotton and rice.

I hope the Congress will choose to take quick action on this matter of importance to farmers across the Nation.

WALKING DOWN AN UNCERTAIN PATH

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

Mr. GALLO. Mr. Speaker, today, we are once again considering the case of the Eighth District of Indiana, nearly 5 months after the last congressional election and almost 4 months after the secretary of state in Indiana certified that Richard McIntyre was elected as a Member of Congress from the Eighth District of Indiana.

During that time, this body has been on a peculiar path which, if we continue in this direction, could set a precedent which would keep Members of Congress from being seated in spite of State certification.

We have always looked to the States to certify Members of Congress. We must continue to do so.

I can tell you that I have heard from the New Jersey secretary of state, Jane Burgio, and she is very concerned about the current situation.

She sees very clearly that this case could easily repeat itself in 2 years. Her concern is based on the fact that she is the person charged with the responsibility of certifying elections in New Jersey.

I share her concern today.

We can and should resolve this question in a peaceable fashion before we set a precedent that can return in the future to haunt us all.

Until now, the cornerstone of our democratic form of government has been that the individual who is duly certified is the election winner.

I strongly urge my colleagues to look beyond the current arguments in this case and realize that we are walking down an uncertain path toward chaos if we continue to pursue our current course of action.

WE MUST PROSECUTE NAZI WAR CRIMINALS

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

Mr. TORRICELLI. Mr. Speaker, last week, the President's announcement that he would not visit Dachau during his visit to Germany this year, and his comments which seemed to refer to the Holocaust as a "lost part of history" and not as a living remainder of the abuses of mankind, were unsettling.

Now, a new transcript has come to light with comments by the President's new Director of Communications, Mr. Patrick Buchanan, which have further unsettled many of us. In an interview, Mr. Buchanan called for the abolition of the Office of Special Investigations, an office charged with prosecuting Nazi war criminals. He termed it, "a fruitless exercise, and not a proper use of resources."

During the discussion. Mr. Buchanan insisted that there is "no singularity about the Holocaust that warrants investing Federal funds in going after people who are about 70 years old, and whose crimes occurred 35 and 40 years ago."

Mr. Speaker, Mr. Buchanan's comments are unbelievable, they are outrageous, they should be refuted, and I would hope the President would, to all of us who are concerned about continuing to prosecute these war criminals, give us some reassurance.

(Letter to President follows):

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES,
Washington, DC, April 2, 1985.

The PRESIDENT,
The White House, Washington, DC.

DEAR MR. PRESIDENT: Your remarks last week in response to a reporter's question have prompted a great deal of confusion and concern over our nation's commitment to the memory of the Holocaust. A refusal to attend ceremonies next month at Dachau have raised questions throughout the world as to whether our nation's leaders believe that the Holocaust is to be forgotten in the pages of history or whether it shall remain as a living and constant reminder of the greatest of human tragedies.

Remarks in the past by your new Communications Director, Patrick Buchanan, have added to the doubts about your Administration's commitment to the memory of the victims of the Holocaust. On several occasions over the last few years, Mr. Buchanan has criticized the efforts of the Justice Department's Office of Special Investigations to pursue the trail of Nazi war criminals. During an interview in 1982 Mr. Buchanan called for the "abolition" of the Office of Special Investigations, which he termed a "fruitless exercise" and "not a proper use of resources". During the discussion Mr. Buchanan insisted that there is no "singularity" about the Holocaust that warrants investing federal funds in "going after people who are about 70 years old now" and whose crimes "occurred thirty-five, forty years ago". He later authored two syndicated columns in which he renewed his attacks on the Office.

Although in the past your Administration has supported activities of the Office of Special Investigations, these statements of Mr. Buchanan's appointment to the highest levels of the White House, now raise questions about the commitment of our nation's political leaders to the memory of the Holocaust.

The combination of these statements have left the wrong impression. I believe it is important that a visit be scheduled to the Dachau Holocaust site next month and that you reaffirm our efforts to pursue the trail of Dr. Joseph Mengele.

Two years ago in a speech to more than 15,000 Holocaust surviors you stated, "Our most sacred task now is insuring that the memory of this greatest of human tragedies, the Holocaust, never fades—that its lessons are not forgotten."

I hope that as the 30th Anniversary of this greatest of human tragedies approaches that you will do all that you can to ensure the memory of the Holocaust never fades nor is forgotten.

Sincerely,

ROBERT G. TORRICELLI,
Member of Congress.

ADDITIONAL COSPONSORS TO THE AGRICULTURAL EXPORT EXPANSION ACT OF 1985

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, nearly 1 month ago, I introduced legislation aimed at preserving the effectiveness of our agricultural export promotion programs by exempting them from costly cargo preference requirements. Today, I am adding the names of 27 fellow Members of the House of Representatives to H.R. 1517, the Agricultural Export Expansion Act of 1985. This brings to 42 the total number of cosponsors of this bill.

Mr. Speaker, I have observed with interest the growing number of supporters for this bill and similar legislation that would overturn the recent court decision that has effectively killed our blended Credit Export Enhancement Program. The Department of Agriculture informs me that the dangerous precedent set by this ruling may imperil as much as 20 percent of our commercial agricultural exports, if prompt legislative action is not taken.

I look forward to generating additional cosponsors and additional support for this essential legislation.

THANKS TO THE COSPONSORS OF H.R. 600

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

Mr. ROEMER. Mr. Speaker, I wanted to thank the more than 220 Members of Congress on both sides of the aisle who have cosponsored a piece of legislation that I introduced 2 months ago, H.R. 600. H.R. 600 would repeal the onerous and burdensome auto log provisions of the IRS regulations; vehicle mileage.

We have more than half the number of the total membership of the House; victory is within sight. Today, as I speak, the Ways and Means Committee is marking up a bill that would do the very thing that H.R. 600 called for: Repeal section 179B of the 1984 act, make invalid all the regulations that followed from the passage of that act that relate to auto mileage.

I want to thank the chairman of the Ways and Means Committee, Mr. ROSTENKOWSKI; I want to thank Congressman BERYL ANTHONY of Arkansas; Congressman HAL DAUB of Nebraska. These men and others, 222 others,

have joined together to right this wrong. I thank you very much.

H.R. 691

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON. Mr. Speaker, I am an original cosponsor of Congresswoman LYNN MARTIN'S bill to get our House and Senate in order. This bill, H.R. 691, would finally extend to the employees of Congress and the Federal courts protection against discrimination in employment.

I think it is unconscionable that a body which passes laws to promote equality in hiring and pay practices throughout our Nation and which should be setting an example with respect to civil rights in America, excludes itself from meeting minimal standards of equality in the workplace. It is time to end this "Do as I say, not as I do" attitude.

Representative MARTIN'S bill, endorsed by over 50 Members of this body, would end this hypocritical situation by amending title VII of the Civil Rights Act of 1964 to give women, racial, and ethnic minorities, the handicapped, and older workers protection from employment discrimination. The bill would still allow Members of Congress to make personal staff hiring decisions that are based on political affiliation and residence, and would not interfere with Members' performance of their proper function.

I urge my colleagues who have not endorsed this legislation to do so in fairness.

□ 1300

REJECT SOCIAL SECURITY COLA FREEZE

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

Mr. KOLTER. Mr. Speaker, in late 1984, President Reagan, admonished the Members on this side of the aisle, saying that we were needlessly frightening the elderly with accusations, that, he would cut current or future Social Security payments. He told us he would never stand for cuts, in payments, to these beneficiaries. Now we are in the midst of a struggle, to fend off a freeze, in the cost-of-living adjustments, in Social Security payments, as approved by the other body's Budget Committee. More than this, our senior citizens are being hit, from all sides by the President's own budget proposal, which includes cuts in Medicare, housing and energy assistance, and legal services.

I ask my colleagues, on both sides of the aisle, to join me, in helping Mr. Reagan keep his campaign pledge. Let us demonstrate, that this great representative body is not one that turns a deaf ear toward the most deserving of those we represent. Let us put aside partisanship and rhetoric, and do what we promised to do, and do what is right. Let us reject the Social Security COLA freeze for fiscal year 1986.

STEPSON OF SAM

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

Mr. GEKAS. Mr. Speaker and Members of the House: We have just passed another anniversary of the attempted assassination of President Reagan, and Hinckley still haunts us. Now we have reason to believe that he is profiting from various publications publishing interviews, et cetera.

I am introducing today legislation that would prohibit anyone who acknowledgedly committed felonies, crimes of the dimension that Hinckley did, but escaped only by reason of a quirk in the law, acquittal by reason of insanity.

When the Congress passed the "Son of Sam" laws pursuant to the New York killer David Berkowitz's profiting on the backs of his victims, that was a proper thing to do because he should not profit, not the criminal, but if any profit should be made, only the victims of his misdeed should profit.

Therefore, this "Stepson of Sam" which will cover the Hinckley type of misdeeds, is much needed. I urge passage by the Congress of the United States.

THINGS HAVE CHANGED SINCE JANUARY 3

(Mr. SWINDALL asked and was given permission to address the House for 1 minute.)

Mr. SWINDALL. Mr. Speaker, in talking with a number of my friends and distinguished colleagues on the Democratic side of the aisle, I have found that a number of them are very uncomfortable about the situation with regard to McIntyre. I have found, however, that since they voted not to seat Mr. McIntyre on January 3, they feel with some justification that they cannot afford to change that vote today and now say that they erred on the first occasion because nothing has changed since January 3.

I respectfully suggest to those Members that three things have changed since January 3.

First and foremost, 90 days has not passed; 90 days where the House has been without representation from the Eighth District of Indiana.

Second, the House Administration Committee has passed its first deadline.

And third, the House Administration Committee cannot tell us even today when they expect to go ahead and be able to tell us one way or the other their conclusions.

Therefore, I would state that the only thing that makes sense, if we are really concerned today about the Constitution and the fact that the Constitution guarantees representation, is to seat Mr. McIntyre and then let the House Administration Committee, at its own timetable, proceed.

SEAT MR. McINTYRE POSTHASTE

(Mr. MONSON asked and was given permission to address the House for 1 minute.)

Mr. MONSON. Mr. Speaker, the controversy over the real winner in Indiana's Eighth District has been extended far too long. The debate, which should never have been embraced by this body in the first place, has been one that has completely ignored the facts—facts which are very simple.

The people of Indiana's Eighth District went to the polls to cast their votes in November. They elected Rick McIntyre. The secretary of state in Indiana certified Mr. McIntyre the clear winner. There was some dispute as to the original count, but even after correcting it, Mr. McIntyre won by 34 votes. A later recount of all the ballots by special county commissions expanded his margin to 418. Mr. McIntyre was the decided winner, yet this fact has been ignored.

The voters of the Eighth District of Indiana have been held hostage to petty politics and have been denied a voice in our representative government. A half a million people in Indiana have no representation in the House of Representatives because we, as Members of this body, have refused to seat the declared and certified winner. We have been tied up with this controversy for the last 3 months, and we are wasting more valuable time with yet another unnecessary recount.

I recommend we stop squabbling, respect the facts and seat Mr. McIntyre posthaste.

The New York Times summed the situation up succinctly in a recent editorial by stating simply: "There's a decent, democratic solution available to the Democratic majority * * *. Seat Mr. McIntyre." The Washington Post, which can hardly be credited for championing Republican causes offered the same advice by editorializing that "Mr. McIntyre ought to be seated." To these words, I add that Congress should simply stick to the facts and seat Mr. McIntyre today.

NINETIETH DAY OF INDECISION ON SEATING OF RICK McINTYRE

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

Mr. CALLAHAN. Mr. Speaker, as we gather here today, assembled for the third month of the 99th Congress, we are still plagued with the very same problem that faced us on January 3, our first day of this session.

The people of this country sent us here to help solve some of the greatest problems that have faced this country in a decade, problems such as a new farm policy, problems such as the national debt, simplification of our tax program, imbalance of trade, and on and on and on.

Yet today, the 90th day, we are still debating the very first issue that faced us when we came here, and that is whether or not to seat Rick McIntyre of Indiana. I submit to you today that we ought to consider one basic fact in this decisonmaking process, the fact of right or wrong. Every indication—every indication—that has come before this body indicates that the proper and right thing to do is to seat Congressman Rick McIntyre.

I urge my colleagues today to join with me in an affirmative vote on seating Rick McIntyre.

□ 1310

STOP WASTING TIME, GET ON WITH THE ISSUE

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

Mr. ALEXANDER. Mr. Speaker, I would like to respond to the numerous speeches that have been made today by the gentlemen and gentlewomen on the other side of the aisle who wish to address the question of the seating or nonseating of Mr. McIntyre or Mr. McCloskey. I would urge that we get on with the business of the day. Is it not true that the resolution pending before the House today is to debate and ultimately to vote on that very question?

If the gentlemen and the gentlewomen on the other side of the aisle want to get down to the facts and get onto the business and stop wasting the time of this body I suggest to them that they discontinue this diatribe. Let us get down to work and get to the vote on this debate.

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

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

The SPEAKER pro tempore (Mr. COOPER). The gentleman from New Mexico [Mr. RICHARDSON] is recognized.

Mr. RICHARDSON. I thank the Chair.

Mr. Speaker, I just want to report an extremely——

Mr. WALKER. Regular order, Mr. Speaker. The gentleman from Arkansas must remain on his feet if he yielded.

The SPEAKER pro tempore. The time of the gentleman from Arkansas [Mr. ALEXANDER] has expired.

McINTYRE SHOULD BE SEATED PENDING FURTHER INVESTIGATION

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

Mr. SMITH of New Hampshire. Mr. Speaker, I would point out to the gentleman that the wasted time began on January 3, when we refused to seat Mr. Rick McIntyre. We all could have saved a lot of time.

Mr. Speaker, last November Mr. Rick McIntyre of Indiana's Eighth District won an election. Then he won a recount. He is now being subjected to yet another recount.

Last week I testified before the House Administration Task Force and asked the question: "If Mr. McIntyre won the election for the third time by 1 vote, 10 votes, or 4,000 votes, will you seat him?" I got no answer.

The people of the Eighth District of Indiana should not have their constitutional rights violated any longer by being without representation. We are not challenging the right to investigate. We want to make it clear that the burden of proof should be on the House of Representatives, not on Rick McIntyre. While the investigation is taking place, Mr. McIntyre should be seated. Not a single shred of evidence has ever been produced to suggest that the certificate of election naming McIntyre the winner was not based upon a full and fair counting of the votes one election day. The secretary of state of Indiana certified McIntyre the winner based on corrected election day totals. The election was not even challenged by the loser within the prescribed time; it was challenged by the House leadership.

Mr. Speaker, as a former teacher of history and government, I am appalled by the unfairness demonstrated by the House in this matter. I urge my colleagues to seat Rick McIntyre this afternoon.

APOLOGY SOUGHT FROM INDIANA'S SECRETARY OF STATE FOR REFERENCE TO "WETBACKS"

(Mr. SHARP asked and was given permission to address the House for 1 minute.)

Mr. SHARP. Mr. Speaker, I yield to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Speaker, I appreciate the gentleman's yielding.

I would just like to make a point relating to a statement made by the secretary of state form Indiana Mr. Simcox who made a speech last week expounding on a subject very appropriate to Indiana Secretaries of State, and that is foreign policy and immigration. In the course of that speech he referred to those coming into this country from Mexico as "wetbacks." The chairman of the Congressional Black Caucus and I as chairman of the Hispanic Caucus have asked Mr. Simcox for an apology for this insensitive remark.

If this man treats people as sensitively as this statement he made indicates, I wonder how equipped he is to deal with sensitivity, fairness with issues affecting the race in Indiana. His statement was uncalled for, unfortunate, and irresponsible, including the counting of minority ballots. I hope Mr. Simcox apologizes to the entire country, not just to those individuals he has specifically maligned.

Mr. MYERS of Indiana. Mr. Speaker, if the gentleman has any time left, will the gentleman yield to me?

Mr. SHARP. I am happy to yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, Mr. Simcox has sent a letter to the gentleman—I have seen copies of it, he mailed a copy to me, and I would have thought the gentleman would have one now—about his choice of words. He does apologize if he has offended anyone.

This is used out of context now. It had nothing to do with the election, and to bring this up is irrelevant to the facts that bear on continuing this recount.

The SPEAKER pro tempore (Mr. MURTHA). The time of the gentleman from Indiana [Mr. SHARP] has expired.

AN APOLOGY AND EXPLANATION FROM MR. SIMCOX OF INDIANA

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

Mr. GINGRICH. Mr. Speaker, I am delighted to read into the RECORD the answer by Mr. Simcox to the Honorable WILLIAM RICHARDSON:

STATE OF INDIANA,
Indianapolis, March 29, 1985.

Hon. WILLIAM RICHARDSON,
U.S. Congress,
Washington, DC.

DEAR CONGRESSMAN RICHARDSON: Your linking of a statement which I made in an unrelated speech with the present 8th Dis-

trict controversy is so ludicrous that it defies description.

I used a term in a speech last Monday evening which I did not understand to be offensive to certain people because I had read and heard it used in various formats. When I learned of its offensive nature, I issued a deep and sincere apology and expressed my regret that I might have offended even one person.

Now this statement is being used by those who would deprive the 8th District of a Congressman to suggest that somehow I sought to exclude minority votes from being counted in the race.

I believe most people will see your statements for what they really are—an attempt to pull the focus from the errant manner in which Congress has handled the 8th District affair from the very beginning.

Before you question my character, I would remind you that I have urged the counting of all ballots, in all precincts, and have pointed out that if this were done it would result in the congressional seating of the election night winner, whom I certified by 34 votes on December 13 of last year.

You who are so concerned about minority participation should remember that Democrat recount commissions controlled the process in counties in which minority ballots were discounted. If you had bothered to investigate the facts—which, of course, you did not—you would have seen that I have always focused on the election night total as the accurate reflection of the outcome of the race, not the recount.

Finally, on a human level, people in public life need to be man and woman enough to apologize for their mistakes. I have done that with respect to my unfortunate comment. I now ask for a similar apology from you for seeking to distort and inflame an election matter with personally devisive rhetoric.

I deeply regret my unknowing use of an offensive term. But, I also deeply regret the opportunism of those who would attempt to capitalize on the unfortunate incident by attempting to link it to a totally unrelated matter.

You don't reflect well on yourself, the Congress, or the American political process by having done so.

Sincerely,

EDWIN J. SIMCOX,
Secretary of State.

CLARIFICATION SOUGHT ON MINORITY'S POSITION ON VOTE-COUNTING

(Mr. FRANK asked and was given permission to address the House for 1 minute.)

Mr. FRANK. Mr. Speaker, maybe I can get clarified by Members on the minority side as to their position on the counting of which ballots. I have heard some Members of the minority even today—and some earlier—say that ballots should not be counted in the current recount that would not have been counted in Indiana, and a number of people have said they should not be counted. Now Mr. Simcox has just been quoted as saying—and I assume he will not be taking this one back in the near future—that he is for counting all the ballots.

This differs with the position that some Republican Members have stated today. The gentleman from Indiana [Mr. MYERS] earlier said, and I agreed with him, that with regard to Vanderburgh county you have to count them all where the precinct clerks or the inspectors did not initial any of them. One of the key issues that we have to focus on is, should voters be penalized because election officials did not properly initial their ballots?

Now, the task force of the gentleman from California has instructed that they be counted. Several Members on the minority side appear to have objected to that. That is the kind of specific issue I would have hoped would have been addressed.

I am unclear as to what the minority's position is. I agree with the gentleman from Indiana [Mr. MYERS] that we ought to count those where the precinct inspectors in Vanderburgh County did not initial them. Other Members on the Republican side have criticized that, and I would hope we could get some clarification because I think there is a very inconsistent position here as to whether these votes ought to be counted.

MEDICAL CARE SHOULD NOT BE "BUSINESS AS USUAL"

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. BENTLEY. Mr. Speaker, we are increasingly hearing frightening stories from hospitals of accidental deaths from the wrong medication being administered. Too often, for comfort, we hear that the wrong patient has received an operation.

A Wall Street Journal article of March 27, 1985, may shed some light on these problems. It discusses in detail the cost of deep staff cuts at hospitals across the country.

While we are concerned with fiscal responsibility at all levels of the Government and in all community services, the key word is responsibility.

It seems to me that in making the nursing staffs of our health care facilities the target of major budget cutting by hospitals is not responsible.

Going back to the days of Florence Nightingale and Clara Barton, nurses have followed in the footsteps of those who guard us at the most vulnerable, lonely time in our lives.

Our great scientific institutions and, yes even the Congress, boasts of millions spent in medical research, breakthroughs on the cutting edge of technology.

But, what good is this all; if, the human factor which gives the support necessary to all healing is being taken away?

Our nurses deserve praise, not pink slips. Our patients pay for the best and deserve it in having capable nursing care. Hospitals are not just businesses. They deal primarily in hope.

In order for the Members to better understand the problems, I insert here in the CONGRESSIONAL RECORD an article which appeared in the Wall Street Journal, March 27, 1985, entitled, "Hospital Nightmare: Cuts in Staff Demoralize Nurses as Care Suffers":

HOSPITAL NIGHTMARE: CUTS IN STAFF DEMORALIZE NURSES AS CARE SUFFERS

(By Jennifer Bingham Hull)

Last June, Ann Landers printed a letter in her column from a medical student complaining about nurses' attitudes. Some 7,000 angry nurses responded.

Their letters told of mounting difficulties for a profession known for long hours and low pay, citing exhaustion and stress so bad it endangers patients' lives. "I have come home and cried because I didn't have enough time to do a decent job for my patients," said one. A nurse in Hartford, Conn., has complained "endlessly" to her administrators. "All I hear is 'There is no budget for more help. Do the best you can,'" she wrote.

Ms. Landers called the response "staggering." She said it was the most depressing mail she had read in years.

Nursing is in turmoil. Cost pressures brought on by a new Medicare payment system are causing hospitals to reduce nursing and support staffs. The California Hospital Association reported a 9 percent drop in full-time registered nurses employed in California hospitals in 1983 and a 3 percent drop in part-time nurses. Preliminary results for 1984 indicate further reductions.

NOWHERE TO HIDE

Such numbers add up to more work for remaining nurses and less attention for patients. "The nurse is where the buck can't be passed anymore," says Jeff Goldsmith, a health-care analyst at Ernst & Whinney. "They are the biggest victims of cost-cutting because they can't hide from the patient. If the resources aren't there they still have to provide them."

Though hospital occupancy rates have fallen, the demands of patients are increasing. A new Medicare payment system is pressuring hospitals to discharge patients quickly, while the growth of outpatient surgery is leaving hospitals with sicker patients.

Nurses say care is deteriorating, so far mostly in small ways. The real worry, however, is that cost-cutting will seriously impede care in the future. "We're skating on thin ice, says A. David Tammelléo, an attorney who specializes in nursing issues. "With fewer nurses doing more work there is the imminent danger of errors of judgment and misassessment."

Even the nation's richest and most prestigious hospitals haven't been spared, as a look at Cedars-Sinai Medical Center illustrates. Located in Los Angeles, Cedars is a not-for-profit hospital with 1,120 beds, a large teaching program and a reputation for treating the celebrated and rich.

Cedars budget for nursing wages has been cut 6 percent in the past two years to $50 million. By the end of fiscal 1986, almost 300 full-time positions will have been cut in three years. Nurses comprise two-thirds of these cuts.

A look at the oncology ward brings these numbers to life. Most of its patients have

cancer. Nurses spend hours by the bedside here, talking of tests and treatments and death. Most are young, and several are recent graduates of top nursing schools. They wear bright shirts over white pants. No white caps no starch.

At 7 a.m. a bleary-eyed group begins its shift by listening to the night shift's recorded description of patients' conditions. One woman may need surgery. A nurse rolls her eyes and swallows hard. "God I hope not," she says. The tape recommends giving more attention to one patient. A nurse sighs. "I like that patient, but it's just too much," she says.

Nine nurses are scheduled for the 31 patients on the floor today, but one was needed elsewhere in the hospital so only eight are working. Such holes used to be filled with temporary help, but no longer. "You have to make do with what you have, period," says Amy Goldfarb, assistant coordinator on the floor.

Nurse Bernadette Moran will handle four patients today, one of whom is near death. By mid-morning Ms. Moran is racing. A dying lung-cancer patient is gasping for air. Ms. Moran grabs another nurse to help "suction" the man's trachea so he can breathe.

A JOB AND A HALF

She wants to suction the man more often, but three other patients need attention. She whisks a wastebasket from the room and moves on. "There is nothing more frustrating than to know you have to do patient care and can't because you don't have the time," she says.

Ms. Moran's frustration is common. On a recent shift Bonnie Markoe is the "charge" nurse. Charge nurses, who handle admissions and staffing, used to be free from patient care. Not anymore. Ms. Markoe is also responsible for three patients.

Staffing problems leave the nurse little time for them. One who is supposed to be walked several times isn't. Doctors' orders for drugs, procedures and dressing changes are left for the next shift. On another day Ms. Markoe says she mistakenly gave a patient antibiotics six hours early. The patient was fine but, "it just gets me when it's unsafe and too busy and there's no relief," she says.

On this shift a cancer patient named Morris is waiting for Ms. Moran to give him a shower. Morris says these nurses are too busy. And he complains that they aren't very good at starting intravenous lines, or IVs.

Cedars cut by two-thirds a special team that puts intravenous lines into patients. Now floor nurses start most IVs.

The oncology nurses aren't used to inserting the needles, and cancer patients often have loose skin and bad veins. Patients reveal scarred arms and complain of being stuck several times without success. "They've got lots of problems with the IVs," says Morris. "Some of them (the nurses) are in a hurry or inexperienced. The girl tried twice last night. I was in lots of pain."

Nurses don't like the new policy either. "We are doing all the work," says Ms. Markoe, "We watch them cry. We watch them die. Now we have to stick them with an IV," she says.

Nurses do like one recent change, a switch to so-called "primary care." Each nurse provides complete care for several patients assigned directly to her. Before, each nurse did one task for all patients.

THE TOTAL NURSE

Primary care means a 43-year-old leukemia patient named Christine is depending on Ms. Markoe this morning. The patient turns her head weakly as the nurse enters the room, revealing a swathed head, haggard face and eyes filled with trust. Ms. Markoe cares for Christine whenever the patient is on the floor. "The first time in the hospital I was so afraid of the tests," Christine says. "I remember leaving on a gurney and Bonnie was hugging me saying it will be all right . . . This is the total nurse."

Though the change to primary care wasn't related to cost-cutting, it is more efficient because nurses who know their patients can prevent complications that extend hospitalization, says Roxane Spitzer, Cedars' vice president of nursing.

Ms. Spitzer says it's more efficient for nurses to start IVs themselves. She says through productivity gains Cedars has been able to preserve quality care. She also says the hospital's nursing department was overstaffed.

But she worries about the future. "We absolutely can't handle any more cutbacks without directly affecting patient care," Ms. Spitzer says.

She notes that complaints from nurses have already increased. "Sometimes morale gets pretty bad when nurses are so stretched that they don't even have 20 minutes for lunch," she says.

NOT MUCH ADVANCEMENT

The nurses say running all day wouldn't be so bad if the pay were better. Donna Ray makes $25,000 after two years on the floor. That's above the average salary of $21,000 for nurses. But she sees little room for advancement, especially compared with her college friends working on Wall Street. "They are responsible for someone's money. I am responsible for someone's life. Something is wrong," she says.

Some of the frustration is showing up in more strikes by nurses' unions. the largest-ever took place in the Minneapolis-St. Paul area last summer. Some 6,000 nurses struck 15 hospitals for five weeks to protest layoffs of senior staff and their replacement with less-expensive junior nurses. The nurses negotiated a seniority system for layoffs and provisions for training.

At Cedars, though, nurses voted down a union last year. Perhaps they have enough battling in the ward.

One such battle begins late at night as a dying lung-cancer patient struggles for air. At one point, he grabs Julie Bourke, the night nurse, so hard he almost tears her clothes off. Ms. Bourke asks the residents in charge to prescribe a stronger from of morphine. When they refuse because of feared side effects, the exhausted nurse bursts into tears.

Ms. Ray and Ms. Moran take over in the morning, and there are more discussions about medication, but no change. Hours pass. The man is still agitated. His family is distraught. At 2 p.m. Ms. Ray approaches one of the residents, and her frustration and anger spill out.

"I just don't think you understand what that family is feeling back there," she says, eyes flashing, hair flying in her face. "Bernadette has been crying. Julie was crying. I'm upset." She notes that their argument has dragged on for hours. "That's a long time to see your father die," she says.

Ms. Ray keeps lobbying, and eventually the doctors prescribe a stronger medication. But by then the patient is in a coma. Two hours later he is dead.

The shift is over, but Ms. Moran is still finishing a chart. Ms. Ray sits on the floor with her head in her hand, exhausted. She has a letter from a patient's relative, thanking her for helping the family deal with death. But such appreciation may not be enough. "You know, we're really good nurses, Bernadette and I, but we're not going to stay here," says Ms. Ray. "We just can't take it."

□ 1320

RICK McINTYRE STILL THE WINNER

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

Mr. THOMAS of California. Mr. Speaker, to respond briefly to the gentleman from Massachusetts about his cry of "Count all the votes," as a member of the task force I would like to inform the gentleman that in Warrick County, for example, on election night the combined total of McIntyre and McCloskey was 17,034 votes.

The recount that was just conducted under the task force rule counted 17,029 ballots for both Mr. McIntyre and Mr. McCloskey.

At least in one county under the rules, to cry "Count all the votes," fewer votes are acutally being counted.

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

Mr. THOMAS of California. Certainly.

Mr. FRANK. I thank the gentleman for yielding.

I do not see anything in the rules that says the votes should not be counted, unless there was some erroneous casting of those votes.

Does the gentleman allege that those five votes were illegitimately released and cast aside?

Mr. THOMAS of California. I would say to the gentleman from Massachusetts, if he will examine in Vanderburgh County, there was a gain of net five. The point is we are recounting under the gentleman's rules that he says are fundamentally fair and we are not changing the election night results. That is the point. Election night results are standing on the recount. It was a fair count election night, and I yield back the balance of my time.

Mr. FRANK. If the gentleman will yield, what the gentleman has pointed to is the fairness that some votes are not being counted.

REINTRODUCTION OF BILL TO STUDY EFFECTS OF ALCOHOL ADVERTISING ON ALCOHOL CONSUMPTION

(Mr. NIELSON of Utah asked and was given permission to address the

House for 1 minute and to revise and extend his remarks.)

Mr. NIELSON of Utah. Mr. Speaker, on January 30, I introduced H.R. 824, a bill that requires the Bureau of Alcohol, Tobacco and Firearms to conduct a major study to determine the effects of alcohol advertising on the level of alcohol beverage consumption. The bill was referred by the House Parliamentarian to the Energy and Commerce Committee and was then referred to the Subcommittee on Health and the Environment.

After the bill was introduced, the chairman of the Subcommittee on Telecommunications, Consumer Protection, and Finance, on which I sit, announced that his subcommittee plans to hold a hearing on the subject of alcohol advertising next month.

Today I am reintroducing my bill in a slightly modified form so that it can be referred to the Telecommunications Subcommittee and can be made the subject of testimony and questioning at the hearing. The changes I have made do not affect the substantive content of the original bill to any material extent.

I have notified each of the cosponsors of my decision to introduce this bill in a slightly modified form, and each of them has agreed to become an original cosponsor of the new bill as well.

Alcohol abuse is a serious problem in this country. The comprehensive study of alcohol advertising mandated by the bill should provide valuable information on whether steps should be taken to regulate advertising practices in some way.

HOUSE SHOULD PUT AN END TO PETTINESS AND SEAT McINTYRE

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

Mr. GROTBERG. Mr. Speaker, I take exception to the word "diatribe" when discussing representative government in the home of democracy, the House of Representatives of these United States. It is never diatribe.

Mr. Speaker, it has been nearly 3 months since I and my fellow freshman colleagues enjoyed the privilege of being sworn as Members of this august body. But there still exists a vacancy from the Eighth District of Indiana. Rick McIntyre who was certified and later recertified does not serve with us. During the last several days the House Administration Committee's Task Force charged with recounting the ballots has completed its work in Vandenburgh County, the largest county in the district. Out of all the ballots counted, including the 5,000 disputed votes, a change of only 5 votes was recorded.

How long will this process continue? How long will the residents of the Eighth District of Indiana be without a Congressman to vote on the major issues Congress will face during the current session?

It's time to act responsibly. As the Chicago Tribune stated in an editorial dated March 12, "The taxpayers in southern Indiana, meanwhile, have no Representative in Congress. The House of Representatives ought to put an end to the pettiness and seat McIntyre." I agree. Let's seat McIntyre now.

OVER HALF A MILLION PEOPLE IN EIGHTH DISTRICT OF INDIANA NOT REPRESENTED AT TAX TIME

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

Mr. COBEY. Mr. Speaker, like so many other people, we are struggling with our tax returns as April 15 approaches. We must think as this date approaches of the fact that there are over half a million people in the Eighth District of Indiana that are not represented in this body. They have not been represented ever since January 3. This marks the 90th day.

I appeal to my colleagues on both sides of the aisle to correct this injustice today and give the people of the Eighth District of Indiana their rightful representation in this body.

GIVE VOICE OF AMERICA EQUIPMENT IT NEEDS

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

Mr. COURTER. Mr. Speaker, the Voice of America is our way of telling the world about the American story. In distant places it is the only corrective to the lies and innuendo and misinformation that abounds; but while the Voice of America's personnel do their work, with very dedicated people, its equipment simply does not. Not only do we have too little equipment, the equipment is old. About one-third of it is 30 years old; 80 percent of it is 15 years old.

The result is that in Central America, in the Middle East, in the eastern part of the Soviet Union and many other important places in the world, America's story is inconsistent, inaudible, and often not being told at all.

It is one thing to have our radios jammed. We can understand that, even though the fact that the Soviet Union spends twice as much in jamming as we do in broadcasting, but it is quite another to let America not speak abroad.

There is a 5-year schedule for the improvement of Voice of America capabilities, the modernization of the equipment that we so badly need. The authorization is there.

I urge the members of the Appropriations Committee and the Members of this body when it comes to the floor of the House to vote yes, so we can modernize, so we can have a Voice of America that can be heard.

SEAT RICK McINTYRE NOW

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

Mr. COBLE. Mr. Speaker, the most unlikely segment of the Rick McIntyre matter is that he is being denied his seat by this House. This is the U.S. House of Representatives, not an exclusive body whose membership is restricted to elitists. This is the people's house, yet this is the House that says no to the seating of the certified winner of Indiana's Eighth House seat.

It is high time the people's house started acting like the people's house. The time has come for Democrats who espouse fairness and equity to cast their votes accordingly. Dialog emphasizing fairness on the floor of this House is never a waste of time.

Seat Rick McIntyre now.

THERE IS NO ELECTION CONTEST IN EIGHTH DISTRICT OF INDIANA

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

Mr. STRANG. Mr. Speaker, there is no election contest in Indiana's Eighth Congressional District. Indeed, Mr. Speaker, the loser of that race, Mr. McCloskey has never contested the outcome of that race.

The winner, Rick McIntyre, has accepted from the secretary a certificate certifying that he is the only certified winner.

The issue is that this body has failed to honor the clear certified winner sent here by the State of Indiana. Deliberate confusion, smoke screens and phony arguments cannot hide the fact that the only contest is the House of Representatives exercising capricious power against Indiana's certified Congressman, Rick McIntyre.

Mr. Speaker, let us seat Rick McIntyre.

FLOOD INSURANCE AND HOUSING REAUTHORIZATION BILLS

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

Mr. WYLIE. Mr. Speaker, today, at the request of the administration, I

am introducing two legislative proposals developed by the administration.

The first bill would amend and extend the National Flood Insurance Program. The bill contains a 6-year extension of the National Flood Insurance Program and the emergency phase of the program. The date for the emergency phase extension, until 1991, is requested to coincide with the studies completion plan submitted to the Congress in September 1984. This extension would conform with the administration's decision to continue funding for flood studies at the current level rather than a more costly, enhanced level.

Mr. Speaker, an extension of this vital program is necessary. There are some 1.9 million flood insurance policies in effect throughout all 50 States, territories, and possessions. Without an extension of time of the authority to write and renew NFIP policies, all existing policies would expire and no new policies could be written, providing the public with no opportunity to obtain insurance coverage against floods and such coverage is not available in the private sector.

In addition, since 1983 the Federal Insurance Administration, under the very able leadership of Jeff Bragg of Ohio, has been successfully administering a significant new "Write Your Own Program" under which over 200 of the Nation's private property insurance companies have agreed to market and write the standard flood insurance policy on their own letterhead, as insurers, and to service the policyholders under an arrangement whereby the Federal Government permits the companies to retain a specified amount of the insurance premium for the payment of expenses and a specified amount of the insurance premium for the payment of expenses and provides such additional funds as may be needed for the payment of claims.

The proposed extension of the program authority through fiscal year 1991 will help encourage even greater participation by private companies and property insurance agents and brokers in the "Write Your Own Program" by providing the necessary assurance that the Flood Insurance Program, whose underlying purposes have enjoyed such consistent and strong support by the Congress, will not be subjected to the uncertainties and interruptions inherent in a more frequent authorization schedule.

The bill also would redefine administrative expenses to allow most of the expenses associated with the Flood Insurance Program to be charged to the insurance fund rather than be subject to the full appropriations, process. This may prove to be controversial, but I believe it is something Congress should at least examine, on its merits.

The second bill authorizes various programs under the jurisdiction of the Department of Housing and Urban Development. It provides the legislative language to carry out the President's budget recommendations. It is a comprehensive—yet austere authorization bill—in keeping with the desire for HUD to play its part in reducing the Federal deficit.

Mr. Speaker, I admit that I have reservations about some of the details of this bill, but I also believe it deserves consideration by Members of this body. I congratulate HUD Secretary Samuel Pierce, for this leadership in helping formulate this proposal, and look forward to working with him in developing a housing authorization bill this year.

There has been a great deal of misunderstanding about the course of HUD programs in recent years; particularly on the part of those who feel that the only way to assist needy citizens is through slow and costly new construction programs. Secretary Pierce led the way, with congressional assent, in doing away with the section 8 New Construction Program, and has focused HUD's efforts on direct assistance to people, rather than to bricks and mortar.

This emphasis on better use of existing housing stock, through rehabilitation, vouchers and better management of public housing facilities, has made possible significant reductions in the HUD budget. Nevertheless, the Department continues to carry out its basic missions in the housing and community development fields.

This year's administration bill contains some controversial provisions. The Community Development Block Grant Program would be reauthorized through fiscal year 1987, but at a reduced level for this fiscal year. It would also change the method of allocation under that program from 70 percent entitlement—30 percent nonentitlement to 60 percent entitlement—40 percent nonentitlement. This change, which would take effect begining in fiscal year 1986 would be necessary if the proposed termination of the Farmers' Home Administration community development program is effectuated.

As part of an administration initiative to eliminate Federal funding of local economic development programs, the bill also proposes to terminate the Urban Development Action Grant Program.

For the Assisted Housing Program, the bill makes the Voucher Program, passed as a demonstration by the Congress in 1983, a permanent program. It also authorizes appropriations for public housing operating subsidies, as determined by the performance funding system, while proposing a 2-year moratorium on new assisted housing commitments and a 1-year moratorium for all but emergency public housing modernization funding. It also replaces tax-exempt financing for public and Indian housing programs with one-time capital contributions.

The bill extends several FHA Insuring authorities for 2 years and contains a number of amendments designed to increase the efficiency of these mortgage insurance programs.

The bill also proposes initiatives to detect and prevent fraud and waste in Federal housing programs, including a provision to verify incomes of tenants being subsidized by these programs.

I emphasize that even with implementation of the significant reductions proposed in this bill, HUD would continue to assist more needy people than ever before. During fiscal years 1986 and 1987, 207,000 families would be added to the roles of those already receiving Federal housing assistance. This would bring the total number of families assisted to over 4.2 million.

At the same time, the Nation's housing debt, which was nearly a quarter of a trillion dollars in 1981, is declining rapidly because expensive building programs have been reduced or eliminated and resources have been concentrated on quicker, less expensive approaches such as rental rehabilitation and housing vouchers. Rental rehabilitation permits substandard units to be brought up to code standards. Vouchers, building on the successful section 8 existing program, provide low-income recipients with greater freedom in making their own decisions about the type and location of housing in which they live.

Mr. Speaker, I know that some of my colleagues have looked with great anxiety at this year's bottom line budget figures for the Department of Housing and Urban Development. I can understand the anxiety of anyone who looks only at the numbers. But in the coming weeks, I hope my colleagues will scrutinize seriously and soberly the details of the various proposals we will be considering, including the bill I am introducing today. Let us then discuss them in the context of the true bottom line—their cost effectiveness relative to previously tried programs and the pressing need to deliver assistance to those who need it most.

It is for the purpose of joining the debate that I have introduced this bill today. The administration deserves to be heard; and while I do not endorse everything in this bill—or for that matter either bill—I believe several of their legislative suggestions have merit and should be given serious consideration in any final housing authorization bill that is adopted.

TAXATION WITHOUT REPRESENTATION

(Mr. DREIER of California asked and was given permission to address

the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER of California. Mr. Speaker, the Evansville Press in Indiana has been running a regular editorial entitled "Taxation Without Representation" in which they keep a running tally of the number of days they are denied a representative in Congress. As stated in one of the editorials:

It's just our way of providing a daily reminder of the sense of frustration and outrage shared by our many readers who are denied a voice in what is supposed to be representative government.

The outrage in Indiana is completely justified. The voters in that district pay taxes. They deserve representation, yet they have been denied a voice in Congress because of petty politics.

The bare facts are that Mr. McIntyre was certified as the election's winner. After the election was challenged and a recount was completed, Mr. McIntyre's lead increased by more than 400 votes. Still, the results were rejected. Congress has persisted and has gone forward with a plan that ignores those election results.

We are now sending the message to voters that Federal elections are irrelevant and that individual votes don't count. What is worse is that this message is gaining credibility the longer Congress refuses to recognize that Mr. McIntyre was the clear winner. I urge my colleagues of this respectable body to restore integrity to the election process by seating Mr. McIntyre immediately. Furthermore, I urge that we send a clear message to the voters in Indiana that their votes do count and that their votes are respected. Let's seat the representative they elected to Congress. Let's seat Mr. McIntyre now.

□ 1330

WHERE IS RICK McINTYRE

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

Mr. SILJANDER. Mr. Speaker, where is Rick McIntyre? His colleagues across the country are wondering were is Rick McIntyre.

Speeches on podiums from coast to coast are wondering just where is Rick McIntyre. Members of Congress in hoardes have come to the well and asked where is Rick McIntyre.

Indiana voters have asked consistently where is Rick McIntyre. The people of the Eighth District, more specifically, have asked just where is Rick McIntrye.

The secretary of state of Indiana has asked where is Rick McIntyre. The Supreme Court of Indiana has wondered just where is Rick McIntyre.

Let me ask the question of the Democratic leadership: Just where is Rick McIntyre?

Out of fairness and compassion and a notion for justice, I would request that the majority leader do seat Rick McIntyre so all the American people and everyone wondering where is Rick McIntyre can find out. And the answer is that he should be sitting right next to you, Mr. Majority Leader.

SEATING OF RICHARD D. McINTYRE

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

Mr. LIGHTFOOT. Today, of course, we will have a resolution very shortly on seating Mr. McIntyre. And we are some 50-odd days into the count.

I think that this thing has been debated about as long as it should be debated, and I hope that today we can settle on something.

I have a youngster that is in high school, and we have gone through a lot of the questions in the discussions we have had here, on this floor as to the one-person/one-vote rule that we have in this country. And I just wonder if many of the things we vote here on the House floor, if they would go the other way, just because they were close. It brings a lot of questions to mind.

So I would appeal to my colleagues on the other side of the aisle, strictly in the name of fairness, it looks like the Indiana vote is going McIntyre's way. It has been that way all along. It is about time we made a statement and do the proper thing.

PRIVILEGES OF THE HOUSE—RESOLUTION TO SEAT RICHARD D. McINTYRE

Mr. MICHEL. Mr. Speaker, I rise to a point special privilege, and I offer a privileged resolution and ask for its immediate consideration.

The SPEAKER pro tempore (Mr. MURTHA). The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 121

Whereas the House Administration Committee Task Force on the congressional election in the Eighth Congressional District of Indiana has exceeded its own timetable for a decision on the seating of Richard McIntyre; and

Whereas the task force recount of the votes in that district is still underway with no declared timetable for completion and no indication from the task force as to when the House Administration Committee or the full House will be presented with a recommendation on how to proceed with the seating of Mr. Richard McIntyre; and

Whereas the people of the Eighth Congressional District of Indiana continue to be deprived of their Constitutional right to representation in the House of Representatives, totally without justification and in defiance of their own laws and the precedents of the House; and

Whereas Richard McIntyre, as the only certified Member-elect from the Eighth District of Indiana, has a legitimate right to be seated in the House while the contested election issues are addressed by the House; and

Whereas the McIntyre certificate of election has never once been challenged by his Democratic opponent nor impeached in such a way as to bring into question its validity or its integrity: Now, therefore, be it

Resolved, That the Speaker of the House is hereby authorized and directed to administer the oath of office to the gentleman from Indiana, Mr. Richard D. McIntyre.

Resolved, That the question of the final right of Mr. McIntyre to a seat in the 99th Congress is referred to the Committee on House Administration.

The SPEAKER pro tempore. The resolution constitutes a question of the privileges of the House under rule IX.

MOTION OFFERED BY MR. WRIGHT

Mr. WRIGHT. Mr. Speaker, I move to refer the resolution to the Committee on House Administration.

The SPEAKER pro tempore. The gentleman from Texas [Mr. WRIGHT] will be recognized for 1 hour.

Mr. WRIGHT. Mr. Speaker, I yield to the gentleman from Illinois [Mr. MICHEL], the distinguished minority leader, 30 minutes of that time for purposes of debate only.

Mr. MICHEL. I thank the gentleman.

Mr. WRIGHT. Pending that, I yield myself such time as I may consume.

I should like simply to say that the entire purpose of the House Administration process has been to determine who, when all the valid votes are counted, is indeed the rightful winner of the contest in the Eighth District of Indiana.

While I realize that strong and lurid claims have been made, strong rhetoric used, accusing the members of the leadership of attempting to steal an election or to steal a House seat, we have repeatedly, publicly assured the membership and do again today that the recount now under way, the official count undertaken by the House in pursuance of its constitutional responsbilities to be the judge of elections of its own Members, is a fair, an honest, and a factual recount. It is being conducted by the Committee on House Administration under a task force whose chairman is the gentleman from California [Mr. PANETTA].

And I give my assurances upon my word of honor, and I think it should certainly be understood that this is the intention as repeatedly stated, that whoever is determined by that impartial group in the General Accounting Office to have received the most votes will be seated by this House, whether that be the Republi-

can nominee or the Democratic nominee.

Mr. Speaker, I yield 7 minutes to the distinguished gentleman from California [Mr. PANETTA], the chairman of the committee supervising that official recount.

Mr. PANETTA. Dear colleagues, in deciding this issue of seating, I think it is important for all Members to be aware of the current status of the task force action on this issue.

The task force was charged by House Resolution 1, and following the charge by additional resolutions, to investigate and determine whether the final right to take the seat representing the Eighth District belongs to Mr. McCloskey or Mr. McIntyre. Those resolutions were adopted and referred to the House Administration Committee pursuant to article I, section 5, clause 1 of the Constitution, in that each House, and I am quoting, "shall be the judge of the elections, returns, and qualifications of its own Members."

Pursuant to that authority, and the precedents that have been provided, our goal is to determine the intent of the voters in the Eighth District. Pursuant to that mandate of the House and the Constitution, the task force has proceeded to secure all of the ballots in the Eighth District.

We have adopted operating principles and procedures. We have adopted counting rules to count all of the votes. We have appointed a recount director, who is now in Indiana with 14 GAO auditors comprising 7 counting teams, which are now in the process of counting those votes. And we have prescribed counting procedures for the counting teams follow.

□ 1340

In addition, we have held hearings both in Washington, as well as in Indiana, to allow all interested witnesses to convey their views on this election, and we have also been present in Indiana to view the counting process itself as a task force.

Let me summarize where the recount process is: The recount began 1 week ago. We are dealing with 15 counties, representing approximately 234,000 votes. The largest of those counties, Vanderburgh County, representing about a third of the vote, has been completed, as of last Thursday night. It contains about 70,000 votes.

Spencer County has also been completed; about 10,000 votes. Warrick County, 17,000 votes, and Martin County, 5,000 votes, all of which have been completed as I speak now. Two additional counties, Pike County and Crawford Counties, will be completed by this evening, at which time we will have completed counting over half of the votes that were cast in the Eighth District.

We have seven GAO teams; six are out in the field, and one team is coordinating the count from a command headquarters in Evansville, IN. They are working through the weekends; they are working into the evenings. When they were in Warrick County, those counting teams worked until 11 o'clock that night, and they are continuing to work late into the evenings to try to complete this count. The only break they took was Sunday.

The process is time consuming. I want to inform the Members that it is not easy to go back and do an accurate and definitive count. It does mean counting all of the ballots and reviewing each of them. It means segregating those ballots which are questioned for one reason or another, so that each ballot or issue can be resolved by the task force. And we did that last Friday; we resolved two of the questions that were raised in favor of counting those ballots.

In addition, we are reconciling the vote counts in each of the precincts, which means that we take the full list of the voters who came to that particular precinct or polling place, and match it with the number of votes that were tabulated from that particular precinct or polling place.

We are looking at all of the processes that were implemented to insure that we have an accurate count. The point is that we intend to produce an accurate and definitive count, regardless of who the winner is.

I recognize that the initial intention of the chairman, and the intention of myself and the ranking minority member, was to complete the recount within 45 days. But both the chairman, myself, and the ranking members have made clear that we will not sacrifice accuracy in that process, and indeed, Jim Shumway, who is the recount director, has been quoted—and I repeat the quote because I think it is appropriate: "We will proceed as fast as we can to be certain of accuracy."

The hope is that we can complete this count within the next few days, and be in a position to report back to the House when it returns from its Easter recess. At that time we should be able to present to the House an accurate and definitive count, and who we recommend seating pursuant to that count.

There is no question about the authority of the House to proceed. That has been confirmed in past decisions; and it has been confirmed by a Federal court decision in this case as well. I do not think anyone questions the authority of the House to do this.

The real question is: Will we be allowed to implement that authority, and how will we implement that authority? It is the intention of the task force to implement it fairly, carefully, openly and honestly, and in so doing, to serve the best interests of the House of Representatives, the candidates, and the people of the Eighth Congressional District of Indiana.

Mr. SWINDALL. Will the gentleman yield?

Mr. PANETTA. I yield to the gentleman.

Mr. SWINDALL. I thank the gentleman for yielding to me.

Mr. Speaker, I just have one question. By the committee's own admission, this is a very time-consuming process. During this period of time we all know that the voters in the Eighth District, and for that matter everyone in the Eighth District, is without representation.

Would the committee state who would be prejudiced by this House seating interimly the certificate holder in that district; and then irrespective of the committee's ultimate determination, those individuals in the Eighth District would have representation. Who would be prejudiced?

Mr. PANETTA. The House has spoken on that issue. The task force has not taken up the issue of seating or not seating; the direction of the House has been clear; that we should determine who has the right to be seated—Mr. McCloskey or Mr. McIntyre—and that is exactly what we are doing.

Mr. SWINDALL. If the gentleman will yield further, my question is, who would be prejudiced by in that interim period, because it really is not fair to say that you are not denying the seat, because for the last 90 days no one has occupied that seat; so, ipso facto, it has been denied.

Who would be prejudiced?

Mr. PANETTA. The task force is not speaking to the issue, nor should it speak to the issue of whether Mr. McIntyre ought to be seated. The House has spoken on that issue; what the task force is trying to determine is who has the right, ultimately, to be seated. We have the power to do that. No one questions the power to do that, and the House has spoken on the resolution.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MICHEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring this resolution before this House for the third time for one reason: The people of the Eighth Congressional District of Indiana have no representative seated in this House. That is the issue here.

Our complaint is not that the McIntyre election is being made the target of an army of auditors out in Indiana or that a Republican winner is being challenged—although, believe me, we do look out for our own—it is because of the tea bags I am getting in my office from citizens of the Eighth District who do not have representation

in this body, but feel the sting of Federal taxation just the same.

We have made this case over and over again on this floor. In response, all we have gotten is gibberish about procedural technicalities, a burst of inflammatory rhetoric about racism, and an excuse of the day, I guess, from your congressional committee that changes with each new development.

We have yet to hear one good reason why this House has gone to the extreme of disenfranchising an entire congressional district. We have yet to hear one word from Mr. McCloskey, as a matter of fact, supposedly the aggrieved party. He has not claimed foul play, illegality, or impropriety. He has only claimed a seat in this Chamber which is no longer his.

The task force wanted 45 days to do a recount in Indiana. The task force got 45 days, and the task force can have 45 days more, frankly. Time would not be of the essence if you would just seat the Congressman so he can represent the people who elected him while your auditors audit and your campaign committee campaigns. The hour is late. Let's right the wrong.

Mr. Speaker, I believe in this resolution; I believe in the position we have taken; I believe in it right down to the marrow in my bones. Richard McIntyre has been wronged. This institution has been wronged. The people of Indiana have been wronged. I intend to keep bringing these resolutions to the floor until they have been righted.

I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. I thank the gentleman for yielding to me.

Mr. Speaker, I had resisted the temptation to enter this debate on the seating of the gentleman from the Eighth Congressional District, but recent references to the fact that the citizens of the Eighth District are being denied representation and that taxation without representation is tyranny have forced me to speak.

I am wondering where those who have been so concerned have been around the question of voting representation for the citizens of the District of Columbia. I represent more people than any single Member of this House; I represent more people than elect seven Senators.

Yet, I was born here, my mother and father who were born here have never had the opportunity to do what the citizens of the Eighth Congressional District have done, and that is to vote for somebody to represent them in the U.S. House and Senate.

Mr. MICHEL. Well, I just go back to that very basic document that founded this Government, and also have some special feelings about the Federal jurisdiction housing the Capitol of the U.S. Government, and the Founding Fathers felt strongly about it; this Member has felt strongly about it.

Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. HENDON].

Mr. HENDON. Mr. Speaker, I have a troubling comparison to share with you and my colleagues, and particularly my dear friend from California, the chairman of the task force [Mr. PANETTA].

As we all know, Mr. Speaker, there are really only three things we need to do to take a seat in this distinguished body: We must meet the constitutional requirements of age and residency; we must be elected by the people; no one gets appointed to this body, and we must have a certificate from our State, certifying that we are, in fact, the winner of our election.

In 1985, a man named McIntyre came before this body, having faced the voters and having been certified the winner by the appropriate officer in his State. But as we all know, his certificate was rejected by the majority party and a recount was ordered in his district.

□ 1350

Now, we are told that is fair, that is the way we always do it, "that is standard procedure," you say. Standard procedure? It was not in 1983 when the seat in North Carolina 11, the seat I held in 1981 and 1982, was contested.

Here are the facts, Mr. Speaker, in that case, and I hope everyone will take note that the standard procedure of 1985 is a dramatic departure from the procedure used in 1983.

In my district in western North Carolina in November 1982, if the voters marked a straight Democrat ticket and then crossed over and put an X by my name, if they marked an X, Mr. Speaker, by my name clearly indicating their intent, I believe, to vote for me, the vote was counted for my opponent. The party preference, I was told at the time, overrode the clear intent of the voter.

My opponent, with the votes being counted in that manner, emerged victorious by some 1,300 votes. I was troubled, Mr. Speaker, to say the least, by the fact that an X by my name was counted for my opponent. I asked for a recount from the State board of elections but was denied. I went to Federal court to challenge the system of counting votes in that manner, but in the meantime my opponent, a very fine man, was certified the winner, and because he had that certificate, Mr. Speaker, he took that seat that I had held in this body.

I, as most here know, appealed that action to a Federal appeals court and to the House Administration Committee. Before the committee ruled, the 4th Circuit Court of Appeals ruled unanimously that the method used to count votes in my district in 1982 was unconstitutional.

I quote the unanimous decision of the appeals court:

> The imposition of a legislative preference for the straight party candidate when the voter has indicated no such preference is an arbitrary subversion of the electoral process that serves no compelling State interest.

The court continued:

> We conclude that the legislative directive to count an improperly split ballot as a vote for the straight party ticket is unconstitutional. This provision of the statute denies the equal protection of the laws to both the voter and the opponent of the candidate named on the straight party ticket.—*Hendon* v. *N.C. State Board of Elections*, 710 F.2d 177 (4th circuit 1983).

Based on that decision, Mr. Speaker, I asked the House Administration Committee to order a recount because my opponent, fine man that he was, as stated by the Federal appeals court, had been elected in an unconstitutional manner. Incredibly, in 1983 no recount was ordered by the committee. "He has the certificate," the majority said, "He should be seated." So he was. The certificate reigned, and a recount was not allowed. The exact opposite, Mr. Speaker, of what has happened in the McIntyre case.

I call on the majority party to use in the case of Rick McIntyre the same rules used in my case, and that is, Mr. Speaker, seat the man with the certificate. You did it in North Carolina in 1983. Do it for the people of Indiana's Eighth District today.

Mr. MICHEL. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BARTON].

Mr. BARTON of Texas. Mr. Speaker, I would like to assure my colleagues in this body that the efforts that the freshman class on the Republican side have made to get Congressman-elect McIntyre seated are not a grandstand play for publicity. We are not trying to disrupt the actions of this body. We honestly, sincerely, and totally believe that Congressman-elect McIntyre should be in this body at this time.

We do not question the fact that this House has the ultimate right to be the sole judge of whom we shall seat in this body. We never have. We basically state that since Mr. McIntyre has the election certificate, and since there has never been a single shred of evidence to prove that he should not have been given that certificate, and since the confusion that has reigned has been more due to the fact of how the recount was conducted rather than on the original election itself, Mr. McIntyre should be seated.

As mentioned earlier, this is the 90th day that the Eighth Congressional District of the State of Indiana has not had a Representative sitting in this Chamber. We have already had several close votes. The MX missile last week is a case in point. It passed by only six votes on the initial vote.

The people of Indiana's Eighth District should have had a voice in that.

I would also like to point out that there is a procedure that was passed in 1969, the Federal Contested Election Act of 1969, to handle cases such as we have here in the McIntyre-McCloskey case.

As far as I can tell, every Member who is in a leadership position in the majority party in this body who was in the Congress at that time voted for that law. However, they have not seen fit to ask Mr. McCloskey to invoke it.

The burden of proof should be on Mr. McCloskey to prove that Mr. McIntyre should not be in this body. Mr. McCloskey has never seen fit to file such a contest. On the contrary, the burden of proof has been on Mr. McIntyre to prove that he in fact does indeed belong in this body. It is Mr. McIntyre versus the Congress. It should be Mr. McCloskey versus Mr. McIntyre.

We are going to have an opportunity here in 30 or 50 minutes to vote to seat provisionally Rick McIntyre pending the outcome of the second election recount that is currently in progress. I think that it is high time that we vote to do that, and I urge the Members of this body to do so.

Mr. MICHEL. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. LUNGREN].

Mr. LUNGREN. Mr. Speaker, the question that we have before us is an important one which I do not think ought to be easily dismissed. It was interesting, when the chairman of the task force was asked the question as to whether there would be any prejudice if, in fact, we followed the regular procedures of the House and seated the certified winner. His answer was that it was basically irrelevant, that we ought not to consider it.

Mr. Speaker, it is not irrelevant. Mr. Speaker, that is exactly what we are about here today. We are not here contesting the recount that is going on now. That will continue on. In fact, we do not know how long it is going to take. We had been told previously that 45 days from the date on which we were last on the floor on this question, we would have the question resolved for us. I recall some speakers on the other side of the aisle suggesting that that seemed eminently fair but if that did not occur, they suggested they would vote at that point in time to seat Mr. McIntyre.

I suppose we will find out later on whether in fact that sentiment still prevails.

But the question here is, why? Why does this House today fail and why has this House for the last 90 days, failed to follow the clearly established precedents of this House? Why does this House refuse to follow the statute that was enacted to take care of matters of this sort, the Federal Election Contest Act. it states as a premise, that one who is certified the winner by his or her State is to be seated provisionally while any contest goes forward. We set up a mechanism whereby that can take place. Unfortunately, the person who lost and continues to lose in recount after recount did not bring forward such a contest, even though he had every right to do so. There has been no claim by Mr. McCloskey that there was fraud, there has been no claim by Mr. McCloskey that somehow the result that was fashioned, that was certified by the Secretary of State, is in any way wrong. And yet we have followed this extraordinary procedure.

Being a lawyer who practiced for 6 years before coming here, having served on the Judiciary Committee for 6 years, I happen to realize that oftentimes when we have disputes, we deal with questions of the burden of proof, that is, which party carries the burden of proof. That is an essential question in civil matters; it is an essential question in criminal matters. And I would argue that when one comes before us with the certification of election from the sovereign State, that that person has the right to be presumptively seated. Then the burden of proof is on those who would contest it to somehow attempt to set it aside in the regular course of events as have been established under the law.

But we are not following that in this case. Instead, we are following an extraordinary procedure. We found on the first day of this session that one person was asked to be set aside. And that was done by the majority leader; yet we were told it was not a partisan matter.

On our side, someone contested an individual from the Democratic side in a case from the State of Idaho. Yet on our side we voted to seat that person because we felt, as a principle, that person ought to be seated since he had the certification, pending the resolution of the contest.

On another opportunity, the minority leader attempted to have this brought to the floor again, and at that time we were again told that this was an extraordinary proceeding but that all we had to do was wait for 45 days and the question would be resolved.

Well, the 45th day has come and gone. As a matter of fact, the recount, basically, did not start until that time. And now we are told to "just bear with us a little longer. People of the Eighth Congressional District of Indiana, bear with us just a little bit longer with taxation without representation because somehow in the future we will resolve this question. In other words, "trust us."

□ 1400

Mr. WRIGHT. Mr. Speaker, I yield 3 minutes to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman for yielding me this time.

Mr. Speaker, I want to respond to the gentleman from California's statement a minute ago, and several statements that have been made earlier.

I have here in my hand a document entitled, "The Power of the House of Representatives To Refuse To Seat a Certified Member-Elect Pending the Outcome of a Contested Election," by Thomas Durbin, legislative attorney, American Law Division of the Congressional Research Service, Library of Congress, dated February 18, 1985, which document was placed in the CONGRESSIONAL RECORD during the first debate on this issue that is pending before the House today.

This document, which is made available to every Member, cites 10 precedents beginning in 1860, that has guided this body in the McCloskey-McIntyre case. Now, I do not question the gentleman's sincerity nor his integrity nor his ability as a lawyer. But I would like to ask the gentleman how he can stand here before this body and make such an outrageous statement, as he did a minute ago when he said we are not following the precedents of the House. We have clearly stated 10 precedents that have been made available to the gentleman and to every Member of this House, and to the American people, God, and everyone. How can the gentleman stand and make such an outrageous statement?

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

Mr. ALEXANDER. I yield to the gentleman for an answer.

Mr. LUNGREN. I can make such a statement because the 1961 case, which has been used for the precedent in this case, in which the certification was impeached, was the reason for amending the Federal Election Contest Act in 1969. At that time, we amended the act and said that one who is certified is to be considered the prima facie winner. The prima facie winner is therefore to be seated until such time as the burden of proof is sustained for the contesting party.

Mr. ALEXANDER. I thank the gentleman and I want to reply to what the gentleman has said.

Mr. Speaker, we have here a bogus certification in Indiana. I appreciate the gentleman responding to my question because I have been puzzled how such an outrageous statement could be made.

Let me cite Indiana law under the statutes 29-5301, where it makes reference to the duties of the secretary of the state and the Governor in seating Congressmen. I will read from this statute, and I ask unanimous consent

that this entire statute be made as a part of the RECORD as extraneous to my remarks so everyone can see it.

The SPEAKER pro tempore. Without objection.

Mr. ALEXANDER. It says here that it is the duty of the secretary of state, as soon as he receives out of the certification from the various counties of the congressional district——

The SPEAKER pro tempore. The time of the gentleman from Arkansas [Mr. ALEXANDER] has expired.

Mr. WRIGHT. Mr. Speaker, I yield 30 additional seconds to the gentleman.

Mr. ALEXANDER. I thank the gentleman.

It is the duty of the secretary of state to certify the winner. The winner was Mr. McCloskey by 72 votes.

Mr. LUNGREN. Mr. Speaker, would the gentleman yield to explain his outrageous interpretation of the facts which are incorrect?

Mr. ALEXANDER. I do not yield. I do not have the time.

The statute goes on to say that the secretary of state does not have the right to refuse any of the certified votes that were sent to him by the various counties. Now, instead of certifying McCloskey, the secretary of state of Indiana calls for a recount, and he only recounts one county.

Mr. MICHEL. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. LUNGREN].

Mr. LUNGREN. I thank the gentleman for yielding me this time.

Mr. Speaker, one of the things you learn in the law is that if you quote selectively from the law, you often make your case but you fool the people.

Mr. ALEXANDER. Here it is.

Mr. LUNGREN. The fact of the matter is, there is another section of the law which requires a 10-day period of time during which any miscalculation, arithmetic error, must be changed.

The clerk was required in that particular county by a judge to arithmetically determine the accuracy of the election night result as turned in. There was an error, and in fact it was not a recount, as the gentleman well knows. Because it is controlled by a different section of the code which refers to arithmetical error. No one has contested that they counted one number twice, which gave a wrong result. I am sure the gentleman is not suggesting that we ought to go with an arithmetic error.

What has happened is that the secretary of state followed the law, but he read both sections of the law, which the gentleman from Arkansas refuses to read.

Mr. ALEXANDER. I would like to reply to the gentleman if he would yield.

Mr. LUNGREN. He continues to read only one-half of the law.

Mr. MICHEL. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. I thank the gentleman for yielding me this time.

Mr. Speaker, it has been oft stated here that on election night there was some confusion around here. It seems that there is some confusion here yet, particularly in the mind of the gentleman from Arkansas.

I would warn people that I do not intend to yield any time today.

Mr. Speaker, Rick McIntyre was elected; he was certificated. His certificate was uncontested under our Federal Contested Elections Act. The gentleman from Arkansas alleges it was a bogus certification, and yet no contest was filed by Mr. McCloskey against that certification.

In addition, when excongressman McCloskey asked a Federal district court to seat him soley on the basis of his own press release, the court said he lost, and that his only recourse was to file a contest under the Federal Contested Elections Act. McCloskey did not, because he had no case. Instead he asked his friends to put him on the Federal payroll. His friends in this House promptly voted him a $75,000 annual salary.

The gentleman from Arkansas further stated that the secretary of state called for a recount.

The secretary of state did no such thing, of course.

Under Indiana law, recounts proceed in a normal way, at the request of the candidates.

That recount law, by the way, was enacted after Chambers versus Roush, just as our Federal Contested Elections Act was enacted after Chambers versus Roush. The principal element that makes the Chambers versus Roush an inappropriate precedent is that in that case there was a certification of one apparent winner by one secretary of state, and then a certification by another, of another winner. Indeed, there were also allegations of fraud in contests.

Chambers versus Roush is not a precedent for McIntyre. It is an excuse for this House's willful and arbitrary majority.

It is quite obvious that no matter how many precedents the gentleman from Arkansas can find for not seating people, he cannot find one that works for the McIntyre case. In place of precedent, the gentleman puts into the RECORD statements from the Library of Congress dealing with ancient history around here. He is welcome to put anything in the RECORD he chooses. I only wish more of it were germane to this issue.

What we are interested in today is justice, not what the rulings were under different laws in different circumstances in years gone by. The precedent is clear. We seat people with uncontested, unambiguous certificates until the House finds good reason to change that decision.

At least that's what we used to do, until the House majority decided, without responsible precedent, to pay two Congressmen and let neither vote, even though one was the certificated winner.

With respect to the recount, that was handled under the laws of the State of Indiana, and was handled correctly. The first election showed McIntyre the winner by a small vote. The recount, in which the recount commissioners were instructed by county judges, showed a greater McIntyre margin.

Now, since McCloskey was unable to make a contest in the normal way to the House Administration Committee, he came to the Congress where his friends on the majority side decided they would seat him notwithstanding the fact that his opponent, the Congressman-elect, was certificated.

Since then the majority has twice, by party line votes, refused to seat McIntyre.

But the worst outrage of all was that the majority has caused its friends on the House Administration Committee to invent a new set of rules for counting the votes in Indiana.

The House Administration Committee Task Force trashed the State law of Indiana. It absolutely disregarded it, and established a new standard, not based in House precedent.

Had there been a House precedent, there would have been a nice recount for our friend, Mr. HENDON of North Carolina. The gentleman from North Carolina has told the House about his case. If there was a precedent, he would have had a recount.

But, no, they would not recount his case. They had to wait to recount for one of their friends.

□ 1410

So we are now doing the second recount based on the House Administration majority rules, rigged in such a way to change the nature of that election. And that recount is proceeding very slowly. It is hard work. If any of you have been in recount proceedings before, you know very well that every vote is subject to close scrutiny. You win a few, you lose a few, and you simply do the job in the most careful manner you can.

My advice to that task force is not to hurry its work and to take its time. It must be sure it does the best it can, even though it starts from the false precedent of an invented rule which is different from Indiana law and different from the law under which every Member of this House from Indiana was elected.

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

Mr. FRENZEL. As I told the gentleman, I am not in the yielding business today.

The gentleman has broken my rhythm, for which I apologize.

The problem here is that the House is counting ballots on the basis of a false, and arbitrarily created, premise. From that miserable start, it is likely to come to the wrong conclusion. Even so, we should let it come to that conclusion deliberately, and let the task force take as long as is necessary to do a proper job.

However, while we wait for the task force to do that deliberate and careful job, there is absolutely no reason in the world other than partisan politics why we should not seat the duly elected, legally certificated member-elect from the Eighth District of Indiana.

To do any less makes this House look like the partisan playpen of an arrogant majority which refuses to recognize the will of the people of the Eighth District of Indiana.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield for the purpose of a unanimous-consent request?

Mr. WRIGHT. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, I rise to ask unanimous consent that the section of the law from the State of Indiana applying to the debate which we engaged in 1 minute ago concerning errors in certifications of votes of State elections be made a part of the RECORD so that the world can see the law.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from Arkansas?

Mr. LUNGREN. Mr. Speaker, reserving the right to object, I would inquire of the gentleman from Arkansas as to whether that will include all sections of the code that are pertinent to this particular inquiry, including the section to which I referred a moment ago?

Mr. ALEXANDER. If the gentleman will yield, I would like to request section 29-5-306, Certification of the Secretary of State, section 29-5-307, Errors in Certification of Votes Corrections, which has to do with State elections, the gentleman's point, and section 29-5-309, Congressmen, all be made a part of the RECORD.

Mr. LUNGREN. Mr. Speaker, further reserving the right to object, I would yield to the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. I thank the gentleman for yielding.

PARLIAMENTARY INQUIRY

Mr. WRIGHT. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WRIGHT. Is all of this conversation coming off of our time?

The SPEAKER pro tempore. The Chair will advise the gentleman that in this instance the Chair will not deduct it from the gentleman's time.

Mr. WRIGHT. I thank the Chair.

Mr. MYERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. LUNGREN. Further reserving the right to object, I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Speaker, I asked for time a moment ago and was not recognized, but you must also include in the same Indiana election code section 3-1-26-7, which provides for a limitation of time when that certificate shall be issued. So you must include that in this. It is very important to this, because that is what Judge June Green, the Federal judge, held: that the Secretary of State could not issue that certificate anytime prior to 10 days, and after the 10 days when he was aware of an error, it would have been improper to issue that certificate.

Mr. LUNGREN. Mr. Speaker, further reserving the right to object, I would yield to the gentleman, and if he would accept that amendment, I would not object.

Mr. ALEXANDER. Is that the case that was decided in the District of Columbia?

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

Mr. LUNGREN. Mr. Speaker, I was stating that I would yield to the gentleman to find out whether he would accept that amendment, and through the language, I could not hear exactly what he said.

Mr. ALEXANDER. I accept the amendment to include all of the statutes of the State of Indiana relevant to this issue, which includes the ones I have cited, or any ones that the gentleman wishes to cite, so that the RECORD may be complete.

Mr. LUNGREN. Mr. Speaker, further reserving the right to object, does the gentleman specifically amend his request to include that section of the Indiana law that was referred to by the gentleman from Indiana [Mr. MYERS], that portion of the law to which the gentleman from Arkansas has been so blind in the past?

Mr. ALEXANDER. My request includes that portion of the law to which the gentleman from California refers.

Mr. LUNGREN. Mr. Speaker, I withdraw my reservation of objection.

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

Mr. MYERS of Indiana. Mr. Speaker, reserving the right to object, I am still not sure.

I am going to read just one very short paragraph that I ask to be included with yours, and that is section 3, which you did not cite, and I quote:

No certificate of election shall be issued until the ten (10) day period for the discovery and correction of errors has expired.

That was not in the sections that you cited.

Mr. ALEXANDER. If the gentleman from Indiana will look at the law, that provision is included as a part of the reference which I am trying to get included in the RECORD, and I have no objection.

Mr. MYERS of Indiana. With that inclusion, I withdraw my reservation of objection.

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

There was no objection.

The sections of the Indiana election law follow:

[Indiana Laws, statutes, etc.]

BURNS INDIANA STATUTES ANNOTATED

CODE EDITION—TITLES 1, 2, 3

3-1-26-6 [29-5306]. Certificate to secretary of state.—Clerks of the circuit courts, on the day succeeding the return day of such election, shall make out, in words, certified statements, officially sealed, of the number of votes given to each presidential elector, each person for United States senator, for representative in congress, for governor and lieutenant-governor, for judges of the Supreme, Appellate and circuit courts, clerk of the Supreme Court, reporter of the Supreme and Appellate Courts, attorney-general, prosecuting attorney, superintendent of public instruction, secretary of state [,] auditor, and treasurer of state, and for senator and representative in the general assembly, and shall send the same by registered mail, return receipt requested, to the secretary of state. [Acts 1945, ch. 208, § 319, p. 680.]

Compiler's Notes. The bracketed comma was inserted by the secretary of state.

The Appellate Court, referred to in this section, has been succeeded by the Court of Appeals. The judges of the Supreme Court and Court of Appeals are no longer subject to election but are voted on as to retention. See Const. Art. 7, § 11 and 33-2.1-2-6 (Burns' § 4-7716).

3-1-26-7 [29-5307]. Error in certification of vote—Correction.—Any error in the certification of the vote for any candidate at any general, special or city election discovered within ten [10] days after such certification shall be corrected by the clerk of the circuit court or the secretary of state, as the case may be, making such erroneous certification. Should the clerk of the circuit court or the secretary of state fail or refuse to correct such error, the duty to make the correction may be enforced by an action in mandamus brought by any duly qualified voter within five [5] days after the expiration of the ten [10] day period allowed for making such corrections. Such action shall be brought in the circuit or superior court of the county where the officer or board making the certification is domiciled.

No certificate of election shall be issued until the ten [10] day period for the discovery and correction of errors has expired. [Acts 1945, ch. 208, § 320, p. 680.]

Collateral References: The power of election officers to withdraw or change returns. 168 A. L. R. 855.

3-1-26-8 [29-5308]. Duties of secretary of state—Governor.—The secretary of state shall, in the presence of the governor, compare and estimate the number of votes cast for presidential electors, for judges of the Supreme and Appellate Courts, reporter of the Supreme and Appellate Courts, clerk of the Supreme Court, attorney-general, secretary, auditor and treasurer of state, and superintendent of public instruction, and certify to the governor the persons receiving the highest number of votes for such offices, and also compare and estimate the number of votes given for judges of the circuit court and prosecuting attorneys, and certify to the governor the persons having received the highest number of votes in their respective districts; and, at the expiration of the ten [10] day period allowed for the discovery and correction of errors, if none be found, the governor shall transmit, by mail, to such persons their commissions. [Acts 1945, ch. 208, § 321, p. 680.]

Compiler's Note. The Appellate Court, referred to in this section, has been succeeded by the Court of Appeals. See compiler's note to 3-1-26-6.

Opinions of Attorney-General. An officer, appointee, or employee of the executive branch of the state who was paid a salary from funds appropriated therefor could receive additional compensation for representing the governor or secretary of state in comparing and estimating votes cast at a general election, such additional compensation being chargeable either to the election expense appropriation or payable from the governor's contingency fund. 1954, No. 24, p. 86.

3-1-26-9 [29-5309]. Congressmen—Duties of secretary of state and governor.—The secretary of state as soon as he shall receive such certified statements, shall compare and estimate the votes given for United States senator and for representative in congress, and certify to the governor the persons having the highest number of votes as duly elected; and the governor shall give to each of the persons returned to him as aforesaid a certificate of his election, sealed with the seal, and attested by the secretary of state: Provided, That no return of any county which has come into his hands, and which has been duly authenticated by the clerk of the circuit court thereof, under seal, as hereinbefore provided shall be rejected by said secretary of state, but he shall estimate, aggregate and tabulate, and report to the governor the total number of votes cast in each county for each candidate for state office, supreme judge or other officer to be elected by all the voters of the state, and members of congress, as evidenced by the face of such returns so certified to him. [Acts 1945, ch. 208, § 322, p. 680.]

Mr. WRIGHT. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. SHARP].

Mr. SHARP. I thank the gentleman for yielding this time to me.

Mr. Speaker, our duty in this matter is not to make a personal choice.

Our duty is not to make a partisan choice.

Our duty is to determine who was the choice of the people of the Eighth Congressional District of Indiana.

How best can we fulfill that duty? How best can we determine the people's choice?

Some Members of the House have pleaded that the House should simply follow the election law of Indiana.

But the problem, Mr. Speaker, is that Indiana law cannot be simply understood or simply followed—not by election officials in Indiana and not by the U.S. House of Representatives.

The chief reason the House of Representatives is involved in this election dispute is because Indiana law and recounting practices did not give us a clear, timely result in which the people of the eighth district or the U.S. House of Representatives could have confidence.

Indiana law is regrettably unclear. Court interpretations of the law are contradictory. And Indiana officials do not apply the law uniformly.

On the technical issues involved in McCloskey-McIntyre dispute, one can find various and conflicting interpretations of Indiana law.

First, in January 1984, the Indiana Supreme Court adopted the most stringent view of the Indiana statute in the Schoffstall case.

Second, in the case before us today, each of the 15 recount commissions adopted its own interpretation of the law. And those interpretations conflict with one another.

Third, the Indiana House of Representatives, this year, in resolving two election disputes adopted a very broad interpretation of Indiana law.

Fourth, and even here in the U.S. House of Representatives, the Republicans urged the House Administration Committee to adopt yet another interpretation of Indiana for use in the recount that is now underway.

Those who wish to take up the lantern of Diogenes in search of clear guidance from Indiana law are doomed to a lifetime of frustration.

Indiana officials, Indiana news media, and Indiana citizens now know that Indiana law must be overhauled. In fact, the State Assembly of Indiana has begun to do just that.

If we cannot find certain guidance from Indiana law; we can nonetheless find guidance from basic principles of fairness, guidance from the precedents of this House; and guidance from the most common practice of the State of Indiana. Happily all three agree.

That guidance is summarized in the principle that when there is no fraud, all ballots should be counted where it is possible to know the intent of the voter.

In short, count all the ballots.

And this is the principle being followed by the Federal auditors who at this very moment are making the final count in Indiana.

Let me describe more simply the situation faced by the citizen of the eighth district.

Last year, on November 6, a citizen in Vanderburgh County made his choices for 17 public offices on a single ballot like this one.

That night, November 6, election officials counted his choice in determining who should be President of the United States; they counted his choice in determining who should be Governor of the State of Indiana; they counted his choice for county commissioner. They counted his choice for all 17 offices including the eighth district representative.

But weeks later, when the eighth district recount began, county officials—following their interpretation of the law—decided that our sample citizen's choice for Congress should not be counted. His choice should be ignored—because an election-day official had failed to follow technical directions of the law such as printing a precint number on this ballot.

The end result, Mr. Speaker, is that—

Indiana counted his choice for President;

Indiana counted his choice for Governor;

Indiana counted his choice for country commissioner.

But, Indiana refused to count his choice for Congress.

□ 1420

Mr. BURTON of Indiana. Mr. Speaker, will the gentleman yield?

Mr. SHARP. Mr. Speaker, our sample citizen was not alone; the same thing happened to more than 5,000 citizens of the Eighth District. Their choices were counted for every other public office in Indiana but not for Congress.

Mr. BURTON of Indiana. Mr. Speaker, will the gentleman yield?

Mr. SHARP. Regular order, Mr. Speaker. May I please not be interrupted and be allowed to finish during my limited time here?

The SPEAKER pro tempore. The gentleman is absolutely correct.

Mr. SHARP. Mr. Speaker, let us see to it that all the ballots are counted.

If we do, we will be following basic principles of fairness;

We will be following the precedents of this House;

We will be doing what Indiana did last November in virtually every other election contest.

The SPEAKER pro tempore. The time of the gentleman from Indiana [Mr. SHARP] has expired.

Mr. MICHEL. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Speaker, my honorable colleague from the Second District of Indiana is just a little bit misleading in his remarks. I have great admiration and respect for him. However, I served in the Indiana General Assembly for a period of over 16 years, and I just recently talked to

the speaker of the house and the president pro tempore of the Senate, as well as the chairmen of both the election committees of those bodies, and they told me there is no anticipated election reform taking place, and for you to indicate, I say to the gentleman from Indiana [Mr. SHARP], that there is pending legislation that is going to change the election laws of the State of Indiana, I think is just not well founded.

Mr. SHARP. Mr. Speaker, will the gentleman yield to me?

Mr. BURTON of Indiana. Well, the gentleman would not yield to me.

Mr. SHARP. Mr. Speaker, the gentleman used my name and has criticized my statement.

Mr. BURTON of Indiana. I will yield at the conclusion of my remarks if I have time.

Mr. Speaker, I would further like to say that there are just a few things that we ought to make very clear here today. I think they have probably been made clear before, but I want to go over them just one more time.

First of all, 550,000 people in the State of Indiana here in the first part of April still are not represented, even though there has been a declared winner, there have been no allegations of fraud, there has been a recount, and that declared winner has been reaffirmed as the winner by 418 votes.

The allegation or the question of the votes being thrown out has also been brought up time and again, and I would like to say that 93 percent of the ballots that were disallowed were disallowed by recount commissioners that were Democrats, in those counties that were controlled by Democrat recount commissioners. Sixty percent of the counties in the State of Indiana or in the Eighth Congressional District were controlled by Democrat recount commissions, and when you start asking for this House to take control away from the State of Indiana after there has been a duly certified winner and a duly certified recount and your party has had more input than any other party, then I think it is totally unrealistic to think they are going to get a fairer count in this body than they got in the State of Indiana.

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

Mr. BURTON of Indiana. I yield now to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, I hope the gentleman knows that the State of Indiana has in one chamber passed a new election law.

The SPEAKER pro tempore. The time of the gentleman from Indiana [Mr. BURTON] has expired.

Mr. WRIGHT. Mr. Speaker, I yield 2 minutes to the gentleman from the District of Columbia [Mr. FAUNTROY].

Mr. FAUNTROY. Mr. Speaker, I received today a "Dear Colleague" letter from the distinguished minority leader and the distinguished minority whip raising the question of taxation without representation and sending along a tea bag to symbolize that great moment in our Nation's history.

We have heard a series of 1-minute speeches on how 500,000 citizens have been denied for 3 months voting representation in this House. The gentleman now knows that over 700,000 peopled have been denied that right for 200 years, and I certainly remember, looking back on the debate of 1978 when we had an opportunity to correct that historic wrong, that the gentleman from Mississippi [Mr. LOTT] and the gentleman from Illinois [Mr. MICHEL] voted against it. Now, if their minds have changed on this question, I certainly want to provide them the tea bags to help them get that amendment ratified.

In the meantime, let me say that I want to join the gentleman in calling for the citizens of the Eighth District to be freed from paying taxes until they are represented, but I ask that the same be done for the citizens of this Nation in the District of Columbia who pay more in Federal taxes than the citizens of any State of this Union save one. I want to say for the citizens of the District of Columbia, who have given more in lives per capita for the defense of this country than any State in this Union, that we, too, would like to be freed of the burden of paying more per capita in Federal taxes than any single citizen in any State in this Union.

Therefore, Mr. Speaker, as soon as I leave this well I am going to put in the hopper this bill that would do for the citizens of the District of Columbia what the gentleman from Illinois [Mr. MICHEL] would do for the citizens of the Eighth District of Indiana. I hope he will join me, because we pay far more in taxes than the citizens of the Eighth District; not only that, but we have been denied representation for over 200 years in the U.S. House of Representatives.

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

Mr. FAUNTROY. I am happy to yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, I appreciate the gentleman's yielding.

I will cosponsor the gentleman's bill, and further, I ask unanimous consent that House bill 16-70 of the Indiana General Assembly, passed by a vote of 90-6, section 7 concerning the election code, be included as a part of my remarks and as extraneous matter in the RECORD.

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

Mr. WALKER. Mr. Speaker, reserving the right to object, can the gentleman tell us just what this particular bill is about?

Mr. ALEXANDER. Yes. Mr. Speaker, if the gentleman will yield, the bill adds to section 7 the provisions which state that the Indiana Code shall have a new section to read as follows:

Section 18(a). If a recount is done under this chapter, the recount commission shall attempt to determine the voter's intent. In the absence of fraud, the voter's intent must be the final determination in counting the ballots notwithstanding any provisions of this chapter regardless of signatures, seals, initials, precedents, et cetera.

It is an attempt to clarify the law in the State of Indiana which permits the debate in the House today.

Mr. WALKER. Mr. Speaker, further reserving the right to object, I guess the gentleman can put this in if he wants, but it has absolutely nothing to do with the count on election night because, as I understand it, it adds a section to the recount code, and it still requires the fact that you have to have initials on the ballot in order for it to be counted under Indiana law, which is exactly one of the things which is in dispute with regard to the rules that have been developed by the task force here in the House of Representatives.

Mr. Speaker, further reserving the right to object, I yield to the gentleman from California [Mr. BADHAM].

Mr. FAUNTROY. Mr. Speaker, the gentleman does not have the time. I have the time, do I not?

The SPEAKER pro tempore. The gentleman from Pennsylvania has reserved the right to object.

Mr. WALKER. I reserve the right to object, and I yield to the gentleman from California.

Mr. BADHAM. Mr. Speaker, I thank the gentleman for yielding to me under his reservation.

Would it not appear to the gentleman from Pennsylvania that this is a piece of legislation that has been introduced? I mean it is not legislation. It is a bill that has been introduced in the State legislature, is it not?

Mr. WALKER. That is my understanding. I suppose if the gentleman from Arkansas wants to put such a piece of legislation in the RECORD, he could do that. I would be glad to yield to the gentleman from Indiana if he can clarify this or I would yield further to the gentleman from California if he can clarify it.

Mr. BADHAM. Mr. Speaker, if that is the case—and I imagine that will be either affirmed or denied—if that is the case, it is striking, do you not think, that here we have a proposed statute in the State of Indiana which apparently has no relationship to the State of North Carolina whatsoever where the elections commission in Indiana will by proposal be able to look into the minds and understand and try to delineate the thinking going through a voter's mind when he casts

a ballot? Now, we all know, in the case of North Carolina with Mr. HENDON, do we not, that we cannot, either in the Congress or in the courts or in North Carolina's Legislature, go behind the ballot itself and look into the intent of the voter? Is that not the gentleman's understanding?

□ 1430

Mr. WALKER. I would say to the gentleman, that is my understanding of what the House Administration Committee rule in the last Congress was; but, of course, that was the last Congress. This is now the new Congress and we have a different set of language that we want to introduce into the RECORD to make the case that the Democrats are trying to make in this Congress, having made a totally different case in the last Congress. We all understand what is going on around here.

Mr. BADHAM. Mr. Speaker, will the gentleman continue to yield?

Mr. WALKER. I would be glad to yield to the gentleman from California.

Mr. ALEXANDER. Mr. Speaker, in pursuit of my unanimous-consent request——

Mr. WALKER. Mr. Speaker, I have reserved the right to object.

The SPEAKER pro tempore. The gentleman from the District of Columbia had the time and the gentleman from Arkansas made a unanimous-consent request and the gentleman from Pennsylvania has reserved the right to object to the unanimous-consent request of the gentleman from Arkansas.

Mr. WALKER. Yes. I have reserved the right to object. We are trying to figure out just what it is the gentleman from Arkansas wants to include in the RECORD at this point.

The gentleman from Texas had indicated to me that he wanted me to yield to him.

Mr. ALEXANDER. Mr. Speaker, since we have already read the part of the bill that I wanted to be included in the RECORD, which is a part of this debate, I withdraw my request.

The SPEAKER pro tempore. The gentleman from Arkansas withdraws his request.

The time of the gentleman from the District of Columbia has expired.

Mr. FAUNTROY. Mr. Speaker, may I have 30 additional seconds?

Mr. WRIGHT. Mr. Speaker, I yield 30 additional seconds to the gentleman.

Mr. FAUNTROY. Mr. Speaker, I hated to yield a second of my time, inasmuch as for a lifetime I have been denied representation, as have 700,000 people; but I want to thank the gentleman for joining in this resolution.

I offer the same privilege to the distinguished minority leader, to join in this resolution to exempt the citizens of the District of Columbia from taxation until we get representation in this House and in the Senate.

Mr. WRIGHT. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. FRANK] for purposes of debate.

Mr. FRANK. Mr. Speaker, I thank the gentleman for yielding.

I am sorry that my friends on the other side have been in an unyielding mood. I tried to have a little conversation and I got accused of being a rhythm disrupter, so I am sorry we cannot discuss these things more back and forth.

I did want to comment on what my friend, the gentleman from California [Mr. LUNGREN] had to say about the question of the burden of proof. The burden of proof seems to me a rather peculiar concept in here, to the extent that the gentleman is upset because the burden of proof statute was not invoked. I think that is a good idea, because we have asked people to do a recount. I do not know how you do a recount with the burden of proof. If you have a recount and people have been told to recount the votes, is the burden of proof like a point spread? I mean, does the burden of proof mean you have to win by 15 or more?

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

Mr. FRANK. No, I will not yield to the gentleman, as he did not yield to me or anyone else. I asked the gentleman to yield and he would not yield to the gentleman from Arkansas; twice he refused to yield. We have to play this one both ways, gentlemen. The gentleman has not been yielding.

Mr. Speaker, I ask for regular order. I will be glad to yield when I am yielded to.

The point is this. The burden of proof statute seems to me to be a wholly inappropriate one, as the example of the elephant's stick which was wielded on the other side. The elephant's stick, I have said it before, is the guy walking around DuPont Circle and he has got a big stick. Somebody says, "What have you got the stick for?"

He says, "To keep away the elephants."

He is told there are no elephants in DuPont Circle.

He says, "Aha, the stick worked."

People on the other side who do not want to talk about the budget or anything like that, because they have problems, want to convince people that they are preventing us from doing something we never intended to do, steal an election. No one intended to steal an election.

The gentleman from Minnesota, who would not yield, said before that we were trying to seat our friend. No one here has moved to seat either party, because many of us are convinced that we do not honestly know now, in all the confusion that has been amply documented with bipartisan participation today, who won; so we said to the General Accounting Office, "Go count the votes."

So the gentleman from California says, "Where is the burden of proof?"

Well, what is the burden of proof when you count the votes? So you say, "We count these five legitimately—burden of proof, you get the sixth?"

I do not understand what the concept of the burden of proof meant. I hope the gentleman will get his own time from his own side. I would have asked him before, but I could not get the time from him, if he will get his own time and explain it to me. I want to know how the burden of proof helps us count votes.

Mr. MICHEL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. LUNGREN].

Mr. LUNGREN. Mr. Speaker, I am sorry the gentleman did not yield after using my name, but I understand that he did not have enough time.

The fact of the matter is, what we are talking about here is the procedure of the House. Mr. McIntyre is the certified winner from the State of Indiana. We have had gentlemen in the well from the State of Indiana who are seated here because of the certification that they had that stands in the same status as the gentleman from the Eighth District, Mr. McIntyre.

When one seeks to contest such a certification, one has the burden of proof. There is a prima facie winner. That decision was made by this Congress in 1969. We argued all this back in 1969. At that point in time, the public policy was established. The prima facie winner, the one who received the certification, is to be seated. If there is a contest, that contest is to go forward and if it proves at the end of that contest that in fact a different result should ensue, then a new person is seated.

The question I keep asking and asking and asking in vain of my colleagues on the other side is, why if we establish that as the general principle, has an extraordinary alternative been presented on this floor?

All I can say is that the basketball team, the players, and the coach of Georgetown University, should certainly wish that they could come here, because they lost by two points last night. Perhaps they should come here and ask for another game or another 5 minutes. They could then keep playing until finally at some point in time they would find themselves ahead and then they could call the game. That is what is happening here.

We have rules that have been established in statute for us to follow. We did not follow those rules. We then had rules that were established here after the fact of the rejection of the

person who should have been seated and these were fashioned on a 2-to-1 vote every single time. That does not sound quite like fairness.

If you ask about the burden of proof, it seems to me the gentleman knows exactly what it is I am talking about.

Mr. MICHEL. Mr. Speaker, I yield the balance of the time on our side, which I assume is 5 minutes, to the gentleman from California [Mr. THOMAS], who knows more about this subject than anybody else, having dealt with it from day one and having just returned from that partial recount.

Mr. THOMAS of California. Mr. Speaker, I thank the distinguished gentleman from Illinois, the minority leader, for yielding the time.

This gentleman from California appreciated some of the debate today. It has been lively, but not very enlightening. We have been speaking on a number of points, very few of which pertain directly to the issue we have in front of us.

On January 3 the majority leader said on the floor of this House in regard to the Indiana Eighth Congressional District that quote "election procedures have been neither timely nor regular and serious question have been raised as to their fairness."

I hope that you folks on the majority side of the aisle listened to the gentleman from North Carolina [Mr. HENDON] about his race in 1982, about the question of basic fairness, because I think some of you do not understand the depths of the feeling on this side of the aisle. It comes to some of us that if you cannot even win when you win, why in the world should we participate in any kind of a reasonable or orderly procedure in this House?

Where were you in 1982 when the Court said the procedures were unconstitutional, but you went ahead and seated the other fellow anyway?

What we have in the Eighth District in Indiana, despite the statements by some of the Members on the majority side, is a certificate that has never been challenged. It was not challenged under our Federal law. It was challenged by virtue of his cronies voting a straight partisan majority to send it to House Administration. That is how it was challenged. That is not a bogus certificate.

We have seen from the beginning an attempt to characterize Indiana's ballot authentication procedures as unique, complicated, and difficult. They are not that much unique from any other State.

As a matter of fact, I finally received from the Congressional Research Service, Library of Congress, dated March 21, a State ballot authentication provision going down State by State indicating those States that have authentication procedures similar to Indiana. There are 15. I would invite the attention of Members especially to the one involving the State of Arkansas, dealing with initials, dealing with the initialing of ballots in current law, backed up by case law in Arkansas, about whether or not those particular ballots should be counted in a recount.

Let us make no mistake.

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

Mr. THOMAS of California. I will not yield and Mr. Speaker, I will not yield to anyone as I continue.

The task force's conclusion to write its own counting rules without holding hearings, without investigating the scope or the impact of the action, is not evidence that the majority is fair. It is not evidence that the majority is following its constitutional duties. It is simply an indication that it had to create its own counting rules, because after all, under Indiana law Mr. McIntyre had already won twice.

□ 1440

We have heard the task force's procedures as being characterized as somewhat judicial in nature, that it is our goal as a task force to function as a judge, to be the judiciary. We have heard reference to the GAO counting procedures.

Let us make one thing clear. The GAO is not there as it usually is, as an independent agency that is going to issue a report upon its findings. The GAO are auditors there, hired under task force administration money to count the votes according to the 2-to-1 majority vote as to what the procedures ought to be. And it ain't the GAO you and I know. It is the GAO under cover of the majority's partisan decision on rulemaking.

Let us talk about how this task force acting as a judicial body works. The task force finally went to Indiana last Friday. We reduced our judgment on two distinguishing mark ballots.

Now, we went through the procedure of marking the ballots so we did not know which candidate was voted for on the ballot. As we were ready to make our decisions, we did not have any black robes, but ready to make our decision as to how we were going to judge, count or not count, guess what? The staff and the supervisor said, "One of these ballots is for McIntyre, one of them is for McCloskey. Now go ahead and make your decision."

Is that what is called a judicial procedure in terms of rendering decisions on these ballots? That is what is going on in the task force, make no mistake; by a straight party vote, by pure partisanship this question was sent to House Administration. On a straight party vote, rules, especially the most critical rules on counting ballots as to whether or not you back up Indiana law was passed.

And make sure of it, sooner or later, as we examine those votes, not all of the votes are going to be counted, not even under task force rules. Count all the votes is political rhetoric. What is going to happen is most of the votes are going to be counted, just as they were on election day. And all of the arguments about what happened on the recount is smoke and nothing but smoke.

You examine the total number of ballots that are going to be counted under task force procedures and compare them with the election night.

Election night was fair. Rick McIntyre won and he should be seated.

Mr. WRIGHT. Mr. Speaker, I yield myself the remaining time. In closing this debate, I hope that we shall not again have to address the procedures through yet another needless vote until we shall have a completed count in our honest and earnest effort to learn who the true victor was.

With respect to the statement made by the gentleman who just preceded me, I respectfully suggest that surely fair minded people realize that the House has not been proceeding in a partisan manner. Just stop and think for a moment. If a straight-party line vote was all that mattered, we easily could have seated Mr. McCloskey, but we did not choose to do that. We chose, instead, to determine first by an honest recount who the winner was once all of the votes were counted. And we pledged at that time, and have renewed that pledge, that whoever the winner is will be seated.

Now, that is not a partisan decision. That is a decision based on the most fundamental, the most basic element of democracy, the right of every citizen to vote and the right of every voter to have his or her vote counted. That is what is at issue here.

I have gone through the process of briefing a long history of election contests. There have been numerous cases in which the House has exercised its responsibility to ascertain the true winner. Never have I discovered a single case in which there was such a prolonged rhetorical orgy on the part of one political party. Today in 1 minute speeches Members of the Republican freshman class took practically an hour just to make speeches to sell their point of view. Some of those speeches, like the florid press releases which have attended these utterances, fairly bristled with rank allegations of bad faith on the part of the House majority. This is particularly regrettable since it is not merely a political party but our institution itself which suffers from these overblown allegations.

Now, let us get away from all of the emotionalism, if you will, and examine the facts. First, it has been said, and wrongly so, that never before has the House set aside certification of a State

in choosing which of two claimants to seat. And that just is not true.

There is a long, long series of precedents going back to the 36th Congress in 1861 in which the Committee on Elections did exactly that. In the 40th Congress in 1867, in the case of Chavez against Cheever in New Mexico, the House did exactly that. It set aside both claimants, seating neither, until a recount could be determined to satisfy which was the winner in the contest to represent that territory as a Delegate.

Again in 1871 the House referred credentials of Members-elect to such a committee for investigation and recommended action based on congressional inquiry.

Again in 1877 the House challenged the credentials of a Member-elect who carried with him a certificate from his State and was, therefore, the prima facie winner. But the House was not satisfied until it had rendered its own impartial investigation.

Again in the case of Chalmers against Manning in 1884, the House refused to administer the oath to a person claiming to be a Member while the House was investigating.

As recently as 1934, arising from a Louisiana contest, one claimant had a certificate of election from the Governor of the State of Louisiana, but he was not seated until the House could discharge its constitutional responsibility to judge the election.

That is an unbroken chain of precedents. Nobody ever before has questioned this right and responsibility of the House, save those present Members on the Republican side who brought this case to court, seeking a mandamus to order the elected leaders of the House to administer the oath to Mr. McIntyre while the official recount is in progress. The court properly ruled that the arguments of the claimants had absolutely no validity. There was nothing whatsoever to justify a court case challenging the right and, indeed, the responsibility of the House of Representatives to determine the winner by our own orderly processes.

What is, then, the basic issue at stake? The basic issue is quite clearly whether voters are to be permitted to have their votes counted, or whether they are to be disfranchised.

There were in this instance as many as 5,000 voters in Indiana whose votes were arbitrarily cast aside, though many of them were counted in other electoral contests, and not permitted to be counted in this particular race. Is that not an irregularity? Is that not something of which this House should take cognizance? Is not this disfranchising of 5,000 qualified citizens of a State something in which we should have an interest?

It is apparently all right with the people in Indiana for us to insist that all their votes be counted. Despite the comment by the gentleman from Minnesota, Mr. FRENZEL, that we "rigged" the rules, the Louisville Courier Journal on March 13 stated that the recount rules for Indiana's race looked fair. As early as last December the Evansville Press said that "the 8th District recount involves a sorry spectacle of disenfranchising hundreds of voters by throwing out their ballots because they were not initialed by pollworkers." The editorial said "there is every possibility that the U.S. House of Representatives alone will decide," and went on to say "the House will be handed this opportunity primarily because local, officials blew it. The different recount rules employed from one county to the next, and the delayed certification of a winner for reasons which seem suspiciously political," said the Evansville Press, "beckon for a higher authority to make the call."

So that is what the Congress is doing. In an unbroken chain of constitutional precedents, recounted in Deschler's Precedents, it has been clear for all of the years that the principal, overriding consideration is not what some State official certifies. The principal, overriding consideration is what the voters themselves determine. The principal consideration in evaluating a ballot is the voters' intent. That has been true from the days of Waggonner versus Russell, 34 Nebraska, 116 Northwestern Reporter. It has been true in the case of McCrary where it is held "acts of election officials are merely directory, and the voters will not be disfranchised for failure of these officials to perform their duty." And again in Cannon's Precedents, "the House of Representatives should not consider itself obligated to follow" a West Virginia statute, but should "retain the discretionary right to follow the rule of endeavoring to discover the clear intention of the voter."

□ 1450

In case after case after case in constitutional law, the overriding, guiding principle has been that very one. That principle was followed by the Indiana Legislature itself in January.

The House of Representatives of the State Legislature in Indiana on January 7, 1985, in a case in which it assumed the responsibility of being the judge of elections of its members, held precisely as we have held in this case: That the overriding concern must be not the technicality of a law which permits the invalidating of a ballot because of some failure of an election official to inscribe his initials on it, but rather the intent of the voter wherever that is clear.

On that day the Indiana State Legislature applied the same identical principle that we have applied here to determine who the winner was, and in that case, the case of French versus Hibner, the vote was overwhelming in the Republican-controlled Indiana State Legislature.

So it is not a question of Republicans versus Democrats; it is a question of whether the people of the United States, whether they live in North Carolina or in Indiana; whether they live in Texas or in New York or Massachusetts, shall have their votes counted.

We say they shall, however those votes may fall, whoever the victor may be, let them fall where they will.

So that is our role; not to determine who we think the winner ought to have been, but rather to determine as the Constitution of the United States confers upon us the obligation to do what the voters themselves intended. So let there be an end to these ridiculous charges and aspersions of impure motive. I assure you on both sides of the aisle that when that nonpartisan, unbiased, frank and fair recount has been completed, we will move to seat whomever the victor may be, be he Republican or Democrat, and that ought to be the guiding goal of us all.

The SPEAKER pro tempore. The time of the gentleman has expired.

All time has expired.

Without objection, the previous question is ordered on the motion to refer.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to refer offered by the gentleman from Texas [Mr. WRIGHT].

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

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

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 241, nays 183, answered "present," 1, not voting, 7, as follows:

[Roll No. 41]

YEAS—241

Ackerman	Bevill	Carr
Addabbo	Biaggi	Chappell
Akaka	Boggs	Clay
Alexander	Boland	Coelho
Anderson	Boner (TN)	Coleman (TX)
Andrews	Bonior (MI)	Collins
Annunzio	Borski	Conyers
Anthony	Bosco	Cooper
Aspin	Boucher	Coyne
Atkins	Boxer	Crockett
AuCoin	Breaux	Daniel
Barnard	Brown (CA)	Darden
Barnes	Bruce	Daschle
Bates	Bryant	de la Garza
Bedell	Burton (CA)	Dellums
Bellenson	Bustamante	Derrick
Bennett	Byron	Dicks
Berman	Carper	Dingell

Dixon	Kildee	Roemer
Donnelly	Kleczka	Rose
Dorgan (ND)	Kolter	Rostenkowski
Dowdy	Kostmayer	Rowland (GA)
Downey	LaFalce	Roybal
Durbin	Lantos	Russo
Dwyer	Leath (TX)	Sabo
Dymally	Lehman (CA)	Savage
Dyson	Lehman (FL)	Scheuer
Early	Leland	Schroeder
Eckart (OH)	Levin (MI)	Schumer
Edgar	Levine (CA)	Seiberling
Edwards (CA)	Lipinski	Sharp
English	Lloyd	Shelby
Erdreich	Lowry (WA)	Sikorski
Evans (IL)	Luken	Sisisky
Fascell	Lundine	Skelton
Fazio	MacKay	Slattery
Feighan	Manton	Smith (FL)
Flippo	Markey	Smith (IA)
Florio	Martinez	Solarz
Foglietta	Matsui	Spratt
Foley	Mavroules	St Germain
Ford (MI)	McCurdy	Staggers
Ford (TN)	McHugh	Stallings
Fowler	Mica	Stark
Frank	Mikulski	Stokes
Frost	Miller (CA)	Stratton
Fuqua	Mineta	Studds
Garcia	Mitchell	Swift
Gaydos	Moakley	Synar
Gejdenson	Mollohan	Tallon
Gephardt	Montgomery	Tauzin
Gibbons	Moody	Thomas (GA)
Glickman	Morrison (CT)	Torres
Gonzalez	Mrazek	Torricelli
Gordon	Murphy	Towns
Gray (IL)	Murtha	Traficant
Gray (PA)	Natcher	Traxler
Guarini	Neal	Udall
Hall (OH)	Nelson	Valentine
Hamilton	Nichols	Vento
Hatcher	Nowak	Visclosky
Hawkins	Oakar	Volkmer
Hayes	Oberstar	Walgren
Hefner	Obey	Watkins
Heftel	Olin	Waxman
Hertel	Ortiz	Weaver
Howard	Owens	Weiss
Hoyer	Pease	Wheat
Hubbard	Penny	Whitley
Huckaby	Pepper	Whitten
Hughes	Perkins	Williams
Hutto	Pickle	Wilson
Jacobs	Price	Wirth
Jenkins	Rahall	Wise
Jones (NC)	Rangel	Wolpe
Jones (OK)	Ray	Wright
Jones (TN)	Reid	Wyden
Kanjorski	Richardson	Yatron
Kaptur	Robinson	Young (MO)
Kastenmeier	Rodino	
Kennelly	Roe	

NAYS—183

Applegate	Courter	Grotberg
Archer	Craig	Gunderson
Armey	Crane	Hall, Ralph
Badham	Dannemeyer	Hall, Sam
Bartlett	Daub	Hammerschmidt
Barton	Davis	Hansen
Bateman	DeLay	Hendon
Bentley	DeWine	Henry
Bereuter	Dickinson	Hiler
Bilirakis	DioGuardi	Hillis
Bliley	Dreier	Holt
Boehlert	Duncan	Hopkins
Boulter	Eckert (NY)	Horton
Broomfield	Edwards (OK)	Hunter
Brown (CO)	Emerson	Hyde
Broyhill	Evans (IA)	Ireland
Burton (IN)	Fawell	Jeffords
Callahan	Fiedler	Johnson
Campbell	Fields	Kasich
Carney	Fish	Kemp
Chandler	Franklin	Kindness
Chappie	Frenzel	Kolbe
Clinger	Gallo	Kramer
Coats	Gekas	Lagomarsino
Cobey	Gilman	Latta
Coble	Gingrich	Leach (IA)
Coleman (MO)	Goodling	Lent
Combest	Gradison	Lewis (CA)
Conte	Green	Lewis (FL)
Coughlin	Gregg	Lightfoot
Livingston	Nielson	Slaughter
Loeffler	O'Brien	Smith (NE)
Lott	Oxley	Smith (NH)
Lowery (CA)	Packard	Smith (NJ)
Lujan	Parris	Smith, Denny
Lungren	Pashayan	Smith, Robert
Mack	Petri	Snowe
Madigan	Porter	Snyder
Marlenee	Pursell	Solomon
Martin (IL)	Quillen	Spence
Martin (NY)	Regula	Stangeland
Mazzoli	Ridge	Stenholm
McCain	Rinaldo	Strang
McCandless	Ritter	Stump
McCollum	Roberts	Sundquist
McDade	Rogers	Sweeney
McEwen	Roth	Swindall
McGrath	Roukema	Tauke
McKernan	Rowland (CT)	Taylor
McKinney	Rudd	Thomas (CA)
McMillan	Saxton	Vander Jagt
Meyers	Schaefer	Vucanovich
Michel	Schneider	Walker
Miller (OH)	Schuette	Whitehurst
Miller (WA)	Schulze	Whittaker
Molinari	Sensenbrenner	Wolf
Monson	Shaw	Wortley
Moore	Shumway	Wylie
Moorhead	Shuster	Young (AK)
Morrison (WA)	Siljander	Young (FL)
Myers	Skeen	Zschau

ANSWERED "PRESENT"—1

Panetta

NOT VOTING—7

Bonker	Dornan (CA)	Yates
Brooks	Hartnett	
Cheney	Weber	

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. BONKER for, with Mr. CHENEY against.

Mr. YATES for, with Mr. HARTNETT against.

Mr. BROOKS for, with Mr. DORNAN of California against.

Mr. WHITTEN changed his vote from "nay" to "yea."

So the motion to refer was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1510

CONFERENCE REPORT ON H.R. 1239, URGENT SUPPLEMENTAL FOR FAMINE RELIEF AND RECOVERY IN AFRICA

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H.R. 1239) making urgent supplemental appropriations for the fiscal year ending September 30, 1985, for emergency famine relief and recovery in Africa, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore [Mr. BROWN of California]. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of March 27, 1985, at page 6467).

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. WHITTEN] will be recognized for 30 minutes, and the gentleman from California [Mr. LEWIS] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill, H.R. 1239, and that I may include extraneous and tabular matter.

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

There was no objection.

URGENT SUPPLEMENTAL APPROPRIATION FOR FAMINE RELIEF AND RECOVERY IN AFRICA

Mr. WHITTEN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I bring you now the conference report on H.R. 1239 which will provide food for the starving people of Ethiopia and other countries in Africa in the amount of $400 million under Public Law 480, $137,500,000 for international disaster assistance, $25 million for emergency migration and refugee assistance, and $12,500,000 for the regular program of migration and refugee assistance. The agreement also includes an emergency reserve of $225 million for Public Law 480 and provides for the use of up to 200,000 metric tons of food under section 416.

Many of my colleagues have sponsored legislation leading to this action, notably SILVIO CONTE, TED WEISS, HOWARD WOLPE, MICKEY LELAND, and MARGE ROUKEMA.

The following conferees signed this conference report:

For the House: JAMIE L. WHITTEN, WILLIAM H. NATCHER, DAVID R. OBEY, BOB TRAXLER, MATTHEW F. MCHUGH, SILVIO O. CONTE, JACK F. KEMP, and VIRGINIA SMITH.

For the Senate: MARK O. HATFIELD, TED STEVENS, THAD COCHRAN, BOB KASTEN, JOHN C. STENNIS, and DANIEL K. INOUYE.

Mr. Speaker, it is a great deed we do here, but perhaps even greater, we have the food to provide. May I point out if present farm policies are followed in the future, it is likely we won't have surplus food. For today, Mr. Speaker, our Government is following a policy of attempting to obtain farm commodity prices by creating scarcity. Instead of capitalizing on our tremendous capacity to produce food, our greatest advantage over Russia, we called on our farmers to reduce the production of food and fiber, in an effort to increase price.

Claiming we had a surplus, upon finding out we did not, we actually had to call on farmers, the caretakers of our soil and natural resources, to produce to pay themselves in kind for not producing, a losing proposition for both the Government and the farmer.

The facts are that by our refusal to sell competitively and by cutting back production, our Government gave 11 percent of our production base to our competitors overseas. They increased their production by the amount we reduced ours. We lost 11 percent of the dollars we would have had to help our balance of trade.

Mr. Speaker, there is no question that the bankruptcy facing American farmers was largely caused by embargoing the farmer's exports as a part of our foreign policy. During the 1970's and again in 1980, farmers faced the following export restrictions:

RECENT EMBARGOES

1973 OILSEED EMBARGO

An embargo was placed on shipments of oilseeds from the United States to all destinations in the summer of 1973. Authority for the embargo stemmed from the Export Administration Act of 1969. Among the commodities affected by the export restrictions were soybeans and cottonseeds. Also limited were shipments of oilseed products including soybean meal, cake, and oil and cottonseed meal, cake, and oil.

1974 EXPORT SALES SUSPENSION

Actions taken in 1974 to limit U.S. export sales were not technically an embargo. The U.S. Government requested private U.S. grain firms to voluntarily restrain sales and the Soviet Union to limit U.S. purchases in response to short U.S. supplies. Commodities affected by the restraints included wheat and corn.

1975 EXPORT SUSPENSIONS

The export restrictions imposed in 1975 were similar to those in 1974. The U.S. Government requested voluntary restraints on sales to the Soviet Union and later, to Poland. Commodities affected by the restraints were wheat and coarse grains.

1980 SOVIET EMBARGO

The 1980 embargo was intended to indicate U.S. disapproval of the Soviet invasion of Afghanistan in December 1979. On January 4, 1980, President Carter announced a suspension of sales to the Soviet Union and subsequently instructed appropriate officials to terminate sales under the Export Administration Act on January 7. Agricultural commodities affected by the embargo were exports of wheat, feed grains, soybeans, animal feeds, meat, poultry, dairy products, and some animal fats. Exempt from the restrictions were 8.0 million tons of wheat and corn covered by the U.S.-U.S.S.R. Grain Agreement. The embargo remained in effect until April 24, 1981.

As evidence that these actions were wrong, the administration has stated:

First, no restrictions will be imposed on future exports of farm products because of rising domestic prices.

Second, farm exports will not be used as an instrument of foreign policy except in extreme situations and as part of a broader embargo.

Third, world markets must be freed of trade barriers and unfair trade practices.

The Congress has also enacted legislation which provides that in the future, if the export of agricultural commodities is suspended or restricted for reasons of national security or foreign policy, farmers shall be compensated by the U.S. Government for their losses based on a formula specified in the law (7 U.S.C. 1736j).

It is noted that, with regard to the embargo on sales to the Soviet Union, the middle-man, who sold agricultural commodities to the Soviet Union and was denied the right to deliver, was reimbursed for his contract losses by the Government. Yet, the farm producer, who was out the cost of his production, got nothing.

In the mid-1930's, the Commodity Credit Corporation, now a $25 billion corporation, was set up to support farm income, to keep a balance between labor, industry, and agriculture, to offset increasing costs, to sell competitively in world trade, and to keep up volume. For years, this worked.

Now, our Government refuses to use this Corporation. We are the only government in the world which does not sell what it has and does not need for what it will bring in world markets.

Over the last 25 years, industry and labor's share of the consumer dollar for food and fiber has increased from 49 percent to 73 percent—leaving the farmer's share, who has to buy from industry and labor at their prices, reduced from 51 percent to 27 percent—and they say: "Let him get by on that."

Mr. Speaker, he cannot.

Today, Mr. Speaker, the farmers owe $212,000,000,000 largely as a result of his Government embargoing his exports, and his Government refusing to use the proven vehicle, CCC, to sell his product to a hungry and needy world. Bankruptcies are common, suicides are numerous because of the erroneous policy we have followed.

H.R. 1189

Mr. Speaker, as a companion bill to the conference report which is before us, I introduced H.R. 1189. This bill has been considered in tandem with H.R. 1239. This bill directs the Department of Agriculture to use guarantees along with other means to keep farmers farming while we correct this erroneous government policy.

This bill passed the House on February 28, 1985, by a vote of 294 to 115. The Senate has not yet acted on the bill so we did not get it to conference along with H.R. 1239.

The conferees did agree unanimously to the following language in the statement of the managers:

The conference agreement has not included H.R. 1189 as an amendment. The conferees do expect H.R. 1189 to be considered during April 1985, and the Department of Agriculture, in the meantime, is to proceed with applications and actions to be ready to use the existing guarantee authority during the month of April.

Mr. Speaker, by all means we must continue to be a land of plenty and quit trying to be a land a scarcity.

Declining farm income led off the Great Depression. Let us guard against another.

I trust we may have your continuing support of H.R. 1189 when we return here on April 15.

H.R. 1189 provides:

$1 billion in additional funds for Farmers Home Administration [FmHA] guaranteed operating loans, and would call for a moratorium on repayment of principal and interest in order to prevent foreclosure. Loans would be limited to farm producers who have been engaged in farming operations for at least 5 years and whose total indebtedness exceeds three-fourths of the value of the farm and equipment, or equipment if renting the land, and loans could not exceed $750,000. Loans would be made by banks or other financial institutions, and would be repaid by the borrower.

The bill would provide $17 million for FmHA staff to conduct the program and $500,000 for the Economic Research Service to study how much existing farm debt was caused as a result of embargoes on the sale of U.S. agricultural products and the failure to offer for sale in world markets commodities surplus to domestic needs at competitive prices. The bill also directs the Small Business Administration [SBA] to use loan guarantee authority, as authorized by law, to restructure existing loans to farmers.

Mr. Speaker, I ask that all Members support the conference report on the Emergency Supplemental for Africa, as well as the conference report on H.R. 1189, after the Senate has completed its action, when we have that before the House soon after we return on April 15.

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. WHITTEN] has consumed 9 minutes.

Mr. LEWIS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1239, the African Famine Relief and Recovery Act of 1985, the conference report that is before us today.

Mr. Speaker, the nations of Africa face a crisis that, thank the Lord, the world comes upon rarely, but when it does occur the world must respond with the sort of heart that reflects the history of the American people. The enactment of this legislation will enable the United States to provide 800 million dollars' worth of food and nonfood aid to 7 to 10 million people in dire need of our assistance.

Mr. Speaker, I yield such time as he may consume to my ranking member, the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of the conference report to accompany H.R.

1239, the bill making urgent supplemental appropriations for emergency famine relief and recovery in Africa.

Together with the gentleman from New York [Mr. WEISS], the gentleman from Michigan [Mr. WOLPE], the gentleman from Texas [Mr. LELAND], and the gentlewoman from New Jersey [Mrs. ROUKEMA], I have worked for the past 4 months to develop a responsible emergency African relief package. With the leadership provided by the distinguished chairman of the committee, Mr. WHITTEN, and the critical assistance provided by the gentleman from Wisconsin [Mr. OBEY], the gentleman from New York [Mr. KEMP], and the gentlewoman from Nebraska [Mrs. SMITH], we have before us a responsible agreement making a U.S. commitment for relief. I am pleased to support the compromise which all of my fellow House conferees have worked out with the other body. And I urge the support of my colleagues for this agreement.

The enactment of this legislation will enable the United States to provide 800 million dollars' worth of food and nonfood aid to 7 to 10 million people in dire need of our assistance.

I would like to point out to any of my colleagues who may have questions or concerns with regard to the farm credit legislation that this conference agreement makes no provision for emergency farm credit. The $1 billion loan guarantee appropriation bill approved by the House on February 28 is under consideration in the other body. It has not been included in the conference agreement on the Africa relief supplemental which we now consider.

Let me take just a moment to explain the details of the agreements which we have reached on this supplemental with respect to food aid.

For the Public Law 480 title II Food Donation Program, the conferees have agreed to provide $400 million. This compares with the administration's request for $201 million, the House-passed level of $600 million, and the level of $285 million as passed by the other body.

Of this $400 million, we have agreed to appropriate $384 million, and make $16 million available from unobligated balances in the Commodity Credit Corporation. The $400 million total is to remain available throughout calendar year 1985; that is, until December 31, 1985. We have extended the availability of these funds for 3 additional months to provide AID and USDA with the necessary authority to deliver the food as swiftly as possible by the end of this calendar year. Conference report language states that it is our intention that the commodities be delivered—not simply committed—to Africa by December 31, 1985.

Our agreement also includes the House language providing that funds, not to exceed $100 million, shall be available for inland transportation with the certification of the AID Administrator that this money is needed to prevent starvation or unacceptable levels of loss or spoilage. We have retained this language because we believe that as much as $60 million, in addition to the $40 million requested by the administration, will be needed for inland transport.

While the conferees have agreed to delete the $120 million competitive sale or barter program which was included in the House-passed bill, we have retained the $225 million Public Law 480 title II emergency reserve fund. This fund contains $225 million, which is to remain available to the President through fiscal year 1986. To tap into this reserve, and make any of the funds available for additional emergency relief, the President simply needs to certify that the use of such funds is essential to famine relief in Africa.

In a statement of administration policy dated March 28, 1985, with regard to this requirement, it is stated that, "As required by title II of the bill, the administration will ensure that no funds are obligated that cannot be used effectively."

Finally, in addition to all of the assistance which I have just described, the conferees have agreed to provide 200,000 metric tons of wheat and dairy products acquired by the CCC through its price support operations. Through this section 416 program, commodities are to be made available to private voluntary organizations for donation through calendar year 1985. Fifty percent of these commodities are to be in the form of wheat or wheat products.

In order to address the concerns which we all share on the need that these commodities be distributed as rapidly and effectively as possible to the people of Ethiopia, we have also included language to prevent the Government of Ethiopia from gaining control of donated foods through seizure of commodities donated by the United States. We require that the Secretary of Agriculture certify to appropriate committees of the Congress that the commodities shall not be distributed through or otherwise be allowed to come under the control of the Ethiopian Government.

We believe that we have provided adequate clarification allowing the Ethiopian Government to participate in the transportation and distribution of commodities in cooperation with U.N. agencies and the private voluntary organizations, but that we have prevented the prospect of political manipulation of this food by the Government for its starving citizens.

The conference agreement includes $175 million in nonfood disaster and refugee assistance funds for Africa. This is the same amount as appropriated in the House bill, and the same amount as the ceiling provided in the Senate bill. The administration requested $50 million for nonfood aid.

The nonfood funds break down as follows: $137.5 million for international disaster assistance, $25 million for the U.S. emergency refugee and migration assistance fund, and $12.5 million for regular migration and refugee assistance activities. Of the disaster assistance funds, $2.5 million will be transferred to the operating expenses account of the Agency for International Development for monitoring the entire famine relief package funded in the bill. These latter funds are intended to be used to prevent unfair distribution or diversion of this much-needed assistance.

The nonfood funds in the bill are made available until March 31, 1986. This is a compromise between the House requirement that the funds be obligated by September 30, 1985, and the Senate availability through September 30, 1986.

The conferees agreed to amend Senate language requiring 5-day notification of the Appropriations Committees of the House and Senate prior to the obligation of disaster assistance funds, unless the emergency is life-threatening and immediate action is necessary. Similar 5-day notification language added by the Senate for emergency refugee assistance and regular refugee assistance was dropped by the conferees.

The House conferees accepted Senate language waiving the Brooke amendment banning aid to any country in default on prior U.S. loans. Unless waived, the Brooke amendment would prohibit any refugee assistance in the bill from being used in Sudan, a country which has provided a haven for thousands of refugees from Ethiopia, Chad, and other famine-stricken neighboring nations.

Senate language waiving the requirement for authorizing legislation before these funds for nonfood aid could be obligated was dropped in conference. The language is no longer necessary, as the authorizing bill, S. 689, passed the Senate on March 19 and the House on March 21, and is now awaiting the President's signature.

And finally, House conferees accepted Senate language designating the Administrator of the Agency for International Development as having the responsibility for determining the emergency food and disaster assistance needs for the funds included in the bill. This merely restates the current operating procedures.

Mr. Speaker, I am pleased to report that, despite the administration's expressed concern that the conference agreement would provide resources substantially in excess of its estimate of need, the administration does not

oppose the conference version of this bill.

I thank each of the members of this committee, and each of my colleagues in this House and in the other body who have worked so swiftly in bipartisan fashion to craft an urgent supplemental appropriations bill that the President will sign—and more importantly—that will deliver sustenance to the millions of starving men, women, and children of drought-ravaged sub-Saharan Africa.

□ 1530

Mr. Speaker, again I want to thank my chairman, the gentleman from Mississippi [Mr. JAMIE WHITTEN] for his cooperation, and my good friend of many, many years, the new chairman of the Subcommittee on Foreign Operations, the gentleman from Wisconsin [Mr. OBEY]. They were terrific.

Mrs. ROUKEMA. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I am glad to yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Mr. Speaker, I certainly would like to commend both the chairman of the committee, the gentleman from Mississippi [Mr. WHITTEN], and the gentleman from Massachusetts [Mr. CONTE] for their leadership, and I commend all the members of the conference committee that has reported this bill. It is an excellent bill in every way. It is not only fiscally prudent but it is humane, and the provisions you have written in here, the reserve provisions, those that can be triggered in the event of unforeseen additional needs, are very wise and very humane. I think they are very important, and the gentlemen are to be commenced.

Mr. WHITTEN. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, I thank the chairman of the committee for this time.

I would simply like to congratulate the gentleman from Mississippi [Mr. WHITTEN], the chairman of the committee, for the speed with which this bill was brought to the House through conference and back to the House floor for final approval.

I think virtually everything that needs to be said has already been said. I would simply like to observe, as the gentleman from Massachusetts [Mr. CONTE] has already indicated, that in terms of chapter 2 funding this legislation includes $137.5 million for disaster assistance, the same amount which originally passed the House, and these funds will be used to provide medical services, supplies, shelter, and basic agricultural rehabilitation.

The Senate had proposed making these funds available on an "as necessary" basis through all of fiscal year 1986, and as has been indicated, we compromised by making the funds available through March 31, 1986, and dropping the "as necessary" requirement because we felt that the funds should be available through a specific appropriation.

All I would like to say in addition to that is that I am very pleased to hear from the gentleman from Massachusetts [Mr. CONTE] that the President will in fact sign this legislation. This African famine relief bill which we are sending to him this afternoon is a responsible piece of legislation. It is a crucial piece of legislation. In every way it is literally a lifesaver. It will save the lives of hundreds of thousands of children and families in Africa. I think we have a responsibility to do it, and I am pleased to hear that the administration agrees and will sign the bill at the earliest opportunity.

Mr. Speaker, I yield back the balance of my time.

Mr. CONTE. Mr. Speaker, I yield 5 minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Speaker, I rise in support of adoption of the conference report for H.R. 1239, the urgent supplemental appropriation for emergency famine relief and recovery in Africa.

I wish to commend Mr. WHITTEN and Mr. CONTE for their leadership in addressing the critical situation that is facing some 150 million hungry people in Africa. I likewise compliment this body for its prompt effort to genuinely contribute to meeting the needs of these fellow human beings.

In addition, I commend my colleagues for the provisions of this bill that provide assurance that the aid we send truly reaches the hungry.

While this urgent supplemental appropriation is made to address an acutely critical situation in Africa, I am compelled to remind my colleagues that at the same time, a severe crisis exists in our Nation's heartland.

Our farmers and ranchers are facing the dimmest economic conditions experienced in the agricultural sector in the past 50 years. For that reason, while I rise in support of H.R. 1239 today, I am also calling on my colleagues to support further action on H.R. 1189, the urgent supplemental appropriation for agricultural credit, to lend sorely needed assistance here at home to our agricultural community.

Language has been included in the conference report stating that the committee expects H.R. 1189 to be considered during April 1985. In the meantime, the Department of Agriculture is called upon to use existing guarantee authority during the planting season.

Fellow Members, you will recall that H.R. 1239 and H.R. 1189 were considered consecutively in this body, to address two critical problems—one at home and one abroad. With passage of this conference report, the Congress will have taken action to address the immediate crisis in Africa. I call on you to exert your influence so that our problem at home can be addressed, as well.

Mr. Speaker, our 3 million farmers—as many as the combined work forces of the transportation, steel, and automobile industries—are preparing for this year's operation of the most productive agricultural plant in the world.

Fully 22 percent of our work force and one-fifth of our total GNP activity are dependent upon this production process in our food and fiber system.

Over 1 trillion dollars' worth of assets, or about 70 percent of the capital assets of all manufacturing corporations in the United States make production agriculture one of the most capital-intensive ventures in our economy.

And in spite of the bad news that abounds regarding our agricultural economy, our export surplus of agricultural products, expected to total about $16 billion this fiscal year, continues to be the brightest spot in our huge balance of trade deficit—in spite of a record-high dollar.

Fellow Members of the House, I ask your support for adoption of this conference report, so that this Nation can continue in its role as the leader in lending assistance to the needy around the world. At the same time, I strongly urge your support for action to provide assistance to our own farmers and ranchers during their hour of crisis, as well.

□ 1540

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. MCHUGH], a member of the committee.

Mr. MCHUGH. Mr. Speaker, I also rise in support of the conference report and urge my colleagues to support it. The funds appropriated in this measure are desperately needed in Africa.

As one of those privileged to serve on the conference committee, I can assure my colleagues that we defended the House position vigorously and that a reasonable compromise has been struck. As the chairman pointed out, the final bill provides $400 million in additional food aid under title II of Public Law 480. These funds would remain available through December 31. As the conference report notes, however, "it is the intention of the conferees that the commodities provided in this act be delivered to Africa no later than December 31, 1985."

In addition, the bill retains the $225 million reserve to meet any additional food needs beyond those already identified, with the reserve remaining available for use through September 30, 1986. Finally, with regard to the

nonfood aid provisions, the conference report retains the original House provisions virtually intact. As the members will recall, our bill provided $137.5 million in disaster assistance, $25 million to replenish the U.S. Emergency Refugee and Migration Assistance Fund, and an additional $12.5 million for emergency assistance in Africa under the migration and refugee assistance account.

All of those numbers have been retained. However, at the insistence of the Senate, those funds can be programmed until March 31, 1986, rather than remaining available only until the end of the current fiscal year.

As you know, Mr. Speaker, our people and other people throughout the world have responded with compassion to the current crisis afflicting much of Africa. This conference report is an important part of our continuing response and it should be passed with broad support. Having said this, it would be a mistake to delude ourselves into believing that this bill will solve the underlying causes of the current crisis in Africa.

In fact, much more needs to be done. With the passage of this conference report, it is time that we begin addressing the long-term development needs of sub-Saharan Africa in a more vigorous and coherent fashion. To that end, the gentleman from New York [Mr. LUNDINE] and I will introduce legislation later in the week designed to support much needed policy reforms that must be undertaken by the African nations themselves. It is my hope that this Congress will respond with as much compassion to the long-term needs of Africa as we have to this tragic crisis that has so deeply moved the American people.

Mr. CONTE. Mr. Speaker, I have no further requests for time.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. WEISS].

Mr. WEISS. Mr. Speaker, I am pleased to rise in favor of the conference report on urgent supplemental appropriations for emergency famine relief and recovery for Africa.

We must deeply regret the necessity to appropriate these funds. We all grieve for the tens, perhaps hundreds of thousands of people who are sick, hungry, and dying in the 24 countries struck by this murderous famine. And, because we have no choice but to offer this humanitarian aid to a desperate continent, many Members of Congress and our staffs have spent a great many hours working toward enactment of this legislation. Through this appropriation we offer sustenance and support to our fellow human beings in Africa who are in mortal danger.

The long process that will reach its conclusion when this bill is signed by the President had its genesis in the late summer of 1984, when Chairman HOWARD WOLPE of the Africa Subcommittee and I concluded that the African famine was worsening and that the regular appropriations for emergency food and and disaster assistance would once again be insufficient to meet the 50-percent level that the United States traditionally contributes. The authors of this effort had traveled to Africa in 1983 and, as early witnesses to an unfolding tragedy, began to sound the alarm—an alarm that few heeded.

In September, we introduced a bill that would have appropriated $450 million in food and disaster assistance. When it became clear, in October and November, that food needs in Africa were escalating due to even greater numbers of people being affected by the famine, we decided to increase the aid levels to $1 billion. On January 3, H.R. 100 was introduced. Mr. WOLPE and I were joined by Chairman MICKEY LELAND of the Select Committee on Hunger. And a hard-working team of Democrats and Republicans including SILVIO CONTE, ranking minority member on the Appropriations Committee, and the gentlewoman from New Jersey [MARGE ROUKEMA], ranking minority member of the Select Committee on Hunger, negotiated through the House and Senate, first an authorization, then an appropriation bill. The distinguished chairman of the Committee on Foreign Affairs was fully supportive every step of the way. The Speaker was of great assistance throughout the process. With many hurdles overcome, including an inadequate request level put forward by the administration, we are here today to take the last step in the House before enactment. The Senate will, I hope, act this week.

This legislation found friends in many quarters: The media who kept the pictures of the affected people before the American public night after night; the American public itself—who responded with approximately $100 million, mostly in small contributions; the private voluntary organizations, both on the ground and lobbying here in Washington, who have been delivering food and disaster assistance in missions of mercy for decades. The Members of the House on both sides of the aisle who supported the effort are too numerous to include in a short statement; however, I do want to make reference to the chairman of the House Appropriations Committee, JAMIE WHITTEN, DAVID OBEY, chairman of the Subcommittee on Foreign Operations and Mr. CONTE for their especially fine work during the committee and conference process.

The Congress deserves congratulations on this achievement on this offering of $800 million worth of help to nations whose many dead and dying are part of one of the most extensive tragedies of this century. But what we offer at this time must be seen in the proper context. This is only emergency assistance. It is directed to countries affected by this most recent drought. It is intended to help slow the dying, build up strength, and get people back to doing a little subsistence farming. But it won't have much effect on the following facts of life in sub-Saharan Africa:

Population growth rates average 3.2 percent per year; the population will double in 21 years.

Although food production is increasing at the rate of 2 percent each year, because of the rapid population growth rate, per capital food production has declined by 20 percent during the past 20 years.

More than 20 percent of the population consumes less than the minimum amount necessary to sustain a healthy life.

The Saharan Desert is spreading so rapidly that at current rates a continent that is now 20-percent desert may become 50 percent by the year 2035 if something is not done to stop it. Each year about 1.8 million acres of crop and grazing land become desert.

If the relief and recovery assistance we are voting for today is not followed by programs capable of changing the underlying causes of the precarious condition of Africa's food supply, we will be back here year after year voting for even larger urgent supplemental appropriations and millions of more lives will have been sacrificed.

I urge all of my colleagues to extend America's offer of sustenance and support to our African brothers and sisters and children by voting "yes" on this conference report.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. Mr. Speaker, I want to thank the chairman of the committee for yielding to me and I want to express my enormous admiration to the gentleman from Mississippi [Mr. WHITTEN], the gentleman from Wisconsin [Mr. OBEY], the gentleman from Massachusetts [Mr. CONTE] and others for the bipartisan team effort that has brought this matter so swiftly to fruition by both parties and both Houses.

This belies that ugly rumor that we sometimes hear that Congress does not work, that we are a muscle-bound giant, that we cannot react to meet needs.

I am proud to be a Member of this body when we do react, when we meet the wishes of the American people who feel compassion and identification with the problems of mankind around the world in a way that we have for 200 years. This is what our religious and political traditions are all about.

This Congress has represented the American people magnificently and I

really wish to congratulate the half a dozen or so Members that I have mentioned.

This is a wise and a compassionate piece of legislation. From here on in, my minute or two will be a footnote on the remarks of the gentleman from New York [Mr. McHUGH] and the gentleman from New York [Mr. WEISS].

We must in all responsibility and in all wisdom go even further than we have gone today, because if we do not, we are going to be back here again this time next year, and 3 years later, and 7 years later, whenever the vagaries of weather and chance catch up to the sub-Saharan population in this horrifying maelstrom of drought, famine, and death.

Now, it is not drought that is killing people in sub-Saharan Africa. It is human stupidity. It is lack of ability to plan for what lies ahead and utter, inexplicable misuse of resources.

The gentlemen for New York, TEDDY WEISS, and MATTY McHUGH said it all. Sub-Saharan Africa's population is expanding by more than 3 percent a year due to the fact that the West has made available to that region the concept of public health, clean drinking water, sanitation, preventive diseases and a modicum of health care so that maternal and child care mortality has plummeted.

The population growth is not due to the fact that fertility has risen. It is due to the fact that morality has dropped dramatically. That in a sense is a gift from the West and, of course, every life saved is a miracle; but it has brought its complications, too, because as people have lived longer, as mothers have survived to bear more children, the population has soared, and the increase in food production of about 1 percent a year has not begun to keep up with the level of people production, the increase in population of a little over 3 percent a year.

□ 1550

So there has been a 2-percent decrease in per capita annual food availability, and it is cumulative and it is getting worse every year, and it portends impending doom, and horror, and hardship, and suffering of unimaginable proportions if we do not help the continent of sub-Sahara Africa to control their fertility as we have helped the Asian part of the world to do, and as we have helped Latin America to do.

I don't want to take away any of the importance of what we are doing here today, but the fact is that we must go beyond the Band-Aid approach we are taking on this and perform radical surgery.

What is needed is a comprehensive, long-term program aimed at linking increased food production in the region, through the use of appropriate agricultural technology, with a balanced program of development aimed at generally improving the status of women is sub-Saharan Africa.

Among other benefits, such a program will enable African women, who are perhaps the most underprivileged of all human beings, to control their own fertility and participate in the world around them beyond the parameters of the farm.

A balanced program of development would aim at providing African women with equal access to the world of education, work, and credit. Maternal and child health services should be an integral part of such a program.

Unless something is done to reduce the rate of population growth in Africa and, at the same time, provide African farmers with the appropriate technology and training to help them increase food production on a continuing basis, I fear we will never again see the day when Africa will be able to feed itself.

A long-term program aimed at food self-sufficiency in sub-Saharan Africa would be a more intelligent use of U.S. tax dollars than our current sporadic, stopgap efforts.

Unless we develop such a plan, we can expect to see similar supplemental appropriations for African famine relief come before the Congress on a cyclical basis, never ending and escalating in levels of need and cost.

Without such an effort, estimates show that the population of sub-Saharan Africa, currently at 434 million, will virtually double in about two decades,

Unless we do something to contain Africa's exploding population growth rate and provide the African farmer with the necessary tools to control his or her own destiny, I fear we will condemn the African people to a future of suffering and misery.

We must begin to treat the illness, not just the symptoms.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. LELAND].

Mr. LELAND. Mr. Speaker, I will not take long, but I would like to thank very much the efforts on the part of the gentleman from Mississippi [Mr. WHITTEN], chairman of the Appropriations Committee, and also the gentleman from Massachusetts [Mr. CONTE] for their steadfastness in this matter. Their efforts have resulted in the savings of millions of lives.

I am very proud to be associated in this matter, and also as a member and the chairman of the Select Committee on Hunger. A bipartisan effort has been waged here and has been absolutely astounding. It goes to show that if our two sides get together what we can do. We can measure the results of the efforts of all of us here in the many different ways that can be determined by the private voluntary organizations that will be the recipients of these many moneys that we have sent to Africa to try to do what we can to ameliorate the many, many problems they have.

I have heard the cry of the people from other sectors who have not been so closely aligned with the select committee, and also the Appropriation Committee efforts in calling for population control, and in the matters of which we can do the kinds of things that will stop the senseless misuse and abuse of the land in Africa. We know that that is a problem and that we do need, indeed, long-term developmental efforts.

But this is a matter of urgency, a matter of emergency, if you will, and we have got to do what we can to save these many lives. And we have done this in this legislation, with the efforts of the Speaker of the House, the minority leadership, and also the leadership of the Select Committee on Hunger, and through the efforts of the gentlewoman from New Jersey [Mrs. ROUKEMA], and myself, and the gentleman from New York [TED WEISS], who has been beautiful in leading this struggle, along with the gentleman from Michigan [HOWARD WOLPE], and the chairman of the Subcommittee on Africa, and also the wonderful chairman of the Foreign Affairs Committee. We have manifest an effort that has been put together by the House of Representatives with its leadership, and by that we will realize the results that I have alluded to earlier. And that is just the savings of lives, the millions of lives that are in jeopardy in Africa today.

Mr. Speaker, I thank you for giving me this time and I hope that all of our colleagues will support us in these matters.

Mr. Speaker, I rise to state my strong support for this conference report on H.R. 1239, the emergency Africa appropriation legislation. As chairman of the Select Committee on Hunger, I have been working for several months with colleagues from both the House and the Senate to determine what kind of assistance is needed to meet the Africa crisis, and to press for rapid passage of emergency aid.

Early in December, together with the gentleman from Michigan [Mr. WOLPE], the gentleman from New York [Mr. WEISS], and Senator MELCHER, I outlined an Africa famine relief measure and urged quick action. It was clear then that the situation in many drought-stricken African nations was critical. Thousands of people have been experiencing great suffering, due to lack of food, medicines, shelter, and other basic supplies. When Congress reconvened, Mr. WOLPE, Mr. WEISS, and myself introduced H.R. 100, the Africa Famine Relief and Recovery Act.

We have worked with the Foreign Affairs Committee and the Appropriations Committee to ensure quick action. The House of Representatives moved quickly, and reported out legislation with full bipartisan support in February. While action was delayed in the Senate, it has now been returned to the House for final approval. The bill I originally sponsored with Representatives TED WEISS and HOWARD WOLPE would have provided assistance at levels somewhat higher than those in H.R. 1239 as reported today. I nevertheless believe this conference report on H.R. 1239 is a fair and compassionate response to the needs in Africa.

The levels of disaster and refugee assistance stipulated in H.R. 1239 will be urgently needed in the next few months. Several of the most severely affected countries, including Sudan and Ethiopia, will have no harvest before the fall, so food and other emergency needs will continue to be very great.

I commend my colleagues in both the House and the Senate for their efforts in securing passage of this critically important legislation. We recognize that we have a special responsibility to alleviate the suffering of people who cannot secure enough to eat because of drought and other disasters. I urge my colleagues to approve this package of emergency assistance so that proposals for food, seeds, medicines, transportation, and other vital needs now awaiting funding can be quickly approved.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I want to thank the chairman of the Appropriations Committee for yielding to me and the chairman of the subcommittee, the gentleman from Wisconsin [Mr. OBEY], the gentleman from New York [Mr. WEISS], the gentleman from Texas [Mr. LELAND], and the gentleman from Massachusetts [Mr. CONTE], all of whom have worked to bring this measure to final passage and enactment today.

Mr. Speaker, I rise today in strong support of H.R. 1239, the supplemental appropriations bill for emergency famine relief and recovery in Africa.

On Saturday, March 30, I sponsored a congressional forum on the African famine at Hamline University in St. Paul, MN. Over 200 persons, including a distinguished panel, participated in this program which focused on a description of the current crisis and how to break the famine cycle in Africa. The starvation of hundreds of thousands of people in Ethiopia and other countries in sub-Saharan Africa is certainly one of the worst tragedies of our time. All of us have been profoundly moved by the daily reports in the news media of the suffering and death which have become rampant throughout Ethiopia. While the crisis has struck hardest in Ethiopia, it has become clear that other countries in that region of the world are also in danger as available food supplies are strained to the breaking point by a massive influx of refugees and displaced persons.

The conference report which the House is considering today will provide $784 million in discretionary budget authority and $289 million in outlays for emergency famine relief and recovery. This total amount is composed of $400 million for Public Law 480—food for peace—$175 million for international disaster, migration, and refugee assistance, and $225 million for emergency food reserve supplies for African famine relief. Clearly, this aid will go a long way in meeting the immediate short-term needs of those who are starving.

The American people have traditionally been very generous in their support of both public and private relief efforts. The current crisis is no exception. Private contributions to numerous relief agencies, such as Catholic Relief Services, Oxfam, Lutheran World Service, Bread for the World, and numerous other organizations are in excess of $150 million. It is appropriate that we act today to reaffirm this commitment of the American people to recognize the suffering of these who are starving and to act publicly through our National Government to do our part to ease their suffering.

While we act today to meet immediate human needs, we should also remember that the problems facing the developing nations of sub-Saharan Africa will not go away overnight. In the face of famine and other catastrophes, long-term development goals are often forgotten. Clearly, if we are to go beyond crisis intervention every time a famine occurs, we will have to develop a consistent, long-term commitment to development aid. While the United States currently has extensive development projects in countries around the world, almost none of them is of the duration needed to solve serious problems, such as developing self-sufficiency in food production and promoting more stable population growth. Commitments on the order of 10 to 20 years are needed, according to many development experts, if we are truly committed to solving some of these difficult problems. Three major weaknesses have limited the effectiveness of our foreign aid programs. First, U.S. aid is often too shortsighted and crisis oriented; second, U.S. aid is often tied to too many political conditions; and third, U.S. policy goals are often unclear and inconsistent. While the primary responsibility for development must rest with the African governments themselves, it is nevertheless clear that there is much that we can do to improve the effectiveness of U.S. foreign aid programs.

We must place greater emphasis on a long-term commitment to development assistance which is tailored to the needs of the recipients. While we cannot prevent droughts and other natural disasters, we can lessen the consequences of these disasters and help people to be better prepared. We must support effective health care programs and population education programs which together can help the developing countries of Africa stabilize their growth rates. We should help to increase the productivity of Africa's small farmers who produce a majority of Africa's food. We must support increased efforts in the developing countries of Africa to maintain their natural resources, such as land, vegetation, wildlife, water, and others. Conservation is essential if these countries are to increase their agricultural productivity. We should also work more closely with other donors on a coordinated multilateral basis to increase the effectiveness of our aid. Finally, we must support more effective monitoring programs to insure that our aid reaches those who need it.

The emergency famine assistance which we are considering today as well as other foreign aid legislation which Congress will consider later this year are important to our own interests. The United States cannot live securely in a world racked by famine and disease. I hope that my colleagues will join me in supporting this measure today.

● Mr. FRENZEL. Mr. Speaker, I am pleased to vote for this appropriation to provide food relief for people starving in Africa.

This bill, when added to an expected supplemental appropriation, will about equal the money which would have been made available in the bill which was vetoed because of its farm credit rider. I believe it will be signed, and that Americans everywhere will support it.

A real problem, seldom expressed during consideration of relief measures, is that the governments of the principal affected countries are conducting policies that would seem to insure that misery will continue to plague their peoples.

The good news comes from Sudan. Its leader has agreed to the reform of domestic policies which gives some hope for improvement.

Bad news prevails in Ethiopia. Our ex-colleague from New Jersey, Millicent Fenwick, now U.S. Ambassador to FAO, has been a consistent critic of the Ethiopian Government's inhumanity to its own citizens. She says that not only has Ethiopia made extortionate changes for allowing the American

51-059 O-86-5 (Pt. 6)

people to give food to Ethiopians, but also that it has used the food as an instrument in its cruel relocation program. That program is designed primarily to break up regions of strong resistance to that unelected government.

When we complain about human rights violations, in the U.S.S.R., in Afghanistan, in Iran, in the Philippines, in Chile, in South Africa, we should not forget that Ethiopia is among the worst, and may even be the grand champion abuser of human rights.

However, not even inhumane governments allow us to disregard our own obligations.

H.R. 1239 should be promptly passed.●

Mr. WHITTEN. Mr. Speaker, I yield back the balance of my time.

Mr. CONTE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

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

Mr. CONTE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 400, nays 19, not voting 13, as follows:

[Roll No. 42]

YEAS—400

Ackerman	Brown (CA)	Dingell
Addabbo	Broyhill	DioGuardi
Akaka	Bruce	Dixon
Alexander	Burton (CA)	Donnelly
Anderson	Bustamante	Dorgan (ND)
Andrews	Byron	Dowdy
Annunzio	Callahan	Downey
Anthony	Campbell	Dreier
Applegate	Carney	Duncan
Archer	Carper	Durbin
Aspin	Carr	Dwyer
Atkins	Chandler	Dymally
AuCoin	Chappell	Dyson
Badham	Chappie	Early
Barnard	Clay	Eckart (OH)
Barnes	Clinger	Eckert (NY)
Bartlett	Coats	Edgar
Bateman	Cobey	Edwards (CA)
Bates	Coelho	Edwards (OK)
Bedell	Coleman (MO)	Emerson
Beilenson	Coleman (TX)	English
Bennett	Collins	Erdreich
Bereuter	Combest	Evans (IA)
Berman	Conte	Evans (IL)
Bevill	Conyers	Fascell
Biaggi	Cooper	Fawell
Bilirakis	Coughlin	Fazio
Bliley	Courter	Feighan
Boehlert	Coyne	Fiedler
Boggs	Crockett	Fish
Boland	Daniel	Flippo
Boner (TN)	Darden	Florio
Bonior (MI)	Daschle	Foglietta
Borski	Daub	Foley
Bosco	Davis	Ford (MI)
Boucher	de la Garza	Ford (TN)
Boulter	Dellums	Fowler
Boxer	Derrick	Frank
Breaux	DeWine	Franklin
Brooks	Dickinson	Frenzel
Broomfield	Dicks	Frost
Fuqua	MacKay	Sabo
Gallo	Madigan	Savage
Garcia	Manton	Saxton
Gaydos	Markey	Schaefer
Gejdenson	Marlenee	Scheuer
Gekas	Martin (IL)	Schneider
Gephardt	Martin (NY)	Schroeder
Gibbons	Martinez	Schuette
Gingrich	Matsui	Schulze
Glickman	Mavroules	Schumer
Gonzalez	Mazzoli	Seiberling
Goodling	McCain	Sensenbrenner
Gordon	McCandless	Sharp
Gradison	McCollum	Shaw
Gray (IL)	McCurdy	Shelby
Gray (PA)	McDade	Shumway
Green	McEwen	Sikorski
Gregg	McGrath	Siljander
Grotberg	McHugh	Sisisky
Gunderson	McKernan	Skeen
Hall (OH)	McKinney	Skelton
Hall, Ralph	McMillan	Slattery
Hall, Sam	Meyers	Slaughter
Hamilton	Mica	Smith (FL)
Hammerschmidt	Michel	Smith (IA)
Hatcher	Mikulski	Smith (NE)
Hawkins	Miller (CA)	Smith (NH)
Hayes	Miller (WA)	Smith (NJ)
Hefner	Mineta	Smith, Robert
Heftel	Mitchell	Snowe
Hendon	Moakley	Snyder
Henry	Molinari	Solarz
Hertel	Mollohan	Solomon
Hiler	Monson	Spence
Hillis	Montgomery	Spratt
Holt	Moody	St Germain
Hopkins	Moore	Staggers
Horton	Moorhead	Stangeland
Howard	Morrison (CT)	Stark
Hoyer	Morrison (WA)	Stenholm
Hubbard	Mrazek	Stokes
Huckaby	Murphy	Strang
Hughes	Murtha	Stratton
Hunter	Myers	Studds
Hutto	Natcher	Sundquist
Hyde	Neal	Swift
Ireland	Nelson	Synar
Jacobs	Nichols	Tallon
Jeffords	Nielson	Tauke
Jenkins	Nowak	Tauzin
Johnson	O'Brien	Taylor
Jones (NC)	Oakar	Thomas (CA)
Jones (OK)	Oberstar	Thomas (GA)
Jones (TN)	Obey	Torres
Kanjorski	Olin	Torricelli
Kaptur	Owens	Towns
Kasich	Oxley	Traficant
Kastenmeier	Packard	Traxler
Kemp	Panetta	Udall
Kennelly	Parris	Valentine
Kildee	Pashayan	Vander Jagt
Kindness	Pease	Vento
Kleczka	Penny	Visclosky
Kolbe	Pepper	Volkmer
Kolter	Perkins	Vucanovich
Kostmayer	Petri	Walgren
Kramer	Pickle	Walker
LaFalce	Porter	Watkins
Lagomarsino	Price	Waxman
Lantos	Pursell	Weaver
Latta	Quillen	Weiss
Leach (IA)	Rahall	Wheat
Leath (TX)	Ray	Whitehurst
Lehman (CA)	Regula	Whitley
Lehman (FL)	Reid	Whittaker
Leland	Richardson	Whitten
Lent	Ridge	Williams
Levin (MI)	Rinaldo	Wilson
Levine (CA)	Ritter	Wirth
Lewis (CA)	Roberts	Wise
Lewis (FL)	Robinson	Wolf
Lightfoot	Rodino	Wolpe
Lipinski	Roe	Wortley
Livingston	Roemer	Wright
Lloyd	Rogers	Wyden
Loeffler	Rose	Wylie
Lott	Rostenkowski	Yatron
Lowery (CA)	Roth	Young (AK)
Lowry (WA)	Roukema	Young (FL)
Lujan	Rowland (CT)	Young (MO)
Luken	Rowland (GA)	Zschau
Lundine	Roybal	
Lungren	Russo	

NAYS—19

Armey	Dannemeyer	Shuster
Barton	DeLay	Smith, Denny
Bentley	Fields	Stump
Brown (CO)	Hansen	Sweeney
Coble	Mack	Swindall
Craig	Miller (OH)	
Crane	Rudd	

NOT VOTING—13

Bonker	Gilman	Stallings
Bryant	Guarini	Weber
Burton (IN)	Hartnett	Yates
Cheney	Ortiz	
Dornan (CA)	Rangel	

□ 1610

So the conference report was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. RANGEL. Mr. Speaker, I would like to make a statement explaining my absence from rollcall vote No. 42 on H.R. 1239.

Mr. Speaker, on H.R. 1239, the famine relief bill for the recovery in Africa, my colleague from New York, Congressman BENJAMIN GILMAN and I were called away from the House floor in our capacity, me as chairman of the Select Narcotics Committee and he as ranking member to meet with the Attorney General of the United States. We were unable to return to the House in time to vote on that most important piece of legislation.

Had we been there, we would have voted in the affirmative.

PERSONAL EXPLANATION

Mr. GUARINI. Mr. Speaker, on rollcall 42 on H.R. 1239 concerning the famine relief for Africa, I was inadvertently detained as a result of oversight hearings and arrived in the Chamber at the moment the voting machine closed.

Had I been present I would have voted in the affirmative.

AMENDMENTS IN DISAGREEMENT

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, lines 9 and 10, strike out "of which $480,000,000 is hereby appropriated and made available through September 30, 1985" and insert "of which $269,000,000 is hereby appropriated and $16,000,000 shall be derived from unobligated balances in the Commodity Credit Corporation".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 2 and concur therein with an amendment, as follows: In lieu the matter stricken and inserted by said amendment, insert the following: "of which $384,000,000 is hereby appropriated to be available through December 31, 1985, and $16,000,000 shall be derived from unobligated balances in the Commodity Credit Corporation".

Mr. LEWIS of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 3, line 9, after "Africa" insert ", which sums shall be available only for such purpose and which sums shall remain available until September 30, 1986: *Provided*, That, notwithstanding any other provision of law, such assistance shall be available for the furnishing of seeds and fertilizer and for the carrying out of other basic agricultural rehabilitation: *Provided further*, That the Committee on Appropriations of each House of Congress is notified five days in advance of the obligation of any such sums".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 6 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ", to be available only for such purpose and to remain available until March 31, 1986: *Provided*, That the Committee on Appropriations of each House of Congress is notified five days in advance of the obligation of any funds made available under this paragraph, unless the emergency is life threatening and immediate action is necessary"

Mr. LEWIS of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 8: Page 3, line 24, after "assistance"," insert "notwithstanding any other provision of law, such sums as may be necessary, but not more than".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 8 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: "notwithstanding any other provision of law,".

Mr. LEWIS of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 3, line 24, after "Africa" insert ", which sums shall be available only for such purpose and which sums shall remain available until September 30, 1986: *Provided*, That the Committee on Appropriations of each House of Congress is notified five days in advance of the obligation of any such sums".

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 9 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following: ", to be available only for such purpose and to remain, available until March 31, 1986".

Mr. LEWIS of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 13: Page 5, after linme 4, insert:

The Administrator of the agency primarily responsible for administering part I of the Foreign Assistance Act of 1961 shall have the responsibility for determining the emergency food and disaster assistance needs for which funds are appropriated by this Act.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 13 and concur therein.

The motion was agreed to.

The SPEAKER pro tempore. The Clerk will report the final amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 5, after line 4, insert:

DISPOSITION OF ADDITIONAL AGRICULTURAL COMMODITIES UNDER SECTION 416 OF THE AGRICULTURAL ACT OF 1949

To prevent the waste of commodities acquired by the Commodity Credit Corporation through price support operations, the Secretary of Agriculture shall make available through Private Voluntary Organizations for donation to African nations requiring emergency food assistance, for fiscal year 1985, not less than two hundred thousand metric tons of agricultural commodities: *Provided*, That not less than one hundred thousand metric tons of the commodities made available under this sentence shall be in the form of wheat or wheat products: *Provided further*, That none of the commodities made available for donation under this sentence shall be made available until the Secretary of Agriculture has certified to the Chairmen of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs that the commodities shall not be distributed through or otherwise be allowed to come under the possession or control of the Government of Ethiopia. The Corporation shall pay, with respect to the commodities donated under the foregoing sentence, transporting, handling, and other charges, including the cost of overseas delivery. Such donations shall be in addition to the level of assistance programmed under any other authority.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

DISPOSITION OF ADDITIONAL AGRICULTURAL COMMODITIES UNDER SECTION 416 OF THE AGRICULTURAL ACT OF 1949

To prevent the waste of commodities acquired by the Commodity Credit Corporation through price support operations, the Secretary of Agriculture shall make available, through Private Voluntary Organizations for donation to African nations requiring emergency food assistance, for calendar year 1985, not more than two hundred metric tons of agricultural commodities: *Provided*, That 50 percentum of the commodities made available under this sentence shall be in the form of wheat or wheat products: *Provided further*, That none of the commodities made available for donation under this sentence shall be made available until the Secretary of Agriculture has certified to the appropriate committees of the Congress that the commodities shall not be distributed through or otherwise be allowed to come under the possession or control of the Government of Ethiopia. The Corporation shall pay, with respect to the commodities donated under the foregoing sentence, transporting, handling, and other charges, including the cost of overseas delivery. Such donations shall be in addition to the level of assistance programmed under any other authority.

Mr. LEWIS of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will posture further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken today after debate has been concluded on all motions to suspend the rules.

AMENDING THE ACT ESTABLISHING THE PETRIFIED FOREST NATIONAL PARK

Mr. UDALL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1185) to amend the act establishing the Petrified Forest National Park.

The Clerk read as follows:

H.R. 1185

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of March 28, 1958 (72 Stat. 69), to establish the Petrified Forest National Park, is amended by inserting the following at the end thereof: "township 19 north, range 24 east: the southwest quarter of the southwest quarter of section 27.".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Arizona [Mr. UDALL] will be recognized for 20 minutes and the gentleman from Alaska [Mr. YOUNG] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona [Mr. UDALL].

□ 1620

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is a pleasure to rise in support of H.R. 1185, which would expand the boundaries of Petrified National Forest Park in Arizona to include 40 acres of extremely important archeological lands. I introduced this legislation on February 20, and it has been reported out of the Committee on Interior and Insular Affairs without opposition or amendment.

The Petrified Forest National Park is very well known for its unusual and fascinating natural resources, but it is not well known for its treasure of cultural resources. The park is now planning the development and interpretation of its archeological materials.

The inclusion of this parcel, known as site 236, would be a significant part of the effort. The archeological importance of this site is documented in other remarks made here today. Suffice it to say that this nearly 900-year old Anasazi ruin is considered by many to be one of the best examples of an undisturbed prehistoric Anasazi ruin left in the Southwest.

I think special mention should be made of the Archeological Conservancy, which purchased this site with privately donated funds and is generously donating it to the National Park Service. This national, nonprofit organization was founded in 1980 and is headquartered in Santa Fe, NM.

Although a young organization, it already has acquired 27 archeological sites in 11 States, including 3 in Arizona. Their work is important and much appreciated by all of us interested in the preservation of America's past.

So I am very gratified to support this legislation today and urge my colleagues to join me in placing this gift within the boundaries of the Petrified Forest National Park.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. I thank the gentleman for yielding time to me.

Mr. Speaker, H.R. 1185 was introduced by the distinguished chairman of the Interior and Insular Affairs Committee on February 20, 1985, and would amend the boundary of the Petrified Forest National Park to permit additional land to be included in the park.

The Petrified Forest National Park was originally established as a national monument by proclamation of President Theodore Roosevelt on December 8, 1906. Further proclamations by President Herbert Hoover added considerable area to the monument.

The Congress established the monument as a national park in the act on March 28, 1958, and further designated 50,260 acres as wilderness in the act of October 23, 1979. The park contains outstanding geological, paleontological, and archeological resources. H.R. 1185 would permit a 40-acre addition to the park. The proposed addition contains a recently discovered and extremely important archeological site dating from the 12th century A.D. which contain remnants of an unstudied large Pueblo and ceremonial area. This land is currently owned by the Archaeological Conservancy which has agreed to donate the land to the park upon enactment of this bill.

I would like to commend the Archaeological Conservancy for their hard work and generosity in making this outstanding archeological find available to the National Park Service.

The lands to be added to the park by this legislation are subject to the reserved mineral estate of the Santa Fe Pacific Railroad Co. I have been informed that Santa Fe has been working with the Bureau of Land Management in an attempt to exchange its mineral estate in this addition for Federal mineral interests elsewhere in Arizona. I am hopeful that the Bureau of Land Management will be able to achieve this exchange and thereby eliminate the problems so often associated with split estates in the West.

Mr. Speaker, I know of no controversy regarding this bill and urge its adoption.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation under consideration.

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

There was no objection.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 1185.

● Mr. LAGOMARSINO. Mr. Speaker, as ranking member on the National Parks Subcommittee, I rise in support of H.R. 1185 to provide for a 40-acre addition to the Petrified Forest National Park in Arizona.

The land parcel, which lies adjacent to the park, is currently owned by the Archaeological Conservancy. The Conservancy has indicated its intent to donate the parcel to the Federal Government upon enactment of this legislation. In my opinion, this parcel would be a significant, as well as logical, addition to the Petrified Forest Park in view of its outstanding archeological resources, including a recent site dating from the 12th century A.D. As you may know, the park is noted for its unique Indian ruins and petroglyphs.

The mineral rights to the parcel are held by the Santa Fe Pacific Railroad Co. I have been informed that Santa Fe is currently working with the Bureau of Land Management [BLM] to develop an administrative exchange of the subsurface rights, and therefore, does not oppose enactment of this bill. I strongly endorse the concept of such exchanges to eliminate split estate conflicts in national park service areas; therefore, I urge the BLM to expedite this particular exchange.

The Subcommittee on National Parks and Recreation held hearings on H.R. 1185 on March 12, 1985. All of the witnesses, including the administration recommended enactment of the bill. It was unanimously recommended to the full committee, without amendment, on the same date. The Interior and Insular Affairs Committee approved H.R. 1185 by voice vote on March 20.

I would like to further comment that the bill does not require any Federal expenditures. For this reason, and the others I have already mentioned, I urge my colleagues to support and approve H.R. 1185.●

Mr. YOUNG of Alaska. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. RUDD].

Mr. RUDD. I thank the gentleman for yielding time to me.

Mr. Speaker, I commend my colleague, the distinguished chairman of the Interior Committee, for the work that he has done on this very important bill. It is a bill that will contribute very measurably to the Park Service and the Archeological Conservancy which acquired the land. The land underneath was owned by Santa Fe Industries. They worked together through land exchanges, and this will be a tremendous, important addition to that park.

Mr. Speaker, I rise in support of H.R. 1185 to add a 40-acre parcel of land to the Petrified Forest National Park in Arizona.

This site, which lies in my Congressional District, includes a major Anasazi Indian village dating back to about A.D. 900 to 1100. It is one of the best preserved archeological sites in eastern Arizona. It includes a large circular depression adjacent to the village which is believed to be either a dance circle or great kiva, both of which would be unique to the area. Broken pottery is abundant on the site, as is other cultural material.

The Archeological Conservancy, a nonprofit organization dedicated to preserving archeological sites in the United States, recently acquired the 40-acre parcel for the express purpose of donating it for inclusion in the park. And Sante Fe Industries, which holds the subsurface mineral rights to the land, has successfully negotiated an administrative exchange of these rights with the Bureau of Land Management for rights elsewhere in Arizona.

The efforts of both Sante Fe and the Archaeological Conservancy have made possible a valuable addition to the park. I hope my colleagues will support this legislation, and that the bill will be adopted unanimously.

Mr. UDALL. Mr. Speaker, I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona [Mr. UDALL] that the House suspend the rules and pass the bill, H.R. 1185, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

DESIGNATING POINT REYES NATIONAL SEASHORE WILDERNESS AS THE PHILLIP BURTON WILDERNESS AREA

Mr. VENTO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1373) to designate the wilderness in the Point Reyes National Seashore in California as the "Phillip Burton Wilderness," as amended.

The Clerk read as follows:

H.R. 1373

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PHILLIP BURTON WILDERNESS.

(a) In recognition of Congressman Phillip Burton's dedication to the protection of the Nation's outstanding natural, scenic, and cultural resources and his leadership in establishing units of the National Park System and preserving their integrity against threats to those resources and specifically his tireless efforts which led to the enactment of the California Wilderness Act of 1984, the designated wilderness area of Point Reyes National Seashore, California as established pursuant to law, shall henceforth be known as the "Phillip Burton Wilderness."

(b) In order to carry out the provisions of this Act, the Secretary of the Interior is authorized and directed to provide such identification by signs, including, but not limited to changes in existing signs, materials, maps, markers, interpretive programs or other means as will adequately inform the public of the designation of the wilderness and the reasons therefor.

(c) REFERENCES.—Nothing in this Act shall affect the management of (or the application of any rule, regulation, or provision of law to) any area within the Point Reyes National Seashore, except that all references to the "Point Reyes Wilderness" or to "the wilderness in the Point Reyes National Seashore" which appear in any rule, regulation, provision of law or other official document shall hereafter be deemed to be references to the Phillip Burton Wilderness Area.

(d) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Minnesota [Mr. VENTO] will be recognized for 20 minutes and the gentleman from California [Mr. LEWIS] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 1373 was introduced by our esteemed colleague from Ohio, JOHN SEIBERLING, on February 28, 1985, and would name the wilderness within Point Reyes National Seashore the "Phillip Burton Wilderness."

Mr. Speaker, leadership casts a long shadow and today we honor the shadow cast by Phillip Burton over the wilderness designations that he so ably fought for.

There have been thousands of pages written about Phillip Burton, about the man, about his commitment to helping those people who had no one else to help them, about his unyielding opposition to those selfish souls with no vision, who would, if permitted, strip the public lands and rob Americans of their birthright, the right to see at least some of this great and beautiful unspoiled land in its natural state. On April 12, 1983, I stood in this Chamber, as many of you did, and said some things about the leadership of Phil Burton in establishing national parks, wilderness areas and the many other things he did to make this a better world. I'd like to repeat some of those words—for me they have as much meaning today as they did then. "For many younger Members, Phil was a wise counselor. An experienced source of the congressional process, Phil did not hesitate sharing his wisdom with others. His guidance has been and will continue to be an invaluable assistance for many of us and for Congress. I personally was fortunate to work closely with Phil on the Interior Committee, the Democratic Study Group executive committee and on legislation vital to Minnesota, the Boundary Waters Canoe Area Wilderness Act. As chairman of the Interior Parks Committee, Phil was in large part responsible for the adoption of this important legislation. The protection of BWCA from logging, mining, and overuse, and its continued high level of visitor participation is a lasting testament of the legislative handiwork created by Congressman Burton."

Mr. Speaker, the 1976 wilderness designation at Point Reyes National Seashore and the California Wilderness Act of 1984 are other lasting testaments to the leadership of Phil Burton and I urge all of my colleagues to join me in approving this bill to designate a "Phillip Burton Wilderness Area."

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

Mr. LEWIS of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1373.

● Mr. LAGOMARSINO. Mr. Speaker, I rise in support of H.R. 1373 to designate the Point Reyes National Seashore in California as the Phillip Burton Wilderness. As the ranking member on the National Parks Subcommittee and one of the over 100 cosponsors of H.R. 1373, I strongly urge enactment of this bill as a fine tribute to the numerous conservation achievements of our late colleague, Phil Burton. Many of us in this body were honored by working with Phil in preserving many beautiful and unique wilderness areas for future generations. Probably the most notable of Phil's achievements was the California

Wilderness Act, passed by Congress last year.

As a Californian and member of the House Interior Committee, it was a privilege and a pleasure to personally work with Phil on this monumental legislation. Phil's efforts and accomplishments over the years speak for themselves. There was never a doubt regarding his dedication and commitment to protecting and preserving our Nation's priceless natural, cultural, and scenic resources. For these reasons, I believe it is entirely fitting and appropriate to designate the 25,000-acre Point Reyes Wilderness in honor of Phil's efforts in creating this wilderness, as well as many other conservation areas.

Although the administration opposes enactment of this bill due to a longstanding National Park Service policy opposing the naming of wilderness areas after individuals, I cannot support that view. There are currently several areas within the National Forest Wilderness System named after individuals, including the Dick Smith Wilderness Area in my congressional district. The administration's position, in my view, disregards Phil Burton's numerous contributions to our wilderness system. I appreciate the Park Service policy on this particular issue; however, I believe this is a completely justified exception. Furthermore, I do not believe it will set a dangerous precedent in this regard. Neither is it the Interior Committee's intent to create such a precedent. Future similar proposals would, I am confident, be closely scrutinized with the committee's intent in mind.

H.R. 1373 would designate no new wilderness and require only minimal Federal expenditures. In addition, it would not affect the management of the Point Reyes National Seashore in any way. The Subcommittee on National Parks and Recreation held hearings on H.R. 1373 on March 12, 1985. It was unanimously recommended to the full committee with a minor technical amendment on the same date. The Interior and Insular Affairs Committee approved H.R. 1373, as amended, by voice vote on March 20, 1985.

I, therefore, strongly urge all of my colleagues to support and approve H.R. 1373, as a fitting tribute to our late colleague, Phil Burton.●

Mr. VENTO. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. SEIBERLING].

Mr. SEIBERLING. I thank the gentleman for yielding me this time, and I commend him for his leadership and support on this legislation.

Mr. Speaker, you will recall that when the great Roman senator, Cato, was showing a stranger around his city of Rome, he was asked by the stranger, after his tour of the city, "Well, where is the monument to Cato?" Cato, in reply, simply said, "Look around you."

Well, anywhere you go in the United States, you could probably look around you and see some monument to Phil Burton, not only in humanitarian legislation, but in conservation. Phil Burton was the author of the Golden Gate National Recreation Area bill and of the Redwoods National Park; of numerous wilderness bills, including the California wilderness bill, which was passed and signed into law last fall, and which added almost 2 million acres to the National Wilderness System in the State of California alone.

□ 1630

Phil Burton did not author the legislation creating the Point Reyes National Seashore, although he later sponsored legislation adding very significant acreages to it. That came about after the death of the author of the original legislation, the late Congressman Clem Miller, for whom one of the centers in the Point Reyes National Seashore is named. But Phil Burton was the author of the wilderness legislation that designated part of the Point Reyes National Seashore as wilderness.

In fact, he got two separate laws passed in the 94th Congress, Public Law 94-544 and Public Law 94-567, both designating the wilderness in Point Reyes National Seashore. Why have two laws designating the same wilderness? Because he got tired of waiting for the other body to act on the first bill, so he got the same bill passed again by the House, and the other body eventually passed both, and the President signed both into law. We remember that is the kind of thing Phil Burton often did and endeared himself to many of his fellow legislators.

Now, really to do justice to Phil Burton's achievements in the field of wilderness conservation, you would have to name every single wilderness in California the Phillip Burton Wilderness. However, some of us on the Interior Committee concluded, after conferring with his wife, SALA, and others who knew Phil, that the wilderness area that was most dear to his heart would be the one nearest to his native San Francisco in the Point Reyes National Seashore.

The SPEAKER pro tempore (Mr. GRAY of Illinois.) The time of the gentleman from Ohio [Mr. SEIBERLING] has expired.

Mr. VENTO. Mr. Speaker, I yield 3 additional minutes to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman.

Mr. Speaker, Phil and his wife, SALA, on many occasions went to Point Reyes and enjoyed it as a beautiful natural area that was still relatively close to their native San Francisco. So it seemed to us that this was the wilderness that was most suitable to memorialize Phillip Burton's contributions to the National Wilderness System, and there have indeed been tremendous contributions.

During our hearing, the Park Service came in and opposed the legislation. They did it on the grounds that in the National Park System, we should not be designating landmarks or naming landmarks for individuals. I said to the Assistant Director of the Park Service, "Well, I am sorry, but you have already passed that point. The biggest landmark in North America, Mt. McKinley, is in a national park and is named for an individual, and a politician at that." And, of course, we have Kings Canyon National Park and Muir Woods National Monument, all in the National Park System, with an individual's name attached to a main feature in that park. We also have Theodore Roosevelt Island in the National Capital Parks, and we even have a Theodore Roosevelt National Park in North Dakota.

So it does not seem inappropriate with respect to someone who did as much for conservation, who did as much for wilderness as Phillip Burton, to pick a wilderness system in a national park and name it for him.

I might say there are a dozen or more wilderness areas in the National Wilderness System in the United States, mostly in the national forests, named for individuals, such as Bob Marshall Wilderness in Montana.

Ms. OAKAR. Mr. Speaker, will the gentleman yield?

Mr. SEIBERLING. I am happy to yield to my colleague, the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Speaker, I wanted to say to my friend from Ohio that I think it is appropriate that he speak on behalf of naming this beautiful area after Phil Burton because the gentleman, in his own right, has done so much to further the cause of preserving our environment.

I know that Phil's widow and Member of Congress, SALA BURTON, is here on the floor, and I just wanted to tell SALA and to tell my colleagues how appropriate I believe this is to name the beautiful wilderness area after Phil, and I think it is a fitting birthday present for SALA, whose birthday was yesterday. We are all very, very happy that this is finally coming about and I want to congratulate the gentleman.

Mr. SEIBERLING. I thank my colleague from Ohio.

Mr. Speaker, let me simply say that Phillip Burton was no ordinary politician. He was an extraordinary politican and an extraordinary human

being. He was a politician's politician and a legislator's legislator. If there is anyone who served in this body in the 14-plus years that I have served in it who deserves to have a wilderness area named for him, it is certainly Phillip Burton.

I think that is why we find 124 cosponsors on this bill. So let me just say, "Phil, I know that, wherever you are, you are looking on the work that this Congress and this House have done to protect wilderness areas and smiling. This is our way of saying thanks."

Mr. LEWIS of California. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER], to ask two questions.

Mr. WALKER. I thank the gentleman for yielding this time to me.

Mr. Speaker, it is my understanding that the bill we have before us does have some opposition, not on the question of whether or not Phil Burton was a great Member of this body or a great politician, but the question does arise as to whether or not we are not setting a precedent here which is a change of the way in which we have treated national parks since the founding of the National Park Service in 1872.

It is my understanding that there is a letter from the Department of the Interior that indicates that, in fact, this is a major change and that this would be the first time that we will have renamed a park or a unit of a park after a Member of Congress.

They also point out that indeed we have already named the Golden Gate National Recreation Area in honor of Mr. Burton and raise the question of whether or not to make the change since it would be the first such change since 1872.

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

Mr. WALKER. I yield to the gentleman from Minnesota.

Mr. VENTO. I appreciate the gentleman yielding.

Mr. Speaker, of course, as the gentleman indicated, the National Park Service did not testify in favor of the bill, but I must point out to the gentleman that there are indeed parks, and this does not name the park; it names the wilderness within the park after Congressman Burton, which, as it has been suggested, he was responsible for creating.

The park does have facilities in it dedicated to Clem Miller, the Golden Gate facility is dedicated to Phil Burton, but it is not named after him. So this would actually name one of the units.

We do name Forest Service wildernesses after individuals. There are various features of various parks, like the John Muir Woods, the Mt. McKinley, and other features within parks that have this. It is, in a sense, an unusual move, but I think it is justified based on the nature and the work that our colleague did with regard to wildernesses, not just in California but on a national basis.

So I think it is a good and appropriate thing, and I can assure the gentleman that I will be careful in terms of bringing legislation before this body that would establish naming any wildernesses within any park facilities.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania [Mr. WALKER] has expired.

Mr. LEWIS of California. I yield 2 additional minutes to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding this additional time to me.

Mr. Speaker, I thank the gentleman for his explanation, but is the Department of the Interior correct in saying that we have not done this before with regard to a Member of Congress?

Mr. VENTO. No. I think that is an oversimplification. I think, I would only agree to the fact that we have not, as a practice, named wildernesses within parks after individuals.

Mr. WALKER. The Department of the Interior says, "In no instance has Congress renamed a park or a unit of a park after a former Member of Congress." That is not a true statement?

Mr. VENTO. I do not know, but there are obviously other names associated with parks that are political figures.

Mr. LEWIS of California. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Let me yield to the gentleman from California.

Mr. LEWIS of California. I thank the gentleman for yielding.

Mr. Speaker, the answer is "Yes."

Mr. WALKER. The answer is "Yes," that this statement by the Department of the Interior is correct, so we are taking a precedent-setting action here with regard to the naming of a unit of a park or a park for a Member of Congress. This will be the first time that we will have done that.

Ms. OAKAR. Mr Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

My question to you is: So what? So what if it is a precedent, in view of the work that Phil Burton did on preserving the environment. We ought to be honoring people like Mr. Burton, who is deceased.

□ 1640

I am frankly amazed that you would raise that as an issue. I am just amazed at that.

Mr. WALKER. I thank the gentlewoman and——

Ms. OAKAR. You do not have to agree with his voting record, but so what?

Mr. WALKER. I am certain that the gentlewoman is constantly amazed by many things that occur on the House floor, but I would say to her that I think, as a part of this discussion, it is relevant to point out that the Department of the Interior does have some very grave reservations about this procedure being followed and what precedents we make for the future.

So the gentlewoman says, "So what?" to many things, but the problem is that what we do on this floor——

Ms. OAKAR. I do not say, "So what?" to many things, but I do say, "So what?" to this.

Mr. WALKER. Regular order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Pennsylvania has the time. Does the gentleman yield, and, if so, to whom?

Mr. WALKER. Mr. Speaker, I think it is important to recognize that in setting this precedent, we will probably set a precedent that will carry over, and perhaps what we will have is a number of Members around here who would like to see parks named after them, too. But I hope in this instance we will take into account the Department of the Interior's objections to the bill.

Mr. VENTO. Mr. Speaker, I yield 1 additional minute to the gentleman from Ohio [Mr. SEIBERLING].

Mr. SEIBERLING. Mr. Speaker, I would like to respond to the gentleman from Pennsylvania.

I was chairman of the Parks Subcommittee for two successive Congresses, at the request of Phillip Burton when he yielded up that subcommittee chairmanship. After he passed away, we made it a separate subcommittee again and the gentleman from Minnesota [Mr. VENTO] is doing an outstanding job of chairing it.

I have consistently opposed naming national parks for individuals, and I will continue to oppose it. This bill would not name a national park for an individual; it would simply name a wilderness area for an individual.

Now, the Park Service may think that its wilderness areas are superior to the dozen or more wilderness areas in the other parts of the national wilderness system that are named for individuals. I happen to think these include some magnificent wilderness areas comparable to any wilderness in the parks. Nor do I see anything wrong with naming a wilderness area for a politician or any reason why we should exclude a person because he is a politician. The real question we must ask ourselves is: Does the individual merit having a wilderness named for him? Is it appropriate?

If there was ever anybody in this House who deserved to have a wilder-

ness area named for him, it is Phillip Burton. I would oppose naming it for just any politician, and I am not excluding myself in that. But I certainly think Phillip Burton merits this in an absolutely extraordinary way. It does not create any precedent that will plague us in the future, for a very simple reason: Phillip Burton's achievements in conservation place him in a class occupied by very few people who have served in this House. If we follow the standard set by his achievements in this field, we will rarely be called upon to repeat this kind of legislation in the future.

Mr. VENTO. Mr. Speaker, I yield 2 minutes to the distinguished delegate, the gentleman from the Virgin Islands [Mr. DE LUGO].

Mr. DE LUGO. Mr. Speaker, I wholeheartedly endorse H.R. 1373 and I am proud to be an original cosponsor of this legislation which will designate the 25,000-acre wilderness located within the Point Reyes National Seashore in California as the Phillip Burton Wilderness.

Phil Burton was, without a doubt, one of the finest men I have ever met. It was a privilege to have his friendship and to work with him on issues so crucial to the poor and the underprivileged, to the ecological future of our Nation, and to the territories of our Nation.

He was a man driven, and one wonders in retrospect if he did not have some premonition that he had but limited time to accomplish his goals.

And what goals they were. He became the conscience of this House, and had he cared about publicity he might even have become known as the conscience of the Nation. For he took on issues that had no champions, that some, in fact, ran from.

One of his former colleagues said of him: "There's only one constituency he gives a damn about—the poor, the elderly, the black and the disabled."

To that I would add the disenfranchised and then neglected territories of the United States, and the people of those territories will be forever grateful to Phil Burton for his efforts, guidance, and counsel on their behalf.

That he accomplished so much is a tribute to his brilliant command of the legislative process and his masterful use of power that left many in awe, and others in frustration. It is still and will always be an honor for me that he was my mentor.

His crusading efforts to protect the environment are legend. In an obituary in the National Parks magazine, he was quoted as saying:

> You know this business of protecting unspoiled places is kind of like a religion to me * * *. We really have only 10 years left to save these places.

For such a man there can be no more fitting memorial than the seashore wilderness, a place of soaring cliffs and unspoiled beaches next to a deep and surging ocean: So majestic, and so restless, and so like the man himself.

Mr. PASHAYAN. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. LEWIS].

Mr. FOLEY. Mr. Speaker, will the gentleman yield to me?

Mr. LEWIS of California. I am happy to yield to the gentleman from Washington.

Mr. FOLEY. Mr. Speaker, I just want to associate myself with the remarks of the gentleman from the Virgin Islands [Mr. DE LUGO]. I know the gentleman from California is supporting this bill, and I would like to associate my views with those of the gentleman from the Virgin Islands in noting that Phillip Burton was one of the great legislators of our time, and I hope the House will give overwhelming support to this bill.

Mr. Speaker, I thank my colleague for yielding.

Mr. LEWIS of California. Mr. Speaker, I thank the gentleman from Washington.

Mr. Speaker, it is a great honor for me to come to the floor today and express my support for this measure which would pay tribute to one of the greatest legislators this House has seen, Phillip Burton of San Francisco. I do not do so lightly, and there will be a bit of controversy, I suppose, as a result of it, but I would like to share with my colleagues my own experience over the years in the business of public affairs with Phillip Burton.

The first time I had the privilege of seeing the gentleman, I was a young student in San Francisco, and there was a group meeting in a park not far from our office and I wandered down there during lunch to see what these crazy people were doing. It was not Phillip Burton I was seeing that day; his wife SALA was the spokesperson.

The family is an activist family. The family is involved in public affairs in a very, very serious way.

My first opportunity to really get to know Phillip was when I had the questionable experience of carrying on the responsibility for reapportionment in the California Legislature from the Republican side. Phillip was in Congress, and that was another of his charges. When he took on that piece of legislative responsibility, I can tell you that he did his homework, he did it well, and he did it with a vengeance. I grew to admire him deeply for his commitment and his capacity. I cannot say to the Members of the House that I always agreed with him. Just in this last go-round, he left my house out of my district. Nonetheless, he did his job thoroughly, and he did it in that case as a partisan and most effectively.

When it came to other forms of legislation in the House, I think, at least in my experience, Phillip Burton was without peer. He was committed and he recognized the reality that all of us would serve better if we came to the floor presuming that we did not have all the answers to all the problems that were around, but, rather, that you should select those areas of public affairs where you truly want to have an impact, then do your homework and plan your direction one step at a time. He did that with great care.

In the field we are dealing with today, that is, the country's wilderness, Phillip Burton became a master. I must relate one of the asides that is most interesting about the work he did here. He almost went out of his way not to visit those areas. He was not exactly an outdoorsman himself. He did most of his work inside his office or at home at night. I once, in discussing wilderness prospects for my desert, threatened to take him to the desert in August for a couple of weeks before he started his work, just to try to discourage him a bit. But having said that, Phillip created an atmosphere and an environment, if you will, in this House in which Members of both sides of the aisle recognized the importance and the responsibility that we have to preserve that which is most critical to us. And what issue of more importance could there be than our wilderness?

Phillip Burton as a Democrat could serve as a point of study for those who would be effective partisans from the Republican side of the aisle. I recall him on more than one occasion describing the gentleman from Pennsylvania [Mr. WALKER] as "a professional who played hardball but who was serious about his business."

Phillip Burton in this House created a following on his side of the aisle that I think we will long wait to see in the future.

□ 1650

For those of us who believe that most of our problems are not purely partisan problems, it seems to me that on our side of the aisle, the Republican party should practice the business of doing our homework, of attempting to affect public policy progressively and recognizing that we have a responsibility from time to time to govern as well.

This precedent, as it has been described, will not be a precedent that is oft repeated. It is not the intention of the committee to go around renaming locations in the country after Member after Member. As a practical fact of life, it is a recognition of the reality that Phillip Burton was the only person who could have or will in the future have the kind of impact that this House has brought forth in terms of this critical area of public responsibility.

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

Mr. LEWIS of California. I would be happy to yield.

Mr. SEIBERLING. Mr. Speaker, I would like to associate myself with the gentleman's remarks, which are really very fine.

Phillip Burton was a great legislator, not only because he had a superlative sense of the way the legislative process works, not only because he had the intellect and the drive to get things done, but, most important of all, he had a heart. He loved creating parks and wilderness areas, not just because he thought it was a nice thing to do, but because he thought about the people who would be enjoying them, even if he never would. That is something we as legislators need to remember, that when all is said and done, you have to have a heart, or your life won't amount to a row of beans.

Mr. LEWIS of California. Well, let me say in closing that SALA BURTON, Phillip's wife, and our colleague, is here on the floor. I certainly would not want to end my remarks without extending both my affection and my respect for her as well.

It is critical for us to realize that good lawyers go in the courtroom and they do battle, but they respect most their opponents who are effective, who are fair, who are tough, and whose word is good.

Above all things, Phillip Burton's word was good.

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

Mr. LEWIS of California. I am happy to yield to the gentleman from California.

Mr. PASHAYAN. Mr. Speaker, I would like to associate myself with the gentleman's remarks.

Mr. VENTO. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. LEHMAN].

Mr. LEHMAN of California. Mr. Speaker, I would like to say a few brief words in support of H.R. 1373 to designate 25,000 acres of the Point Reyes National Seashore in California as the Phillip Burton Wilderness.

As a cosponsor of this legislation and as a personal friend of Phil Burton, I believe that naming a wilderness in his honor is a small tribute to a very big man. It is a symbolic gesture to remind us today and new generations tomorrow that one person can make a difference, can bring about change, and can fight against the odds and win. No single individual in my lifetime did more to set aside landscapes for our future than Phillip Burton. Phil's fingerprints can be found on the maps of our most sacred environmental treasures—from Lake Tahoe to the California wilderness to the Point Reyes National Seashore.

And Phil did all of this for the American people, to ensure that rich or poor we would all inherit a grand national estate to enjoy forever. The fruits of his labor are ours, but there is no question that he enjoyed the work itself.

Phil Burton gave this Nation the gift of his labor. Dedicating the Phillip Burton Wilderness in his honor should serve as a reminder of the work that he expects us to carry on. I, for one, would hate to disappoint him.

The issue here is not one of precedent. Phil Burton was never bound by such narrow concepts. Yet, there are not many features in our national parks named for individuals. There are not many Phil Burtons, either. He deserves this honor. That is the only issue.

Mr. Speaker, I urge my colleagues to vote yes on H.R. 1373.

Mr. PASHAYAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation.

I should like to add in addition to the superb remarks from my colleague, the gentleman from California [Mr. LEWIS] that not only did Phillip Burton do his homework, but he practiced another of that part of politics, that one could always talk to Phillip. I certainly found myself 99 percent of the time in opposition on issues to the positions that he had taken, but if anybody was a master of the art of sitting down and talking something over and reasoning it out, Phillip Burton was that man.

I think perhaps all of us might remind ourselves that if we were to do a little bit more of that, that perhaps some of the very good business of the House might be expedited.

Mr. Speaker, as cosponsor of the legislation before us, I rise in full support of H.R. 1373. This bill has been developed in a bipartisan effort by the Committee on Interior and Insular Affairs. It enjoys bipartisan support today.

It was just a few days removed from 2 years since this body lost Phillip Burton. His loss shocked us all. Phillip Burton was garrulous, rambunctious, emotional, cunning, brilliant, and forthright.

The issue before us today is a simple extension of the recognition this body and this Nation feels for the master politician that was Phillip Burton. Parks and seashores and wilderness areas in and around San Francisco were of keen interest to Phillip Burton. The Point Reyes National Seashore is but one of the jewels he helped to carve.

If politics is an art, no artist painted with a more deft touch than Phillip Burton. Today, it is only fitting that the House of Representatives complete the portrait that has become the man.

The land in question today, some 25,000 acres, is a small corner of wilderness. It does not measure the man, nor is it intended to do so. It only sets aside a small portion of the Federal estate as a reminder of the legislative skills that he practiced with the fury of the Sun itself.

Mr. VENTO. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Speaker, Point Reyes Wilderness Area is in the heart of my district, so I am very pleased to be here today at this historic moment. I can say that in 1962 when Point Reyes National Seashore came into existence, it was because of the hard work of Congressman Clem Miller and we do have the visitors facility there named after Clem Miller.

I can think of nothing more appropriate than to name this wilderness area after the late great Phillip Burton.

I would read from the committee report, because I think it explains really why this is being done:

> The effort to obtain enactment of this wilderness designation was led by Representative Phillip Burton. Representative Burton worked tirelessly to obtain passage of the California Wilderness Act, first introducing a bill in the 96th Congress which passed the House but was not acted on by the Senate. A similar bill was introduced by Mr. Burton in the 97th Congress but was not acted upon in the Senate.

Phil Burton did not give up until that bill finally did pass and his wife, SALA, played a very important role in that.

This wilderness area is magnificent. It is visited by millions and millions of Americans. I think the American people who go through that park ought to know that one person can make a difference. And Phil Burton made that difference. What does naming this area after Phil Burton mean? I hope some of my colleagues on the other side of the aisle will listen to this, because what this really means is that when people from all over America and from all over the world go through this magnificent facility, this beautiful wilderness area in Point Reyes, they will know by the signs that are posted along the way that it was Phillip Burton who made it possible.

I think this is fitting.

● Mr. LEVINE of California. Mr. Speaker, I am pleased to rise in support of H.R. 1373, legislation which designates the 25,370-acre wilderness located within the Point Reyes National Seashore, CA, as the Phillip Burton Wilderness.

Former Representative Burton was a dear friend who dedicated his life to the protection of our precious natural resources. He was a leader in efforts to establish wilderness areas and was instrumental in the preservation of wil-

derness areas in California. It is appropriate that the wilderness area established in 1976, which lies within the Point Reyes National Seashore, should bear Phil's name.

For close to 6 years, the California wilderness bill had been embroiled in controversy. It was one of the most hard-fought wilderness bills considered by Congress, as conservationists sought protection of the forest land which development interests attempted to keep open to timbering, mining, and real estate.

The foundation of the California wilderness bill signed by President Reagan late last year was laid primarily by the work of Phil Burton, who had crafted a version of the bill which set aside 2.33 million acres of land as wilderness. The legislation, an amended version of the Burton bill, designates as wilderness 1.8 million forest acres, a compromise reached by Senators CRANSTON and WILSON between the Burton bill and the 1.2 million-acre proposal supported by the Reagan administration.

The bill also preserves 83 miles of California's Tuolumne River in its wild state, revoking a permit for a dam being planned there. And it protects Mono Lake, a huge inland sea near Los Angeles rich in waterfowl and ancient geological formations, by designating it as a Federal scenic area.

Phil Burton recognized the importance of preserving these precious areas for future generations, and he struggled for many years to do so. By the simple step of naming one of these wilderness areas for him, Congress will ensure that Phil will be honored, not just by those who knew him and were his friends, but by future generations as well.

Mr. Speaker, I urge my colleagues to salute Phil Burton by supporting H.R. 1373.●

● Mr. MINETA. Mr. Speaker, north of San Francisco is a majestic and beautiful peninsula which we set aside in 1962 as the Point Reyes National Seashore.

Over the years since then we took many steps to develop and protect this unique resource. Phil Burton had, shall we say, a hand in these actions.

In fact, as we all know, neither Point Reyes nor any other national park, recreation area, or wilderness area anywhere in this Nation would be the same if it were not for Phil.

Those of us who knew Phil Burton miss him. And those of us who know the Point Reyes National Seashore are forever in his debt.

The administration opposed this bill on the grounds that naming this wilderness area after Phil sets a new precedent.

One can imagine how Phil would have responded to such an administration position.

Let us do what our colleague would have done, and ignore such shortsighted advice.

Let us do the right thing, and adopt H.R. 1373 and name the wilderness areas of Point Reyes after Phillip Burton.●

● Mr. WAXMAN. Mr. Speaker, the legislation before us today to designate 25,370 acres of wilderness within the Point Reyes' National Seashore, CA, as the "Phillip Burton Wilderness" deserves the unanimous support of the House.

The legacy of Phil Burton's achievements as perhaps this country's most visionary and skillful conservationist is understood and appreciated best by those of us who had the privilege of working with him in the House of Representatives. Armed with his unshakable dedication to the public interest and his superior understanding of the legislative process, Phil was able to move legislation through the House against almost impossible odds. He won legislation that doubled the size of our wilderness areas, almost doubled the size of the Wild and Scenic Rivers System, and tripled the size of the National Trails System.

One of the many major legislative successes for Phil was the expansion of the Point Reyes' National Seashore close to his home of San Francisco. He shepherded legislation three times through the House which extended its boundaries and he sponsored the bill in 1976 which established the wilderness area within Point Reyes.

No single legislator has worked more passionately to protect our natural inheritance than Phil Burton did. To his memory, and to the legacy he left us, we owe this personal tribute.●

● Mr. EDWARDS of California. Mr. Speaker, I rise today in support of H.R. 1373, a bill to designate the wilderness in the Point Reyes' National Seashore as the "Phillip Burton Wilderness." This bill has been cosponsored by over 100 Members of Congress, including both Democrats and Republicans and a majority of the California delegation.

As chairman of the California Democratic congressional delegation, I know I speak for all of my colleagues in thanking Congressman BRUCE VENTO for swiftly bringing H.R. 1373 to the floor. I'd also like to express our gratitude to Congressman JOHN SEIBERLING for introducing this legislation that recognizes the vast accomplishments of a man we all admired and dearly miss. There is a tremendous void in the delegation without Phil Burton. Yet, we all find comfort in the memory of his determination and passion for the environment. We think of Phil each day, and his memory gives us added inspiration to carry on his work.

Phil did more than perhaps any other Member of Congress to enhance the Nation's parks and wilderness. He fought to win, not for himself, but for the millions of people who would benefit from his actions. Conservationists throughout the world have applauded Phil for his victories and future generations will reap the rewards of his legacy.

Phil's environmental triumphs were extensive. As a member of the House Interior Committee and chairman of the Park's Subcommittee, he virtually doubled the size of the Nation's park system. In California alone Phil's unrelenting efforts resulted in the expansion of the Redwood National Park, the establishment of the Golden Gate National Recreational Area, the Santa Monica Mountains National Recreational Area, and protection for the Lake Tahoe Basin.

There are other significant accomplishments one of which I know is very fresh in all our minds. It was Phil who laid the groundwork for the California Wilderness Act which passed the Congress last year. That grand legislation, which was the product of 4 years of dedicated work by Phil, designated 1.8 million acres of land in California as national wilderness.

And of course today especially we must recognize Phil's efforts to help preserve the Point Reyes' National Seashore. Located less than a half hour from his beloved San Francisco, Point Reyes is truly an outstanding resource which is valued for its long beaches backed by tall cliffs, lagoons, and forested ridges. In 1974, 1978, and 1980, Phil successfully enlarged this beautiful area. He also triumphed in 1976 when over 25,000 acres within the Point Reyes' National Seashore received wilderness designation.

Phil fought to preserve places like Point Reyes because he understood the need for natural open space which would provide beauty and solitude for those who sought refuge from our crowded hectic urban life. Developers he knew were eager to build. Phil was concerned with this and wanted to ensure that future generations could enjoy and explore nature's generous offerings. We are all deeply grateful to Phil for his foresight and determination.

Mr. Speaker, in view of Phil's leadership and commitment on wilderness and park issues and his work on behalf of Point Reyes, I believe it is only fitting and appropriate that the wilderness in the Point Reyes' National Seashore be designated as the Phillip Burton Wilderness. I urge my colleagues to vote in favor of H.R. 1373.●

● Mr. STARK. Mr. Speaker, I rise in strong support of the measure before us, H.R. 1373, which would designate Point Reyes' National Seashore Wilderness as the "Phillip Burton Wilderness."

It is appropriate that a wilderness area be named after Congressman Burton. He was a leader in bringing new areas under wilderness protection and he was instrumental in expanding our Nation's park system.

As an advocate for the environment and wilderness, Phil stood tall like a California redwood tree in the Congress. His achievements still reach toward the sky, like the boughs of those mighty trees.

There are other memorials to the successes of Congressman Burton. But there are none that I think he would have appreciated more, than having a wilderness area which he worked hard to create, named in his honor.

I urge my colleagues to join me in honoring the memory of Congressman Burton and vote to pass H.R. 1373.●

Mr. PASHAYAN. Mr. Speaker, I yield back the balance of my time.

Mr. VENTO. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Minnesota [Mr. VENTO] that the House suspend the rules and pass the bill, H.R. 1373, as amended.

The question was taken.

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

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

GENERAL LEAVE

Mr. VENTO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just considered.

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

There was no objection.

AMENDMENTS WITH RESPECT TO U.S. SENTENCING COMMISSION

Mr. CONYERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1847) to amend title 28, United States Code, with respect to the U.S. Sentencing Commission.

The Clerk read as follows:

H.R. 1847

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 58 (relating to United States Sentencing Commission) of title 28, United States Code, is amended—

(1) in section 991(a), by striking out "in regular active service"; and

(2) in section 993(b)(2), by adding after "Commission." the following new sentence: "Before the appointment of the first Chairman, the Administrative Office of the United States Courts may make requests for appropriations for the Commission.".

The SPEAKER pro tempore. Is a second demanded?

Mr. GEKAS. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Michigan [Mr. CONYERS] will be recognized for 20 minutes and the gentleman from Pennsylvania [Mr. GEKAS] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. CONYERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the bill now under consideration.

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

There was no objection.

Mr. CONYERS. Mr. Speaker H.R. 1847 makes two minor amendments to the Sentencing Reform Act of 1984, which was enacted last year as one of the crime provisions of the continuing resolution. The bill seeks to resolve some problems that are interfering with the implementation of the Sentencing Reform Act. The act calls for the immediate establishment of a seven-member, Presidentially appointed Sentencing Commission as an independent agency in the Judicial Branch. The Commission is to issue sentencing guidelines that will limit jidicial discretion in the imposition of sentences.

The act requires the President to appoint the Commissioners after consulting with a broad spectrum of groups involved in, or affected by the criminal justice system. The Judicial Conference is required to recommend six persons for the three positions on the Commission that are reserved for active Federal judges.

The establishment of the Commission was effective when the legislation was signed; most other provisions of the act become effective on November 1, 1986. The guidelines, however, will not become effective until 6 months after they have been submitted, along with a report about the guidelines, to Congress. Thus, if the guidelines are to be in place when the rest of the provisions become effective, they must be submitted to Congress no later than May 1, 1986.

Almost 6 months after the act was signed no commissioners have been appointed. While the Commission originally had 18 months in which it could fulfill its task and still have the guidelines in place on time, it now has 13. Since the nominees are subject to Senate confirmation, it seems unlikely that commissioners can take office until late April at the earliest, which leaves the Commission only a year to complete its work.

According to testimony last week at a hearing of the Subcommittee on Criminal Justice, the delay is partly due to the legislation's authorizing only the Commission to submit a budget. The legislation includes no express authorization for funds. Since, unlike most independent commissions, the Sentencing Commission is in the judicial rather than the executive branch, the administration does not believe it is authorized to request an appropriation. Normal congressional procedures require an administrative or judicial request for appropriations. Since there are no funds to pay commissioners, and there are no commissioners, there is no one to request funds. In addition, the Chief Justice earlier declined to submit a list of recommended judicial commissioners because of concerns about the reduction in the number of Federal judges that would result from the appointment of full-time Federal judges as commissioners.

Judge Gerald Bard Tjoflat, testifying on behalf of the Judicial Conference, stated at the hearing that the President will receive a list of recommendations from the Conference within a matter of days. The Department of Justice testified that this will allow the President to complete the final selection process. These developments, however, do not resolve the funding problems. In addition, the Judicial Conference retains its concerns regarding the restriction to active judges.

This bill resolves these problems by authorizing the Administrative Office of the United States Courts to request a budget for the Commission and allowing the President to appoint senior, as well as active, Federal judges to the Commission. I fully expect, however, that the appointment will include one or more active judges. The legislation has the support of both the Department of Justice and the Judicial Conference. We have chosen to bypass committee deliberations and place the bill on the suspension calendar because time is critical if the Commission is to complete its work on schedule. It is my understanding that the other body will take up this bill before the Easter recess.

The failure to have the Commission in operation by this late date raises serious questions about the ability of the Commission to adequately perform its duties in the allotted time. Both Minnesota and Pennsylvania established guidelines commissions in 1978. Min-

nesota's guidelines were not submitted to the legislature until early 1980, and Pennsylvania's early 1981. Washington's commission, created in 1981, submitted its guidelines in 1983 and 1984. New York's Sentencing Commission is also behind schedule. If State experience is any indication, we cannot afford additional delay.

It may well be that, in time, Congress will decide to abandon this new system. Since the majority of the Congress and the President have decided to gamble on its success, however, all of us must join in providing the best environment for these policies to succeed. The Subcommittee on Criminal Justice will continue to monitor the implementation of the act to avoid any further problems.

Mr. Speaker, I urge support of this legislation.

□ 1700

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

The SPEAKER pro tempore. The Chair recognizes the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I first wish to put on the record my personal commendation to the chairman of the subcommittee for two reasons. One is the quick and efficient way in which he brought this particular piece of legislation to the floor. And second, for submerging his long-time questioning of the wisdom of having a Sentencing Commission in the first place to the need to implement what the Congress has already spoken on behalf of, this new type of sentencing reform.

I wish to repeat in my own way what the gentleman made absolutely clear, that these are technical changes offered only in the spirit of trying to implement as fast as possible the work of the Sentencing Commission. We could not have foreseen, or perhaps we should have foreseen with all that we do in the Judiciary Committee about the already often stated backlog that the Federal Court System has, and maybe it would have been prudent for us to have provided at the outset that the President should have the right to appoint a senior judge as well as a sitting judge on the Sentencing Commission component of the Federal judges.

We did not, however, foresee that. This bill would cure that lack of foresight in the original designation and crafting of the bill.

And as for the funding, it is a kind of catch-22 which we are attempting here to correct. Since there is no Commission, there is no Commission ready to request funds. Since there are no funds, the Commission cannot operate. That catch-22 is eliminated with the adoption of this bill which allows the court system itself to request the funds in order to get one of its babies going; namely, the Sentencing Commission.

So again I join the chairman of the subcommittee in urging the immediate adoption of the legislation. It will hasten the day when back to this Congress will come a set of sentencing guidelines which will be able, in my judgment, to better suit a violent crime with suitable punishment, and be able to reward the entire system with predictability.

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

Mr. CONYERS. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey [Mr. RODINO], the chairman of the Committee on the Judiciary. And I thank my ranking minority member for his generous remarks.

Mr. RODINO. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of this legislation which is needed to implement the Sentencing Reform Act and also to commend the chairman of the subcommittee for his timely action here to ensure that that act be fully implemented.

When the Congress enacted the Sentencing Reform Act last year, it placed the Sentencing Commission on a very tight schedule. Sentencing guidelines must be submitted by May of next year if the new system is to go into effect as planned. Yet here we are 5 months after the law was enacted, and 5 months after commissioners could have been appointed, and no one has been nominated. That commissioners have not yet been appointed seriously endangers meeting the statutory timetable. Enactment of this legislation is therefore important.

For over a decade I have advocated—and have introduced legislation to achieve—reform of the Federal sentencing process. I was one of the earliest proponents of Federal sentencing guidelines, and, although I would have preferred enactment of a slightly different guidelines system, I believe that the Sentencing Reform Act, when implemented, will be a considerable improvement over the chaos that currently reigns in Federal sentencing procedures. We must do everything necessary to ensure that it fulfills that potential.

Three positions on the U.S. Sentencing Commission are reserved for Federal judges. The Sentencing Reform Act permits only active judges to fill these positions. This bill would authorize the appointment of senior judges as well. My only concern about this provision was that expanding the field of potential Judicial Conference suggestions for the commission and the time that may be required to process legislation might further delay the submission of the list to the President and slow down the nomination process. A representative of the Judicial Conference has assured the committee, however, that the list will immediately be submitted to the President in accordance with the law as it now stands, including the requirement that the list contain the names of active judges.

It is expected that at least one or more active judges will be appointed by the President. This bill will give the President the flexibility to appoint senior judges as well as active judges, however.

The second problem addressed in this bill has to do with funding. No funds have yet been appropriated for the Commission. The Sentencing Reform Act authorizes only the Commission to request funds, but there are no commissioners yet to do so. This bill authorizes the Administrative Office of the U.S. Courts to request initial funding for the Commission.

This bill is cosponsored by a bipartisan membership of the Committee on the Judiciary. It is supported by the Department of Justice and the Judicial Conference.

I urge my colleagues to join me in voting to get the new sentencing process underway.

□ 1710

It is unfortunate and regrettable that 5 months have elapsed since this bill was enacted into law, and that no commissioners have yet been appointed. Of course, we have no control over that since the commissioners were to be appointed by the President after receiving recommendations from the Judicial Conference. There is a time limit that has been set for promulgation of the guidelines.

The Sentencing Commission proposal that was adopted by the Senate last year contained a provision which required that the judges that be appointed be active judges. So it is not for any lack of any prior warning or notice on our side.

We have been assured and we hope that they will carry out that assurance, that this list now will finally be presented and the President may proceed to make the necessary appointments to begin to carry out the kinds of reforms that we envision.

I want to commend also the gentleman from Pennsylvania for his support. Again, this is a bipartisan measure and I urge the entire body to act in support of this legislation so that we may actually bring about sentencing reform.

Mr. GEKAS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. LUNGREN].

Mr. LUNGREN. Mr. Speaker, last year when we managed to pass the Comprehensive Crime Control Act of 1984, through a rather circuitous route eventually, one of the prime parts of that bill was the sentencing reform. This was on the Senate side very much the endeavor of many years

of the senior Senator from Massachusetts, Senator KENNEDY; it was bipartisan over there.

There is, I guess, very little dispute now as to the efficacy of this change. The problem that has ensued is one of some dispute between ourselves and the judiciary branch, but in some ways because of some technical amendments that are necessary to allow for the proper funding mechanism.

I would just tell my colleagues who voted for this major crime legislation last year that the sentencing provisions being among the centerpieces of that legislation, that this simple legislation here, bipartisan in nature, is a means to achieve that which we sought last time.

It is simple in terms of being technical in nature; it does nothing more or nothing less than facilitating the actual Sentencing Commission that we set into motion last year with our vote. It is unfortunate that we need extra legislation; but I think this is absolutely essential. It is unfortunate that we have lost about 5 months, but I think perhaps that won't be overly burdensome to those who are appointed to this Commission, and I would suggest that our colleagues unanimously vote in support of this legislation so that we can get the Commission off the ground, and so we can get the sentencing guidelines that are so necessary to the overall reform of our system in place.

I thank both the chairman of the subcommittee for his timely action, and the ranking member as well.

Mr. CONYERS. Mr. Speaker, I have no further requests for time, so I yield back the balance of my time.

Mr. GEKAS. Mr. Speaker, I yield 3 minutes to my colleague, the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding to me, and I do not rise in opposition to the bill in any way, but I do want to rise and question the procedure by which we are considering the bill here today.

There are a number of people who have indicated over the last several weeks that some of us on the minority side seem to be somewhat sensitive to the kind of procedures used around the House.

This is an example of the procedures that cause some of us to be a little leery at times. As I understand it, this bill was introduced to the House yesterday, and already today we have it out here on the House floor. And it was done last week when the whip schedule was announced; this bill was not on the schedule, so the Members had no advance notification of it; we found out basically today that the bill was going to come up on the floor, and we have some question as to whether or not—that is fair warning.

Now the other day when we had a lot of talk about the minority bringing the McIntyre resolution to the floor, there was much weeping and wailing and consternation on the House floor about the fact that the minority would bring this piece of legislation out on the floor despite the fact that the minority whip had announced the week before that that was a possibility.

Now we have a bill that comes out here onto the floor with no advance notice to the Members. I understand that we are going to have a couple of other bills later on today that are also going to be brought to the floor from the Committee on Ways and Means, also without advance notice, and as a matter of fact, bills which only cleared the committee early this afternoon.

I think that those who find us being sensitive from time to time to the fact that we are required to legislate without indepth knowledge about the matters before us will look at these particular procedures and begin to understand that there in fact is some sensitivity.

I will be glad to yield to the gentleman from California.

Mr. LUNGREN. I understand the gentleman's upset, but I will tell you that this is bipartisan in nature and that of all bills I would object to, this is not the one.

I only wish that the comprehensive crime package had come up as quickly last session. We ought to thank our lucky stars we got this here so fast, and I understand the gentleman's concern, but truly, if I am going to be surprised on anything, I would love to be surprised by things like this.

Mr. WALKER. I thank the gentleman, and I said at the opening of my remarks that I do not intend to oppose the bill; I understand it is bipartisan. I have talked to the gentleman about it.

But it is an example of the kind of problem that we are seeing all too often on the House floor with regard to legislative scheduling. It is an example of the fact the Chair controls the legislative scheduling and often does not even bother to consult with the minority about these things.

We have a couple of bills, as I say, coming on later on today that I understand were scheduled without even bothering to consult with the minority leadership. That is just totally unacceptable.

Mr. GEKAS. Mr. Speaker, I yield myself such time as I may require, simply to point out, as did the gentleman from California to my colleague from Pennsylvania [Mr. WALKER] that in this particular strategy, I am in full complicity because of the urgency of the matter.

I feel that there will be occasions, many occasions just like the one at hand in which the two parties are going to be able to agree to expedite legislation. It remains for watchdogs like the gentleman from Pennsylvania [Mr. WALKER] and others to monitor all of these things to make sure that both the minority is informed and that there is a general agreement reached before expedition of legislation like today's example could be acted upon.

So I am happy that we are able to bring this legislation so quickly to the floor in this instance, this does not mean in any way that I will always concede that this procedure is the best procedure to follow. In this case it is.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan [Mr. CONYERS] that the House suspend the rules and pass the bill, H.R. 1847.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

□ 1720

AUTHORIZING USE OF THE CAPITOL ROTUNDA IN COMMEMORATING THE 100TH ANNIVERSARY OF THE DEATH OF ULYSSES S. GRANT

Ms. OAKAR. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 59) commemorating the 100th anniversary of the death of Ulysses S. Grant, the 18th President of the United States.

The Clerk read as follows:

H. CON RES. 59

Resolved by the House of Representatives (the Senate concurring), That the rotunda of the United States Capitol is hereby authorized to be used on July 23, 1985, from 11 to 11:30 o'clock ante meridiem for a ceremony as part of the commemoration of the anniversary of the death of Ulysses S. Grant, the eighteenth President of the United States. Physical preparations for the conduct of the ceremony shall be carried out in accordance with such conditions as may be prescribed by the Architect of the Capitol.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentlewoman from Ohio [Ms. OAKAR] will be recognized for 20 minutes and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the concurrent resolution before us was agreed to by the Committee on House Administration on March 28, 1985. This proposed ceremony would be part of the commemoration activities of the 100th anniversary of the death of our 18th President, Ulysses S. Grant. The U.S. Army and the Ulysses S. Grant Association

of Illinois are the organizations coordinating these events.

I would like to commend the gentleman from Illinois [Mr. GRAY], who is in the Speaker's chair now. I know the gentleman wants to speak on this resolution and that he has a statement that will be put in the RECORD. As the prime sponsor of this concurrent resolution, I know how much it means to the gentleman and his constituents and, indeed, to the country.

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

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to echo the comments of the gentlewoman from Ohio about our Speaker and remind Members that he is a graduate of this illustrious committee, so he knows a good deal on this subject.

There is no objection to this, insofar as I am aware, and the minority urges its prompt passage.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois [Mr. GROTBERG].

Mr. GROTBERG. I thank the gentleman for yielding, and I congratulate the gentlewoman from Ohio [Ms. OAKAR] for presenting the rotunda of the U.S. Capitol as a fitting place for a memorial for the gentleman from Illinois, Mr. Grant—General Grant, the Galena gentleman—whose home is in the district of our colleague, Congresswoman MARTIN.

I have been waiting for an appropriate moment to bring a message to this Congress, and I think I may have found it. Mr. Speaker, I would remind the House that we are in a delicate stage of trade negotiations with the Japanese at this very moment. Their willingness to open their domestic markets to our telecommunications industries, among others, will determine whether protectionist sentiment in the Congress and across the Nation will increase or subside. I hope that the Japanese will allow more importation of American products because free trade can only be beneficial to both countries.

In this very House of Representatives, though, we should do our part to demonstrate the quality of our own American-made goods. During the orientation for new Members of Congress late last year, some of us had the rare opportunity to listen to the U.S. Navy Choir sing in Statuary Hall among the monuments to the great heroes of our country. But something caught my eye that evening which disturbed me. It was the piano that was used to accompany our U.S. sailors. It was not a Wurlitzer, Baldwin, or Steinway. It was a Yamaha. It seemed incredible to me that the U.S. Navy, the heroes of Pearl Harbor, would be using a Yamaha. Now, I know that relations between our two countries have improved over the past 40 years, but it seemed to me to be more appropriate for a U.S.-made piano to be used during that special event in that hallowed American shrine Statuary Hall. I hope that by July 23, 1985, there will be an American-made piano available to our national heroes including those of days past like the memorializing of the General from Illinois on the 100th anniversary of his death I am drafting a resolution to assure that the shrine of American democracy, the U.S. Capitol, shall have the dignity of American-made accouterments for such services, and hope to work with another distinguished Illinoisan, Chairman ANNUNZIO, of the Committee on House Administration to make it possible.

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume, only to observe that I am certainly glad those singers were not accompanied by a Yamaha motorcycle.

Mr. Speaker, I yield back the balance of my time.

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume to assure my friend, who spoke about the need to have American products, that I very much agree with him. I do want the gentleman to know that I could not agree more, and that is why I feel so strongly about the enormous trade deficit that we have in this country. I certainly support the thrust of the gentleman's remarks.

Mr. GROTBERG. I thank the gentlewoman.

Ms. OAKAR. Mr. Speaker, I have no further requests for time. Again I want to commend the gentleman and all his fine work in expeditiously getting this resolution on the floor of the House.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio [Ms. OAKAR] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 59.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Ms. OAKAR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 59, the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

AUTHORIZING USE OF THE CAPITOL ROTUNDA TO COMMEMORATE DAYS OF REMEMBRANCE OF VICTIMS OF HOLOCAUST

Ms. OAKAR. Mr. Speaker, I move to suspend the rules and concur in the Senate concurrent resolution (S. Con. Res. 33) authorizing the rotunda of the U.S. Capitol to be used on April 18, 1985, for a ceremony commemorating the days of remembrance of victims of the Holocaust.

The Clerk read as follows:

S. CON. RES. 33

Whereas pursuant to the Act entitled "An Act to establish the United States Holocaust Memorial Council" and approved October 7, 1980 (94 Stat. 1547), the United States Holocaust Memorial Council is directed to provide for appropriate ways for the Nation to commemorate the days of remembrance of victims of the Holocaust, as an annual, national, civic commemoration of the Holocaust, and to encourage and sponsor appropriate observances of such days of remembrance throughout the United States;

Whereas pursuant to such Act, the United States Holocaust Memorial Council has designated April 14, through April 21, 1985, as "Days of Remembrance of Victims of the Holocaust"; and

Whereas the United States Holocaust Memorial Council has recommended that a one-hour ceremony be held at noon on April 18, 1985, consisting of speeches, readings and musical presentations as part of the days of remembrance activities: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the rotunda of the United States Capitol is hereby authorized to be used on April 18, 1985, from 10 o'clock ante meridiem until 3 o'clock post meridiem for a ceremony as part of the commemoration of the days of remembrance of victims of the Holocaust. Physical preparations for the conduct of the ceremony shall be carried out in accordance with such conditions as may be prescribed by the Architect of the Capitol.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentlewoman from Ohio [Ms. OAKAR] will be recognized for 20 minutes and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 20 minutes.

The Chair recognizes the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Senate concurrent resolution before us is a companion resolution to House Concurrent Resolution 98, which was agreed to by the Committee on House Administration on March 28, 1985.

Mr. Speaker, the U.S. Holocaust Memorial Council established in October 1980 by a unanimous vote of Congress, has each year since 1979 coordinated ceremonies commemorating the victims of the Holocaust during the days of remembrance. Observances are held in Washington, DC, and in States and

cities throughout our great country. These national ceremonies have been addressed each year by the President, by Members of Congress from both parties. This personal involvement of the Nation's leaders underscores a national commitment to honor the memory of the victims. Authorizing the Capitol rotunda for such a ceremony would signify the commitment of the American people that the Holocaust not be forgotten.

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

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the committee's minority supports this bill. The hall should be used for this good purpose. There is a very small amount of time available to us to pass this resolution, so we should do it forthwith, with no additional talking for that purpose.

Mr. Speaker, I yield back the balance of my time.

Ms. OAKAR. Mr. Speaker, I yield myself such time as I may consume just to add that this is an important commemoration that all of us feel strongly about.

I want to commend the gentleman from New York [Mr. SOLARZ], who is the prime sponsor of this resolution. The gentleman could not be here because of committee work.

● Mr. KANJORSKI. Mr. Speaker, I rise in strong support of House Concurrent Resolution 98, legislation which would authorize the use of the Capitol rotunda on April 18 for ceremonies to commemorate the victims of the Holocaust.

In all of human history, there are few darker moments than the systematic murder of millions of innocent persons during the period now known as the Holocaust.

This cold, calculated genocide almost succeeded in wiping out an entire religion and deprived the world of the talents of millions of gifted individuals. Even those Jews who survived the torture and forced labor in the concentration camps had their lives irreparably damaged by the physical and mental abuse they suffered, and by the loss of their loved ones.

Even though the Holocaust took place less than a half a century ago, there are an increasing number of people throughout the world who are unaware of it. Even worse, there are a disturbing number of "revisionist" historians who deny that it ever took place—in total disregard of mountains of documentary evidence.

As Americans, we owe it to ourselves and to our children to make sure that this unpleasant event is neither forgotten, denied, nor repeated. The use of the Capitol rotunda, our most treasured and important national historic site, for this commemoration will help us to avoid the pitfall noted by the 19th century philosopher, George Santayana when he noted, "Those who cannot remember the past are condemned to repeat it."

I urge all of my colleagues to vote "aye" on House Concurrent Resolution 98.●

Ms. OAKAR. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio [Ms. OAKAR] that the House suspend the rules and concur in the Senate concurrent resolution, Senate Concurrent Resolution 33.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Ms. OAKAR. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Concurrent Resolution 33, the Senate concurrent resolution just concurred in.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

□ 1730

PHASING OUT THE FEDERAL SUPPLEMENTAL COMPENSATION PROGRAM

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1866) to phase out the Federal Supplemental Compensation Program.

The Clerk read as follows:

H.R. 1866

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) CONTINUATION OF COMPENSATION FOR INDIVIDUALS WHOSE ELIGIBILITY BEGINS PRIOR TO TERMINATION DATE.—Section 602(f)(2) of the Federal Supplemental Compensation Act of 1982 is amended—

(1) by striking out "(2) No Federal" and inserting in lieu thereof "(2)(A) Except as provided in subparagraph (B), no Federal"; and

(2) by adding at the end thereof the following new subparagraph:

"(B) In the case of any individual who is receiving Federal supplemental compensation for the week which includes March 31, 1985, such compensation shall continue to be payable to such individual in accordance with subsection (e) for any week thereafter, in a period of consecutive weeks for each of which he meets the eligibility requirements of this Act.".

(b) CONFORMING AMENDMENT TO PERIOD OF ELIGIBILITY.—Section 605(2) of such Act is amended by inserting "(except as otherwise provided in section 602(f)(2)(B))" after "April 1, 1985".

(c) MODIFICATION OF AGREEMENTS.—The Secretary of Labor shall, at the earliest practicable date after the date of the enactment of this Act, propose to each State with which he has in effect an agreement under section 602 of the Federal Supplemental Compensation Act of 1982 a modification of such agreement designed to provide for the payment of Federal supplemental compensation under such Act in accordance with the amendments made by the Act. Notwithstanding any other provision of law, if any State fails or refuse within the three-week period beginning on the date the Secretary of Labor proposes such modification to such State, to enter into such modification of such agreement, the Secretary of Labor shall terminate such agreement effective with the end of the last week which ends on or before the close of such three-week period. Pending modification (or termination) of the agreement, States may pay federal supplemental compensation in accordance with the amendments made by this Act for weeks beginning after March 31, 1985, and shall be reimbursed in accordance with the provisions of the Federal Supplemental Compensation Act of 1982.

The SPEAKER pro tempore. Is a second demanded?

Mr. CAMPBELL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 20 minutes and the gentleman from South Carolina [Mr. CAMPBELL] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Federal Supplemental Compensation [FSC] Program expires at the end of this week. If we fail to act before we adjourn, checks to 340,000 long-term unemployed men and women will suddenly stop.

This temporary program was created in the depth of the 1982 recession. It has been extended twice since the original enactment. The most recent extension expired the end of March.

Being out of work in America—this land of opportunity—often carries the possibility of living near the poverty line. Yet, with the recession officially over and many areas prospering, unemployment seems to have all but disappeared as a political or economic concern. We seem to have lost sight of the faces behind the unemployment numbers.

Mr. Speaker, H.R. 1866 is little more than a gesture to the long-term unemployed. It merely allows those people who are on FSC this week to receive the remainder of their entitlement. No new claimants will be permitted after this week.

I understand the sentiment of those Members who say the House should do

more, even if it means a veto from the President or silence from the Senate. I know the political arguments in favor of the Democratic-controlled House staking out its position on this issue and confronting the President. If political one-upsmanship were the only goal, I would have supported that course.

But to risk the remaining week of benefits for more than 300,000 unemployed, to make a political point, is no longer an option at this 11th hour. For Congress to tangle this issue in politics at this point makes little sense.

I ask my colleagues of both parties to support this very small gesture to the Nation's long-term unemployed.

[April 2, 1985]

SUMMARY OF H.R. 1866

AMENDING THE FEDERAL SUPPLEMENTAL COMPENSATION (FSC) PROGRAM

Present law

The Federal Supplemental Compensation [FSC] program provides 8, 10, 12, or 14 additional weeks of unemployment benefits to unemployed workers who have exhausted their regular State benefits and any Extended Benefits [EB] to which they were entitled (the permanent EB program provides 13 additional weeks of benefits but is triggered on only in Alaska, West Virginia, Idaho, and Puerto Rico).

The number of weeks of FSC payble in a State is based on the State's insured unemployment rate [IUR], a measure of those people in the State claiming regular State unemployment benefits during the most recent 13 week period. States can qualify for the 14 or 12 week tiers based on either their current IUR or their average IUR since January 1, 1982. 10 and 8 week tiers are based solely on the current IUR.

The last week for which FSC can be collected is the week *ending* on Saturday, April 6, 1985. There is no provision in current law for "phasing out" recipients. Benefits cease after the week ending April 6, 1985 regardless of the number of weeks an individual has collected of his original entitlement.

H.R. 1866

Under the bill, individuals who are currently on the FSC program, that is individuals who claim FSC benefits for the week March 31—April 6, will be allowed to collect the remainder of their FSC benefits. No new claimants would come on the program after April 6, 1985.

Cost: CBO estimates increased unemployment compensation outlays of $160 million. Due to reduced AFDC and food stamp outlays and additional revenues, CBO estimates a net budgetary impact of $140 million.

Mr. Speaker, I have no requests for time, and I reserve the balance of my time.

Mr. CAMPBELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the Suspension of the Rules in order to pass H.R. 1866, a bill to phase out benefits for current claimants under the Federal Supplemental Compensation Program.

FSC began in September 1982 as a temporary program to continue unemployment benefits for the long-term unemployed. At that time the nationwide unemployment rate was 10.1 percent and growing. The program was scheduled to expire several times since its creation but we extended its operation several times. The last extension expired on March 31, 1985.

In contrast to the recessionary economy which led us to create the FSC Program, today's nationwide unemployment rate is 7.3 percent. There are 7.2 million more persons employed today than were employed when the program began in 1982. Because of the economic recovery a further extension of the FSC Program is not warranted.

There may exist some local pockets of high unemployment caused by structural changes in the economy. The long-term, structurally unemployed can benefit from the training and relocation assistance offered in programs such as title III of the Jobs Partnership Training Act.

The bill today would allow an orderly phase out of the FSC Program which expired March 31. The current law contains no phaseout provision. All benefits end abruptly. The bill before us would allow persons who qualified for FSC before it expired to receive all the benefits which they expected to receive. It is a matter of fairness and equity that these persons receive the benefits which we led them to believe they would receive. No new claimants would be added to the program.

Mr. Speaker, the legislation protects persons who were on the FSC rolls from an abrupt loss of their benefits. I support the passage of this bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. I thank the gentleman for yielding me this time.

Mr. Speaker, we have often extended this emergency third tier level of federally supported unemployment compensation benefits. It is time for it to expire, and this bill allows it to expire.

It will cost $160 billion, which is unbudgeted, and will result in additional deficit in fiscal year 1985. During the committee debate, we talked about extending it. On the other hand, there were some of us who believed it should expire forthwith without the extra $160 billion.

In the end, the committee made the difficult decision that equity required that we pay off those people who were in the program now; that is, those who become eligible through April 6, and who would have had additional benefits coming.

I very seldom vote for unemployment compensation bills, but I think this one deserves the support of the House.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. FORD], the chairman of the subcommittee.

Mr. FORD of Tennessee. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in full support of the bill that is before the House today. We reported this legislation from the subcommittee in a different form. We supported legislation that would have called for a 3-month extension of the FSC Program along with a phaseout provision of the program itself.

We extended the program some 18 months ago, and we failed to put a phasein provision within the bill. Therefore, we were compelled to come back at the expiration to deal with a phaseout program only because of the threat to the veto of the bill from the President himself, and whether or not the Senate would take any action. The subcommittee felt that a 90-day extension for those victims who will be taken off the 26 weeks of State unemployment benefits, and knowing that the extended benefits program under reconciliation only covered three jurisdictions, and therefore we felt that the 350,000 people receiving the benefits and the 45,000 people per week triggering off the State unemployment benefits needed some type of relief, and to say that we are going to phase the program out, we are going to pick up the new starts with new claimants, and at the same time notify those recipients of State unemployment benefits that they would no longer be entitled after 90 days for the Federal supplemental compensation benefit.

Athough that legislation was reported out of the committee, an amendment was offered today at the full committee level, I did not support that amendment, but I am in full agreement with the full committee chairman today in saying that we should move this legislation under suspension today to make sure that those who are recipients of FSC will continue to receive those weeks payable under the program. We will phase the program out at the end of the 8, 10, or 12 weeks that a person would be entitled to.

Mr. CAMPBELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to take one moment, if I might, to congratulate the chairman of the subcommittee and the chairman of the full committee and to say to them from the minority side that it was a pleasure to work with them. We had some differences of opinion; the process worked well; they worked well, and we were able to expedite this and there will not be anyone that is cut off of their benefits because of lack of action by either the subcommittee, the full committee or this body.

Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. MICHEL]. the distinguished minority leader.

Mr. MICHEL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of this legislation. I happen to represent a district where the effects of chronic unemployment are still being felt. I represent people who are still looking for work as diligently and as aggressively as they can, but the work simply is not there.

In my opinion, there is a need for this extention. The legislation does not go as far as many of us would like. I have advocated the reform of the Unemployment Compensation Program so that we could target in on those areas within a State with the highest unemployment. I am still hopeful that over the long term we can work with the administration toward getting them to turn to pick up on that proposal and that idea.

The legislation addresses the need for extension with the need for fiscal restraint. This legislation addresses the reality that the President will not sign legislation calling for millions more in assistance. The choice is either to showboat, I guess, with something more or get a bill passed and signed with something less. I prefer the latter.

I hope my colleagues will join me in supporting the measure and I have to express my personal appreciation to the distinguished gentleman from South Carolina and the chairman of the committee who have worked so hard to get the bill to the floor.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of H.R. 1866 which will allow for the continuation of Federal supplemental compensation to unemployed workers now receiving this Federal assistance.

This bill is the least we can do. It is not all that we should do. This bill keeps current recipients from abruptly losing their assistance. It does nothing more.

This bill is not an extension of the program. It does nothing for the unemployed who will exhaust their State unemployment insurance at the end of this week or at any time in the future, as we should be doing. This bill does nothing to reform the unemployment insurance system in order to make it more responsive to pockets of high unemployment or to the needs of the increasing numbers of long-term unemployed workers.

I am disappointed that we only have this limited bill before us today. We should not be blind to the serious problems which remain in our economy. We should be encouraging innovative job training programs which will help the unemployed find new jobs. We should be building the link between retraining and unemployment compensation. We should be maintaining our investment in job training and employment programs—rather than trying to cut them back by nearly a quarter of last year's funding, as the administration recommends in its budget message.

This legislation does none of this but for the men and women who are depending on Federal supplemental compensation benefits now, this legislation is vital. I urge my colleagues to vote in favor of its passage.

□ 1740

Mr. CAMPBELL. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. I thank the gentleman for yielding this time to me.

Mr. Speaker, I also wish to add my voice to those who are commending the committee for their responsible and responsive action, but I would like to point out that I think that we are just offering, really, a band-aid solution for a hemorrhaging problem and that problem is the problem of displaced workers in America.

Despite the fact that we are reading all these statistics that are pumped out downtown every week indicating that maybe the economy is really moving forward in a direction we want it to, and I think there are a lot of positive indicators, the fact remains that we still have across America 2 million American people who are displaced workers and we are not adequately dealing with their problem.

My colleague, the gentleman from Illinois [Mr. DURBIN] and I, along with 62 of our other colleagues on both sides of this aisle, are identified with a measure that is designed to tackle the problem of displaced workers in America. I would urge the committee, in its deliberations, to give the urgent attention required to the proposal to establish in America individual training accounts.

They make a lot of sense. It is a voluntary action involving employees and employers. It would set up a program under which each would contribute eight-tenths of 1 percent, or $250 a year, whichever is less, to an individual training account. The moneys would be handled by the Department of the Treasury. They would be invested in high-yield securities. They would continue to draw interest. The contribution from the employee and the employer would continue up until that time when the $4,000 mark had been reached and then there would no longer be any contribution.

The ideal situation would be that the employee would never have to use the individual training account, but we know by experience that the average worker in America today is probably going to change jobs five or six times, and unfortunately, most often that job change comes not because of any desire but because it is forced upon the worker.

Ms. OAKAR. Mr. Speaker, will the gentleman yield?

Mr. BOEHLERT. I yield to my distinguished colleague, the gentlewoman from Ohio.

Ms. OAKAR. I thank the gentleman for yielding.

Mr. Speaker, I want to congratulate the gentleman on his remarks in identifying a piece of legislation that we ought to be dealing with. I have the privilege of co-chairing a task force with the gentleman on employment and training and as the gentleman has stated, Congresswoman KENNELLY and others, we have not really dealt with the issue of unemployment comprehensively in this country.

We are going to have to deal with that soon. We cannot forget the jobless in passing a bill which I consider not enough. I am sorry, and I want to state this publicly, that the original bill was not passed out by the Committee on Ways and Means. But I look forward to working with the gentleman in getting the individual training account bill passed in a bipartisan spirit, and I want to again congratulate the gentleman on the fine work that he does.

Mr. BOEHLERT. I thank my colleague.

Mr. Speaker, I think it is extremely important that we recognize there are 2 million displaced workers in America today. We cannot forget their needs. We cannot come up with 3 or 6 or 9 or 12 months of temporary solutions to that very real problem. Let us examine the concept of individual training accounts.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. I thank the gentleman for yielding this time to me.

Mr. Speaker, I do want to compliment the Committee on Ways and Means for bringing this legislation to the floor. Two weeks ago any FSC extension was dead. There was no hope at all for extension of the Federal Supplemental Compensation Program and now we have a liferaft for some 340,000 Americans who are the neediest among those who are out of work; a liferaft, but a frail one at that.

The legislation does not include reform such as substate triggers or the sliding scale proposal that has been offered by our colleagues, the gentleman from Pennsylvania, Mr. CLINGER, and the gentleman from Ohio, Mr. PEASE. It does not include any long-range proposals for improving the unemployment compensation program that have been discussed in repeated hearings of the subcommitttee chaired by the gentleman from Tennessee.

Earlier, his bill was described as a minimum program. Frankly, it is barely a minimum. It is the least that we can do, and it is the very least. This

is not the House's finest hour. When we have 8½ million people out of work, when we have more people out of work and out of employment compensation longer than at any time in the entire postwar era of this country, and this House is not moving out aggressively to deal with the problem of the long-term employed who, through no fault of their own, have lost their jobs, who are trying to keep family and home intact, who are trying to find other work, who are trying to get training to pursue new employment opportunities, and all we are throwing out is a bone to those who are about to run out of their unemployment compensation, saying, "Here, just muddle along a little while longer," then we are not practicing the quality of social justice the American people expect, especially from those of us on this side of the aisle.

To those whose employment compensation benefits are about to run out, to those hundreds of thousands of people all across this country who have been devastated by the flood of imports just discussed a little while ago across this country, who are going to be hit hard for longer periods of time than we have ever seen in this country as the decline of industrial America continues, people who will exhaust their unemployment benefits in the weeks ahead, this bill offers no hope. This House offers no hope. It just says this is it. That is all. Forget it. No more FSC.

The Federal Government ought to be a partner in providing extension of benefits, a partner with the States. It ought to be providing assistance to those workers whose lives are adversely impacted by this national economy. This is not an economy of individual States. It is the economy of the whole country, and that is what we are talking about when we come forward with a program of supplemental compensation benefits. If we do not have the vision and the courage, the strength to stand up to a President who drew his line and said, "No I do not want any more benefits for the unemployed," then we do not deserve to be here. We ought to be offering and exercising an independent judgment in this body, and that judgment ought to be in favor of those who are the most vulnerable, who are the most hard hit among us. We ought to be able to provide help for those in the shoe industry who have lost their jobs, and those in the machine tool industry, and the steel industry, in textiles, wood fiber, autos, and many other industry sectors including, as we are seeing, with a $6.8 billion trade deficit, electronics, they too, in that industry are losing ground. We ought to be offering at least a 3-month extension of FSC, with reforms, instead of apologizing for doing so little.

Mr. CAMPBELL. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in reluctant support of this legislation—a bill which provides only a phaseout for current Federal supplemental compensation assistance.

Mr. Speaker, I realize that the time constraints with which we are faced make this legislation necessary. Many individuals currently receiving FSC are unaware that their benefits may expire, and this phaseout at least assures that they will receive the benefits to which they expected to be entitled.

Unfortunately, this legislation does not provide any relief to individuals who become employed after April 6. Those individuals will receive only their State unemployment entitlement—and since only three jurisdictions are triggered on the Extended Benefits Program, we provide no relief today for the long-term unemployed.

These are the people who I'm concerned about. These are the people who live in my congressional district—they are people, not numbers. In the very near future, I would urge the Ways and Means Committee to report legislation to address the problems with extended benefits.

I have introduced legislation—H.R. 646—which goes a long way toward resolving this problem, and I want to thank the distinguished subcommittee chairman, Mr. FORD, for holding hearings earlier this year on my bill. I understand that the subcommittee legislative recommendation is similar in many respects to my bill. I commend Mr. FORD for his efforts on behalf of the long-term unemployed, and again urge the Ways and Means Committee to report leglislation soon to help alleviate the concerns of these individuals.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. PEASE].

□ 1750

Mr. PEASE. Mr. Speaker, I, too, rise in reluctant support of this bill. I do support it because it will provide continued benefits for some 340,000 long-term unemployed workers who otherwise would lose all their benefits as of this weekend, and yet I must express great disappointment on two counts.

First of all, there is no 3-month extension of FSC as had been recommended by the Subcommittee on Unemployment Compensation.

I would like to make it clear and I think we all ought to understand that the reason there is no 3-month extension or 6-month extension, which we would have preferred, is the opposition from the White House. President Reagan has definitely set the parameters for our discussion of extension of FSC. The fact that we have a truncated bill on the floor today, which only goes a little way toward what needs to be done, is due to opposition from the White House.

This is not a bill that we think ought to be passed. This is not what we think needs to be done. This is what we think can possibly be signed by the President.

Second, I am disappointed because this bill contains no reform. We need to move ahead in the months ahead, combine EB and FSC into a single program that makes sense, talk about substate triggers, talk about retraining and job search and all the other things that would make unemployment compensation at the Federal level a simple, integrated, easy-to-understand responsive system.

I am going to be working on that legislation over the next couple months. I invite my colleagues to join me in that endeavor.

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

Mr. PEASE. I would be happy to yield to my distinguished colleague.

Mr. VENTO. Mr. Speaker, I want to commend the gentleman for his work on this and for the types of reform that he has been trying to achieve.

I also want to commend my colleague, the gentleman from Minnesota [Mr. OBERSTAR] for the work he has done.

I am disappointed with this. I think that there is a pragmatic decision that has been made here with which I do not agree. I think we ought to move out of this House with the type of legislation that we feel is necessary to deal with the type of structural unemployment problems that are occurring.

Extended unemployment would be helpful and should be extended until more perfect programs are in fact in place.

The best that can be said for this measure is that it will complete the benefit pay to those who are currently eligible and therefore I will cast an unenthusiastic vote for this measure.

Mr. CAMPBELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have said that this is an effort to help those who are expecting benefits, who are already receiving benefits. I think that it would be very beneficial for us to point out some of the facts of unemployment, though, since we have not yet undertaken reform.

I would like to say that the minority is very interested in reform. We discussed substate triggers. We did not have the data that was available to us to undertake that. That has been recommended by the minority leader as well as many others. We are interested in doing that and undertaking reform, but we are at the 11th hour. The other

body has passed this legislation. Were we to have brought out a reform bill or an amended bill, you would have doomed those people who are now receiving benefits to a loss of the benefits they are now getting; so we brought out what could be done. It was a matter of doing what could be done.

Now, this I should point out to you is not a new thing on FSC. FSC started in 1982 on this cycle as a part of TEFRA when the total unemployment rate in this country was over 10 percent. It is almost 3 percentage points lower than that. We have spent in the process of trying to alleviate some of the pain, and you can never alleviate all of it, some of the pain of those who are unemployed, over $9.4 billion in the process.

We have a program that has been extended four times already. Were we to have extended it again, we would have extended it five times.

There are over 7 million more people working today than when we put in FSC in 1982.

It is not perfect. There is no question, but I think all the facts ought to be on the table when we discuss this legislation and those people who were on the system and expecting their benefits were the ones that we felt very strongly, I did and others on my side, and sought to convince the administration and others, should not be cut off from that which they were already eligible for.

I would point out that a similar program in 1978 was phased out at a lesser rate than we are now doing and that the benefits of those who are on the program would be exactly the same as they are now.

I did not wish to belabor this, but I wanted to point out in some detail that this does not signal the end of reform, but it is very difficult to reform at the 11th hour and the 59th minute. This side does not schedule to mark up reform and the distinguished chairman of the subcommittee has indicated that he wants to pursue reform. The minority is interested in working with both the chairman of the subcommittee and with the distinguished gentleman from Ohio, who has done so much work on it; so this should not be construed as an abandonment of reform. It should be construed as the best that is possible to help those who are now about to be cut off, in fact have been cut off, and we are now letting them get the rest of their benefits. I just wanted to put it in perspective.

Mr. FORD of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL. I am glad to yield to the gentleman from Tennessee.

Mr. FORD of Tennessee. Well, I thank my colleague for yielding, and I say to the gentleman from South Carolina [Mr. CAMPBELL], I want to thank the gentleman for his able assistance on this particular bill that we have on the House floor today and offering the amendment before the full committee, although it was not the bill that we reported up; but I am glad to hear the gentleman say today, and the gentleman said it in the committee, that this is not the end, that the gentleman would like to see the subcommittee move on some type of reform measure. We do, in fact, have the reform measure, EB and FSC before the Ways and Means Committee, but it would be the intent of the Chair to go back to the subcommittee and look at the high pockets of unemployment in our States and talk about the substate triggers which the gentleman has talked about, as well as a reform measure that would in fact respond to a downturn in the economy.

I look forward to working with the ranking minority member of the committee and hopefully we can bring a bill and fashion a bill for the House floor within the next 60 to 90 days.

Mr. CAMPBELL. Well, Mr. Speaker, I thank the gentleman. I would say that I think he has put his finger on the problem. There are pockets that have to be addressed and we have not yet devised a mechanism to address those pockets of structural unemployment. We have other programs, but not within this system, and the blanket system itself, this extension, is not a way to address pockets. We must work on that system and I look forward to working with the gentleman in that regard.

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

Mr. CAMPBELL. I am happy to yield to the gentleman from Ohio.

Mr. PEASE. Mr. Speaker, I thank the gentleman for yielding.

I, too, would like to commend the gentleman from South Carolina as the ranking member of the subcommittee. He has worked long and hard and I think very sincerely to try to fashion some good legislation. I, too, look forward to working with the gentleman to try to come up with a reform package over the next several weeks.

My disappointment is that we cannot do more at this time. I realize it is the 11th hour, but I suspect that even the workers who are now on FSC and who are about to lose their benefits would be willing to endure a break of 1 or 2 weeks if we were to go ahead now and put on the floor the kind of a bill that we really think ought to be here.

I think it is just useful to put down for the record that it is opposition from the White House that puts us here now at this time unable to go forward with any more than a barebones continuation for those who are on the program.

Mr. CAMPBELL. Mr. Speaker, I thank the gentleman. I have enjoyed working with him. I will say again, the other body has passed this exact legislation in a bipartisan effort, an effort was put forth for reform, I understand, in that body in committee and was voted down overwhelmingly, recognizing that this was as much as was possible.

Ms. OAKAR. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL. Certainly, I would be happy to yield.

Ms. OAKAR. Mr. Speaker, I want to thank the gentleman for complimenting the gentleman from Ohio. Those of us from his home State know that one of his passions in this Congress is the unemployed and it was very, very refreshing to hear the gentleman from South Carolina compliment the gentleman from Ohio. He deserves that praise and I just wanted to extend my gratitude.

Mr. CAMPBELL. Well, Mr. Speaker, I thank the gentlewoman.

I would say that the gentlewoman from Ohio is one of the hardest working Members of the committee. We may from time to time have differences of opinion, but never have we lacked the effort to try to work them out.

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

□ 1800

Mr. ROSTENKOWSKI. I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I represent a district that has lost 55,000 steel jobs. The highest unemployment rate for the density of population in the country is in my district.

What I see here is a position where sooner or later we are going to have to take the President to task here in Congress because if there is going to have to be a fight, let that fight come, because there is very little job training moneys. And this administration wants to eliminate the Job Corps.

Ohio certainly is not experiencing this great economic uplift.

I think this is a band-aid piece that we kowtow to the President, and I am forced to vote for it and do not like voting for it. I think that the efforts of the gentleman from Ohio Mr. PEASE, should have gotten more consideration. And I think that this Congress is going to have to deal with the structurally unemployed, because we are reaching the poverty levels of the 1960's. I think everybody is familiar with the social dynamics that occurred in this country at that time, and not everybody is eating a piece of pie.

So I think we have to consider that and not be put into the position of being afraid to tackle the President or fight this President. Maybe it is time we tell him to get his best hold on

these issues and bring it to the floor, rather than to sit back very passively.

So I really appreciate what my colleague from Ohio has brought forth and his attempts were great attempts, and I was proud to cosponsor those attempts.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN of Michigan. I thank the chairman.

I thought last Friday I might go to the unemployment lines in Michigan and see who is on FSC. I met a gentleman 64 years old, an engineer. His response was, "No one," he has been looking for work, "will provide work because of my age. Unemployment," he said, "is my only source of wage replacement."

And then I met a gentleman who is 42 years old. He has a medical problem, but he is not entitled to workmen's compensation. Here is what he said:

> I don't know what I am going to do when my unemployment runs out. I have been told that I am too qualified for training under JTPA because I have too many skills.

We need reform, but we do not need retreat. And I respect very much the chairman of the committee and his efforts to try to probe how far we can go. It may be that this is the best that the President will buy.

But I think we have to understand who these workers are and we have to understand what training is available and what is not. And we have to understand whether the administration is talking out of both sides of its mouth, which it is, when on the one hand it says no extension, go to training, but then cuts training programs by tens of millions of dollars.

For many workers, I am afraid, this extension, especially those who are not yet on FSC, will not help at all. It is going to be a lame excuse.

I yield back the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. I want to thank the gentleman from Illinois and commend him and the gentleman from Tennessee for their fine efforts in this legislation.

But I would also like to call to the attention of the Chamber the fact that has been stated and restated during the course of this debate, that what we are doing today is a compassionate thing, but it frankly is not addressing the major problem facing this country.

The Department of Labor, the Bureau of Labor Statistics did a survey of the American workers who had lost their jobs between the years 1979–83, and only took those workers who had previously worked for 3 years before they lost their jobs, the classic dislocated workers. They found 5 million of them over the last 4 years; 60 percent of those 5 million have been reemployed. The other 40 percent have not. Many have dropped out of the work force, many are sitting there still looking for jobs.

What we are doing today is providing food, but we are not providing hope. My colleague from New York, Congressman BOEHLERT, has talked about legislation, which I have cosponsored with him on individual training accounts, which tries to address this problem.

But I would like to call the attention of the Chamber to one statistic to keep in mind if you want to measure our effort in training and retraining people. At the height of the success of the GI bill in 1947 our country was spending 1 percent of our gross national product in retraining and educating our returning veterans, about $4 billion. Today, if we spent 1 percent of our gross national product on training and retraining workers we would have to spend in today's dollars $30 billion to match the level of the GI bill in 1947.

How much are we spending in total? It is $4 billion to $5 billion. We are still stuck at the same figure, while the problem increases.

I would hope that we will go beyond this compassionate move today to speak to hope, to speak to the future, to speak to restoring training and education programs, to put people back to work.

I yield back the balance of my time.

Mr. CAMPBELL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

I realize what we have here is a difficult decision. It was a difficult decision in the Ways and Means Committee. It is difficult because, whenever you let a temporary unemployment compensation program come to an end, you know there will still be unemployed workers who could benefit from another extension.

I think, however, that we have to understand that there have been clear signals from the White House and from the other body that they would not entertain legislation that extended the program beyond the phase-out contained in the committee bill before you today. So we had to make a tough decision. We made a decision to at least provide that benefits would continue for those presently on the FSC Program. In other words, we have provided for an orderly phase-out of the program.

We should look at other programs for the long-term unemployed. But, the decision we face today is do we provide an orderly phase-out, which will help thousands of workers; or, do we go for another extension that, we know, will never become law?

The choices we faced today were whether to help a few or to help no one. The committee decided to extend help to the few still collecting FSC. I fully expected that, in the near future, the committee will consider pending proposals that will improve our unemployment compensation programs.

I have no further requests for time, Mr. Speaker.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and pass the bill, H.R. 1866.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

● Mr. FEIGHAN. Mr. Speaker, half a loaf, they say, is better than none. Reluctantly following this logic, I and many of my colleagues voted for the bill passed by the House today to extend the life of the Federal Supplemental Compensation [FSC] Program for a week and to guarantee full benefits to those already participating in the program.

I had hoped that the Ways and Means Committee would have the courage to pass a 3-month, or at worst a 30-day, extension of FSC benefits. Working under the shadow of President Reagan's threatened veto of such an extension, and fearful of opposition in the Senate, the committee instead chose the path of least resistance.

Last week, the House was willing to spend $1.5 billion for 21 unneeded missiles. Yet today the Ways and Means Committee could not bring itself to report a 3-month extension of unemployment compensation that would have carried a price tag of $260 million.

Congress established the FSC program in 1982 in response to the high employment caused by the recession and in response to the slashing of the Extended Benefits [EB] program carried out as part of the 1981 Reagan tax cuts. With a national unemployment rate still standing at 7.4 percent, the need for the FSC Program persists. Despite the President's uncanny ability to portray the current employment situation in a positive light, the fact remains that the unemployment rate today is at least as high as when he took office. More than 10 million people remain out of work. Nine States and at least 21 metroplitan regions still have unemployment rates in excess of 10 percent.

In my home State of Ohio, the unemployment rate stands at close to 9 percent. Many of the workers who make up these statistics will not be able to go back to work with the next

upward swing of the business cycle. They are dislocated workers whose plants and industries have shut down or relocated. Except for California, Ohio has the highest percentage of long-term unemployed in the country.

For those already receiving FSC benefits, today's bill offers a few additional weeks of relief. For those who would have become eligible for the FSC program after April 6, the bill offers nothing. I can only hope that the committee and the House will now take action on my colleague, Mr. Pease's bill to revive the FSC Program in a modified form, with benefits targeted more precisely to high unemployment States and regions.

Whoever said half a loaf is better than none, Mr. Speaker, probably wasn't on the receiving end.●

● Mr. FORD of Michigan. Mr. Speaker, I rise in reluctant support of this legislation which phases out the Federal Supplemental Compensation [FSC] Program. I am disappointed that the Committee on Ways and Means failed to approve an extension of this program in the face of bitter opposition from the White House.

During his press conference last week, the President stated in response to a question on FSC that the proper place for unemployed workers was in programs of the Job Training Partnership Act [JTPA]. What the President neglected to mention is that his fiscal year 1986 budget proposed cuts of 55 percent from the fiscal year 1985 level for title III of the JTPA, which provides employment and training assistance for dislocated workers. Apparently, in the President's vision of the American economy, there are no dislocated workers and other long-term unemployed. In Michigan, this is simply not the case.

Although this legislation will enable 17,000 unemployed workers in Michigan who are currently receiving FSC to continue to receive such much needed assistance, no newly eligible unemployed workers will be able to receive FSC. Clearly, this will place additional burdens on already strained State and local services.●

● Mr. WEISS. Mr. Speaker, I will vote in favor of the proposed extension of Federal Supplemental Compensation [FSC] Program, but only with grave reservations.

I believe that what we are accomplishing today amounts to nothing more than a token effort on behalf of hundreds of thousands of unemployed workers across our Nation. First the victims of an ill-advised economic policy that threw millions out of work, and now the victims of a heartless budget policy that threatens to eliminate training programs and to cut off their unemployment benefits, these workers deserve far more from the country to which they have contributed throughout their lives.

The truth is that elimination of the FSC program might be conceivable if, as the Reagan administration claims, the benefits of the economic recovery were extending to everyone in the Nation. But the hard facts demonstrate that this is far from the case. The official figures, which only gloss over the extent of the unemployment problem, show that 8.9 million workers remained unemployed in February. If we add to that number the millions of Americans who are involuntarily working parttime, and the millions who are discouraged and have given up looking for work, the actual unemployment level rises to more than 15 million.

Thus, it is clear that unemployment continues at epidemic levels, sapping our economic strength and devastating the lives of individual Americans who desperately want to contribute their work to our Nation. To these millions of Americans, economic recovery has meant nothing more than economic tragedy. And the failure of the President and the Congress to adequately meet the need of this embattled population is nothing short of a disgrace.

The FSC Program expired on March 31, and if no extension is approved, final benefits will be paid on April 6. This means that Federal unemployment benefits will be eliminated for most Americans on that date. The permanent program of extended benefits [EB], which was gutted in 1981, now serves only two States. The overly stringent standards for participation preclude States like Michigan, Mississippi, and Indiana, with unemployment rates in excess of 10 percent, from participating. The elimination of the FSC, a stopgap program enacted in 1982 to serve the victims of the recession, will throw 325,000 current recipients off the rolls.

Last week, the House Ways and Means Subcommittee on Public Assistance and Unemployment Compensation approved a measure providing for a 3-month extension of the FSC. While benefits would have been limited for those who entered the program after April 6, new beneficiaries would have continued to be accepted into the program. However, the full committee has backed away from this very limited commitment. The bill they have reported will do nothing more than allow current recipients to exhaust the benefits to which they would have been entitled had the program not expired. This means that the entire FSC will be phased out in the coming weeks.

I will vote for this bill because it is better than nothing. But there is little else I can say in its favor. It must be apparent, to all who have taken the time to think about the toll of continued epidemic joblessness in this country, that we urgently need to mount a comprehensive attack on this problem that goes far beyond anything we are now doing. We need to approve emergency aid for the long-term unemployed that does not arbitrarily exclude those who exhaust their State benefits after April 6. We need to reform the permanent Extended Benefits Program to keep in place a reliable system of ongoing aid to areas with problematic unemployment. And we need to seriously address the problem of underfunding for crucial job training programs that will help workers establish themselves in paying jobs.

I believe it is a grievous error to allow the threat of a Presidential veto to force us to respond to the serious crisis of long-term unemployment with little more than tokenism. This bill certainly does not do justice to the working people of this Nation, who have been forced to swallow bitter pill after bitter pill by an administration that seems intent on ignoring the reality of the crisis they have engendered.

I greatly hope that increased attention will be paid to the issue of unemployment in the coming weeks of this legislative session, and I strongly urge my colleagues to support additional aid for this disenfranchised group, which they both need and deserve.●

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill just passed.

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

There was no objection.

REPEALING CONTEMPORANEOUS RECORDKEEPING REQUIREMENTS ADDED BY TAX REFORM ACT OF 1984

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1869) to repeal the contemporaneous recordkeeping requirements added by the Tax Reform Act of 1984, and for other purposes.

The Clerk read as follows:

H.R. 1869

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REPEAL OF CONTEMPORANEOUS RECORDKEEPING REQUIREMENTS, ETC.

(a) CONTEMPORANEOUS RECORDKEEPING REQUIREMENTS.—Subsection (d) of section 274 of the Internal Revenue Code of 1954 (relating to substantiation required) is amended by striking out "contemporaneous", and the Internal Revenue Code of 1954 shall be applied and administered as if such word had not been added to such subsection (d).

(b) PROVISIONS RELATING TO RETURN PREPARERS AND NEGLIGENCE PENALTY.—Paragraphs (2) and (3) of section 179(b) of the Tax Reform Act of 1984 are hereby re-

pealed, and the Internal Revenue Code of 1954 shall be applied and administered as if such paragraphs (and the amendments made by such paragraphs) had not been enacted.

(c) REPEAL OF REGULATIONS.—Regulations issued before the date of the enactment of this Act to carry out the amendments made by section 179(b) of the Tax Reform Act of 1984 shall have no force and effect.

SEC. 2 REVISED SUBSTANTIATION REQUIREMENTS.

(a) REQUIREMENT OF WRITTEN EVIDENCE.—Subsection (d) of section 274 of the Internal Revenue Code of 1954 is amended by striking out "(A) the amount" and inserting in lieu thereof "or sufficient written evidence corroborating the taxpayer's own statement (A) the amount".

(b) SUBSTANTIATION REQUIREMENTS NOT TO APPLY TO CERTAIN VEHICLES WITH LITTLE PERSONAL USE.—

(1) Subsection (d) of section 274 of such Code is amended by adding at the end thereof the following new sentence: "This subsection shall not apply to any qualified nonpersonal use vehicle (as defined in subsection (i))."

(2) Section 274 of such Code is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) QUALIFIED NONPERSONAL USE VEHICLE.—For purposes of subsection (d), the term 'qualified nonpersonal use vehicle means any vehicle which, by reason of its nature, is not likely to be used more than a de minimis amount for personal purposes."

SEC. 3. EXEMPTION FROM REQUIRED INCOME TAX WITHHOLDING FOR CERTAIN FRINGE BENEFITS.

Section 3402 of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by adding at the end thereof the following new subsection:

"(s) EXEMPTION FROM WITHHOLDING FOR ANY VEHICLE FRINGE BENEFIT.—

"(1) EMPLOYER ELECTION NOT TO WITHHOLD.—The employer may elect not to deduct and withhold any tax under this chapter with respect to any vehicle fringe benefit provided to any employee if such employee is notified (at such time and in such manner as the Secretary shall by regulations prescribe) by the employer that the employer is making such election. The preceding sentence shall not apply to any vehicle fringe benefit unless the amount of such benefit is included by the employer on a statement timely furnished under section 6051.

"(2) EMPLOYER MUST FURNISH W-2.—Any vehicle fringe benefit shall be treated as wages from which amounts are required to be deducted and withheld under this chapter for purposes of section 6051.

"(3) VEHICLE FRINGE BENEFIT.—For purposes of this subsection, the term 'vehicle fringe benefit' means any fringe benefit—

"(A) which constitutes wages (as defined in section 3401), and

"(B) which consists of providing a highway motor vehicle for the use of the employee."

SEC. 4. REDUCTION IN LIMITATIONS ON INVESTMENT TAX CREDIT AND DEPRECIATION FOR LUXURY AUTOMOBILES.

(a) GENERAL RULE.—

(1) INVESTMENT TAX CREDIT.—Paragraph (1) of section 280F(a) of the Internal Revenue Code of 1954 (relating to investment tax credit) is amended by striking out "$1,000" and inserting in lieu thereof "$675".

(2) DEPRECIATION.—Paragraph (2) of section 380F(a) of such Code (relating to depreciation) is amended—

(A) by striking out "$4,000" in subparagraph (A)(i) and inserting in lieu thereof "$3,600", and

(B) by striking out "$6,000" each place it appears in subparagraphs (A)(ii) and (B)(ii) and inserting in lieu thereof "$5,400".

(b) ONE-YEAR DEFERRAL OF INFLATION ADJUSTMENT.—Subparagraph (B) of section 280F(d)(7) of such Code (relating to automobile price inflation adjustment) is amended—

(1) by striking out "October of 1983" and inserting in lieu thereof "October of 1984", and

(2) by striking out "calendar year 1984" and inserting in lieu thereof "any calendar year before 1986".

SEC. 5. NEW REGULATIONS.

Not later than October 1, 1985, the Secretary of the Treasury or his delegate shall prescribe regulations to carry out the provisions of this Act which shall fully reflect such provisions.

SEC. 6. EFFECTIVE DATES.

(a) REPEALS.—The amendment and repeals made by subsections (a) and (b) of section 1 shall take effect as if included in the amendments made by section 179(b) of the Tax Reform Act of 1984.

(b) REVISED SUBSTANTIATION REQUIREMENTS.—

(1) IN GENERAL.—The amendments made by section 2 shall apply to taxable years beginning after December 31, 1985.

(2) RESTORATION OF PRIOR LAW FOR 1985.—For taxable years beginning in 1985, section 274(d) of the Internal Revenue Code of 1954 shall apply as it read before the amendments made by section 179(b)(1) of the Tax Reform Act of 1984.

(c) WITHHOLDING AMENDMENT.—The amendment made by section 3 shall take effect on January 1, 1985.

(d) REDUCTION IN LIMITATIONS ON INVESTMENT TAX CREDIT AND DEPRECIATION.—

(1) Except as provided in paragraph (2), the amendments made by section 4 shall apply to—

(A) property placed in service after April 2, 1985, in taxable years ending after such date, and

(B) property leased after April 2, 1985, in taxable years ending after such date.

(2) The amendments made by section 4 shall not apply to any property—

(A) acquired by the taxpayer pursuant to a binding contract in effect on April 1, 1985, and at all times thereafter, but only if the property is placed in service before August 1, 1985, or

(B) of which the taxpayer is the lessee, but only if the lease is pursuant to a binding contract in effect on April 1, 1985, and at all times thereafter, and only if the taxpayer first uses such property under the lease before August 1, 1985.

The SPEAKER pro tempore. Is a second demanded?

Mr. DUNCAN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 20 minutes and the gentleman from Tennessee [Mr. DUNCAN] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Ways and Means today approved legislation to repeal the contemporaneous recordkeeping requirement added last year by the Senate and enacted in the Deficit Reduction Act of 1984. The bill before the House today repeals the requirement that records be contemporaneous and generally reinstates prior law for 1985. In addition, the no-fault negligence and return preparers' penalties are repealed. Moreover, the Treasury regulations on recordkeeping are explicitly invalidated.

Most importantly, however, the committee has determined that it is essential that Congress provide taxpayers with clear guidelines for the kind of records that must be maintained and who has to maintain such records. Therefore, the committee's bill, in conjunction with its committee report, provides rules for taxpayers to determine in the future how to maintain adequate records or sufficient written evidence to corroborate statements supporting business expense deductions. Further, the committee's bill exempts from the recordkeeping requirement certain vehicles which are not used more than a de minimis amount for personal purposes. Examples of such vehicles include forklifts, tractors, school buses, and marked police cars.

In order to assure that these guidelines will be promptly and accurately implemented by IRS, the bill mandates that new regulations fully reflecting these amendments be issued by October 1, 1985. The revised substantiation guidelines are not effective until 1986. The law that applied prior to the 1984 Act will continue to apply through 1985.

The committee's bill also affords employers and employees flexibility in the event that an employee does receive a motor vehicle which is treated as a taxable fringe benefit. An employer need not withhold income tax on a taxable vehicle fringe benefit so long as the amount of the benefit is reported on the employee's W-2. This change is effective for 1985.

Finally, Mr. Speaker, it is unfortunate that these necessary changes to the auto recordkeeping provisions will result in a revenue loss. However, I feel that it is essential that this legislation not contribute to the massive Federal deficit problem that we already confront. For this reason, the Committee on Ways and Means has produced a bill with related revenue offsets. Specifically, the bill further limits the investment tax credit and depreciation deductions for luxury cars, and delays the automobile inflation adjustment for one year. Thus,

the bill is revenue neutral, and does not exacerbate our deficit problems.

Mr. Speaker, I believe this bill represents a reasonable, balanced compromise between the need to distinguish between personal and legitimate business expenses, and the rights of taxpayers to conduct business without undue interference by the Federal Government.

I urge support for H.R. 1869.

REPEAL OF RECORDKEEPING REQUIREMENTS

A. RECORDKEEPING REQUIREMENTS

The Committee on Ways and Means today adopted legislation repealing the "contemporaneous" recordkeeping requirements of the Deficit Reduction Act of 1984. These provisions required individuals to keep contemporaneous records showing the date, mileage and purpose of each trip. The contemporaneous recordkeeping requirement is repealed for all listed property, such as automobiles, airplanes, yachts and computers. In addition, the regulations issued by the Department of the Treasury to carry out the contemporaneous recordkeeping requirements are legislatively repealed.

The legislation also repeals the special negligence penalty for failure to have contemporaneous records and the provision requiring accountants to obtain written confirmation from the taxpayer that records exist.

The substantiation of automobile business deductions requirement is generally returned to prior law, except for the addition of a requirement that there be some written evidence corroborating the taxpayer's own statement and the modification of the types of items subject to those requirements.

Delivery trucks, buses, marked police and fire vehicles, ambulances, hearses, and any vehicles designed to carry cargo with a loaded gross vehicle weight of over 14,000 pounds are excluded from the recordkeeping requirements. In addition, the Secretary of the Treasury shall issue regulations to carry out the provisions of this Act no later than October 1, 1985.

B. WITHHOLDING

Income tax withholding for vehicle fringe benefits woud become optional, allowing the employer to either include the imputed income on an employee's W-2, or withhold on whatever basis the employer finds to be most convenient.

C. REVENUE OFFSET

The legislation is made revenue neutral by reducing the amount of investment tax credit and depreciation for luxury automobiles. These reductions are generally effective on April 2, 1985 In addition, the present law automobile inflation adjustment is deferred until January 1, 1986.

D. EFFECTIVE DATES

The repeal of the contemporaneous recordkeeping requirement, the no-fault negligence penalty and the preparers' penalty is effective as if those provisions had never been enacted. Thus, prior law recordkeeping requirements apply for 1985. The revised substantiation requirements apply to taxable years beginning after December 31, 1985. The withholding provision is effective January 1, 1985.

□ 1810

Mr. DUNCAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. DUNCAN. Mr. Speaker, I am pleased to join Chairman DAN ROSTENKOWSKI in bringing this important piece of legislation to the floor. It addresses many of the controversial aspects of the auto recordkeeping rules that were enacted as part of the Deficit Reduction Act of 1984.

In particular, it would remove the contemporaneous recordkeeping requirement and make the recordkeeping rules more reasonable, yet still consistent with encouraging compliance with these provisions. Importantly, it would retroactively repeal the IRS regulations that have been so controversial while at the same time directing the IRS to issue regulations before October 1, 1985, with respect to the new rules. This will provide time for taxpayers to adjust to the new rules because they will not become effective until January 1, 1986. In the meantime, the pre-1984 act law will apply. Important relief also is given to employers with respect to their withholding obligations for these noncash fringe benefits. While the bill does not specifically address fringe benefits, it does give the Treasury guidance with respect to certain types of vehicles in the fringe benefit area.

I also am joining the chairman in a letter to the Secretary of the Treasury, James Baker, suggesting that Treasury reconsider some of the fringe benefit rules developed in its regulations. To the extent that this reconsideration is not satisfactory, I would expect that Chairman ROSTENKOWSKI would be willing to come back and reconsider legislation in this area.

Last, the changes in recordkeeping do have a projected revenue loss, possibly several hundred million dollars, from 1985 to fiscal 1988. The chairman indicated that he was unwilling to report out this bill unless these changes were made revenue neutral. To achieve this, certain modifications were made to the so-called luxury car provisions. There is certainly some controversy as to the accuracy of these projected revenue losses in view of the inherent difficulty of projecting compliance with our tax laws. Nevertheless, I share the chairman's concern that the Congress not send the wrong message by enacting a revenue loser as its first piece of tax legislation. In view of that, I have reluctantly supported the chairman in the modification of the luxury car provisions to make this provision revenue neutral. I am hopeful that other alternatives to achieve revenue neutrality will be explored before the time of Conference.

I think this is an important piece of legislation for the House to act on expeditiously in view of the amount of confusion that has been created with respect to the recordkeeping provisions and I, therefore, encourage Members to vote in favor of the bill.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee [Mr. FORD].

Mr. FORD of Tennessee. Mr. Chairman, I am in full support of the legislation that is before us, and legislation before the committee to repeal the contemporaneous recordkeeping requirements.

Could you describe to me, Mr. Chairman, how the legislation would deal with utility company vehicles, pickup trucks, small vans such as those used for delivery by florists?

Mr. ROSTENKOWSKI. Mr. FORD, utility company cherry pickers and larger trucks, as well as single seat delivery vans would be exempt from any recordkeeping requirements, and would not result in any inclusion in income.

Pickup trucks, like cars, would be treated largely as they were under prior law. The committee report explains in greater detail how these provisions would affect different types of vehicles.

Mr. FORD of Tennessee. Thank you, Mr. Chairman. I would like to thank you for moving so swiftly to bring this legislation to the House floor.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. ROEMER].

Mr. ROEMER. I thank the chairman for yielding, and I thank the members of the Committee on Ways and Means, specifically the chairman; the ranking member, Mr. DUNCAN; Mr. DAUB of Nebraska, and Mr. ANTHONY of Arkansas.

These and others gave of their time and their attention to the matter at hand. There are many ways to describe this bill; one word comes to mind, and that is victory. It is a victory for those people who drive the trucks, pick the crops, man the small businesses across America.

It is a victory for the little guy, if you would, without running that into the ground. It is a victory for the people who were asked last year to drive with one hand and keep records with the other. It is a victory for people who believe in common sense. It is a victory for people who believe there is more to life in America than the raw numbers. It is a victory for people who have paid taxes all their life, and ask only one thing in return: common sense, a decent shake, a fair chance.

I have been lucky to have been a Member of the House for the last 4½ years, and this is perhaps my luckiest moment; to be part of a move to change an IRS regulation and a congressional act that made no sense.

Now there has been very little criticism of what the committee has tried to do. I will not be part even of that very little criticism. I do not think there is a revenue loss here that needs to be made up, but I agree with the

committee that in terms of deficit considerations, we cannot take a chance.

I want to say to those who have criticized what has been done here by saying that it is somehow a retreat, a lack of courage, a backing down, be careful. You are wrong.

What we have done here is take the nitpicking regulations, overly done, off the back of the average guy and tell those who drive the luxury cars "You pay your fair share, and in return it will be revenue-neutral." Those who are quick to criticize, be careful. Be careful. This bill will pass, this bill will be law because it is right. I thank all of those who added their little common sense to make a good idea a great one.

Mr. VOLKMER. Will the gentleman yield?

Mr. ROEMER. I yield to the gentleman.

Mr. VOLKMER. Mr. Speaker, I appreciate the opportunity to add my commendations to the distinguished chairman of the House Ways and Means Committee and the other members of the committee for bringing this legislation to the floor. It became quickly apparent that this solution to the problem of luxury cars as commuting vehicles produced an effect similar to hitting a gnat with a sledgehammer. Farmers, small businessmen, and ordinary people in my district have written to tell me of the confusion they have suffered in trying to understand this new requirement and how much trouble they have in trying to comply. Repeal of this onerous provision will be a welcome relief to them.

I am also pleased to note that the committee is requesting the IRS to end the problem facing the law enforcement officers in Missouri and other States. Hopefully no longer will they be expected to pay income tax because the Internal Revenue Service believes that they are receiving a benefit when they are required to take their police vehicles home at night. We expect them to be on call 24 hours a day, and I do not think we should make them pay for it.

Mr. ROEMER and Mr. ANTHONY are to be commended for their leadership in this effort, and I am pleased to have worked with them on their legislation in this area.

Mr. ROEMER. I thank you, and I thank all those again on the Ways and Means Committee, those who have written me; my mother, my sisters, my brother—everybody who has helped. Seriously, I thank you very much.

Mr. DUNCAN. Mr. Speaker, I yield 3 minutes to the gentleman from Nebraska [Mr. DAUB], who has spent considerable time in trying to work out something on this legislation.

Mr. DAUB. Thank you very much, Mr. Chairman, and thank you very much to my ranking member, Mr. DUNCAN, for the time.

Let me add my compliments to the chairman of the committee for his help and for his willingness to move this particular piece of legislation in a broader form, swiftly through committee and to the floor. Our committee staff worked diligently and their efforts should be recognized.

The contemporaneous recordkeeping rules enacted last year resulted in an unacceptable administrative burden for taxpayers in terms of documenting their automobile deductions.

Once having created this problem, Congress has an obligation to act responsibly in repealing the contemporaneous records keeping requirement and in solving many of the associated problems.

The bill referred from the Committee on Ways and Means today to us here on the floor for action reflects the bipartisan efforts by Mr. ANTHONY, Mr. ROEMER, and others to develop a responsible solution. Their efforts in this debate and focusing Members' attention on the problem was critical in this process.

The bill also reflects the input of many in my own second congressional district. Trade associations and business groups, and while this undoubtedly is a compromise bill, yet in many respects it is a bill that reflects the participation of agriculture and small business groups in the process as well.

□ 1820

I want to indicate that for the RECORD I have a letter dated today from the National Federation of Independent Business, endorsing the bill and calling upon Congress to recognize this as one of their key small business votes.

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
Washington, DC, April 2, 1985.

Hon. HAL DAUB,
U.S. House of Representatives,
Washington, DC.

DEAR HAL: NFIB would like to commend you and the Ways and Means Committee for the prompt action taken today to repeal the adequate "contemporaneous" recordkeeping requirements of the Tax Reform Act of 1984, the provision which authorized the IRS "auto log" regulations.

While we support the provisions of the committee bill regarding the recordkeeping requirements, the withholding provisions, and the penalties for non-compliance, we do have some concerns over the revenue numbers put forth by the Joint Committee on Taxation. It is not clear to us that a revenue loss would result from the changes made by the committee bill. We have seen no substantiation for the revenue figures of the Joint Committee and thus question the need for the actions taken to make the bill revenue neutral.

NFIB does, however, support the legislation reported from the Ways and Means Committee and will consider it a key small business vote. We would like to see the bill move quickly into a conference with the Senate where our concern over the revenue figures hopefully can be addressed further.

Again, we appreciate your work on this legislation.

Sincerely,

JOHN J. MOTLEY III,
Director of Federal Legislation.

In addition to that, I want to compliment the National Association of Wholesalers and Distributors for their assistance in helping us to understand the nature of the bill.

The bill and associated committee language offers many important improvements for taxpayers, and let me enumerate some of them very briefly. Of course, we understand the repeal of the contemporaneous records keeping requirement. We next should note that no records keeping for special-use trucks and vehicles, including marked police and fire vehicles, will be required, that there is a repeal of the taxpayers' presumed negligence penalty and a repeal of the tax preparers' negligence penalty.

Elective withholding is an important feature that should be noted by Members, which provides the widest possible latitude for employers and employees for pay period, quarterly, biannual, annual or annual FICA only withholding. Indeed, with respect to the revenue provision of the bill, my preferences may be otherwise but the concept of being sure that this bill is in fact, in the chairman's words, "revenue neutral" is a goal that I do believe that we have met.

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

Mr. DAUB. I yield to the gentleman from South Carolina.

Mr. CAMPBELL. I would first like to congratulate the gentleman and commend him for his fine work, along with the others who worked so hard on this legislation.

I would like to ask the gentleman a question. Is it true that this legislation now corrects the charge that was going to be levied against policemen and those who took marked vehicles home and were on duty all of the time or on call? Does this now eliminate that charge that was going to levied against them?

Mr. DAUB. The gentleman is precisely correct.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. I thank the chairman for yielding this time.

Mr. Speaker, I thought it might be useful to just give a background of how we have arrived at this position. There has not been a minute or an hour or a day's deliberation ever in the Ways and Means Committee of whether we as Members of Congress should ask those folks who drive pickup trucks out in the country or who drive automobiles for business purposes, keep log books and keep notations in those log books for every

trip they make. That has never been a part of a hearing or any kind.

Here is what happened: Committee members on the Ways and Means Committee felt that we ought to restrict the amount of deduction for business expense of an automobile. We had some folks out buying Rolls Royces and Jaguars, $100,000 automobiles, and writing them off as business expenses. In the 40-, 50-percent bracket, that means the American taxpayer is paying half the bill for those luxury automobiles.

A good idea was offered to the committee, and the idea was: let's limit the amount of writeoff. You do not need to drive a Rolls Royce and charge it off to the taxpayer on your income tax return. So we decided, yes, that would be a good idea. We passed it in the Ways and Means Committee. Of course, the other body had a similar idea, but they came up with a different approach. In the conference committee, most of the other body's approach was adopted. And then the Internal Revenue Service got hold of it, and in their own inimitable way they created their own interpretation of it, which came up with contemporaneous records, including the requirement that when you get in the pickup truck to go out and round up some cattle late in the afternoon, you are supposed to take your pencil and note pad out and make a record of that trip, and every other single trip you make in that pickup truck.

Now, the American people have a way of telling the U.S. Congress that when we do something that is not very smart we ought to back off. We got thousands and thousands of letters here in Congress from the American people saying, "Look, this is dumb, we do not accept this, we ask you to back up."

So what we have done now in the Ways and Means Committee is to back up. It is not retreating from a position that is logical and understandable and correct. It is going back to a position that is the right position in the first place. This process of developing regulations down at the IRS and the machinations between us and the other body resulted in something that we just cannot defend.

The result now is we are repealing the contemporaneous record requirement. We do not want to turn people into bookkeepers every time they get into the pickup or the car that they use for business purposes.

The question we have to ask ourselves is: What is reasonable? Should we require enormous burdens of the many in order to catch the few who cheat? The answer is no. We should instead develop devices to catch those few who cheat on their tax returns. It is not reasonable to require this log book requirement that has come out of the Internal Revenue Service regulations, and that is why today in the Ways and Means Committee we did the right thing. We backed off to a position that requires sufficient records to document the writeoff of an automobile or a vehicle for business expense, but we will no longer require those who want to drive pickup trucks and those who are required to drive vehicles in pursuit of their business to be bookkeepers in order to do that. This is a good step and I urge its passage.

Mr. DUNCAN. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. BLILEY].

Mr. BLILEY. I thank the gentleman for yielding time to me.

Mr. Speaker, I want to commend the chairman of the Ways and Means Committee, the gentleman from Tennessee, and the other Members for bringing this bill to the floor today.

Mr. Speaker, I rise in support of the Ways and Means Committee bill before us. I congratulate the committee for repealing the contemporaneous recordkeeping requirements of last year's tax bill. Clearly the committee realized the depth of the Member's concerns when H.R. 600, which I was proud to cointroduce with Representative ROEMER, and other legislations passed the magic 218 number in cosponsors last week.

The committee appropriately recognized that the less time taxpayers have to spend on filling out burdensome tax forms the more time they have to earn money and generate new revenues to the Treasury. In repealing contemporaneous recordkeeping, and substituting a limited requirement that adequate written records be kept, we may realize more revenue and do it without as much pain as we've heard about over the past 3 months.

I have a few concerns about this bill, however, and they relate to how much revenue repealing this requirement is likely to cost the Treasury. There is a revenue trade-off in the bill which would ratchet the investment tax credit [ITC] limit down from its present level. While I would not have supported that provision individually, it may indeed be that this trade-off is unnecessary. The conferees on the House and Senate versions of this legislation will hopefully reexamine the revenue figures which served as the basis for engineering this trade.

With that exception, Mr. Speaker, I support this legislation. It not only repeals contemporaneous recordkeeping and indeed, bars that word from the Internal Revenue Service's lexicon when it goes to rewrite its regulations.

Above that, the legislation also directs the IRS to exempt via regulation cars used in public service from the imputed income provisions of last year's tax bill as well.

Mr. Speaker, I support this legislation almost without reservation. I trust that the coming conference between the two bodies will clear away those reservations.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Arkasnsas [Mr. ANTHONY].

Mr. ANTHONY. Mr. Speaker, I want to thank the chairman of the Committee on Ways and Means for his willingness to work with the Members of Congress who were very interested in trying to repeal the contemporaneous recordkeeping and also my two colleagues that I worked with last week in trying to draw up some language and make some sense out of chaos, the gentleman from Nebraska [Mr. DAUB] and the gentleman from Louisiana [Mr. ROEMER].

There are a couple of areas in here that I think are very important and would be easy for Members to overlook, but I think it is something that you can go home and brag about after this piece of legislation passes. One thing that we will do by this piece of legislation is allow more flexibility on withholding on the taxable use of automobiles. By the law in 1984 we required employers to start withholding. July 1 would be the date by which they would have to start doing that. Hopefully, by having this provision inserted in the repeal bill, we will stop future onslaught of mail coming into our office asking for some relief. What we do is give the election to withhold the income and employment taxes on a semiannual or annual basis as well as on a quarterly or pay period basis. And, more particularly, and the thing that I think is very important for Members to remember, is the election not to withhold income taxes if the employer so notified the employee and includes the amount on the employee's W-2 form. I think that really does streamline it for the employer. It gives small, medium size and large employers maximum flexibility in overcoming what could be a tremendous problem for them.

Another area that I am also pleased that we were able to address, if you happen to be policeman, if you happen to be on the fire department or if you happen to be in the medical health area of ambulances, by this legislation and the legislative history we are saying to the Service to take a look at these specific areas and to give them some relief. I think these are two very real reasons to support this legislation.

□ 1830

Mr. DUNCAN. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. I thank the gentleman for yielding me this time.

Mr. Speaker, on behalf of salespeople, farmers, public officials, construction workers, any and all Americans who use vehicles for legitimate busi-

ness purposes, and therefore take legitimate business expense deductions, I can only say: Thank you, thank you, thank you.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. ERDREICH].

Mr. ERDREICH. I thank the gentleman for yielding me this time.

Mr. Speaker, I opposed the so-called Tax Reform Act of 1984, which included this new auto logkeeping regulation—another bureaucratic business bashing measure that must be repealed.

During recent weeks, I have received hundreds of calls and letters from people who use their cars and trucks to earn a living—insurance salesmen, appliance repairmen, small businessmen—all expressing their outrage at this regulation that encourages increased and needless recordkeeping, not productivity and job expansion.

Here are a few to-the-point comments I received:

At a time when America is the high cost producer of goods and services, it seems almost ludicrous that our Government would impose additional non-productive costs on small business.

The amount of time and expense American business will expend on this monster the IRS has created will far outweigh any benefits in tax revenues received.

The hours spent keeping these burdensome records each week are yet another attempt by the Federal Government to discourage the success of small businesses and destroy free enterprise.

I feel the new IRS requirements for recordkeeping on auto use borders on harassment. It cannot possibly return enough revenue to the Government to be worth the time it demands.

This situation as regards company vehicles and recordkeeping is another example of how governments who try to correct problems end up making worse ones.

I sponsored repeal of this rule and am pleased repeal is now moving.

We must minimize regulatory and paperwork burdens to create the kind of climate that will enable businesses in Jefferson County and across the country to increase growth, productivity, and jobs creation. The total repeal of this burdensome auto-logging rule is a positive step in that direction.

Mr. DUNCAN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. TAYLOR].

Mr. TAYLOR. I thank the gentleman for yielding me this time.

Mr. Speaker, I would like to take this opportunity to express my appreciation to the chairman and the members of the Ways and Means Committee for the good sense that they have displayed in the repeal of this unjust regulation that is harassing our people.

As we look at this regulation and some of the things that the IRS does sometimes, I am kind of reminded of the story back home about one time when one of my rural communities needed a new firetruck. They voted a bond issue after about three tries and they got the money and they bought their new firetruck and they were real proud of it.

They had a volunteer fire department; they built a little building with volunteer labor to keep the firetruck in. They shined it religiously every evening. They had some new, white helmets that they also bought for them, and they would sit around the fire house every night and admire their new fire truck hoping that they were going to get a call so they could show off their new firetruck.

Lo and behold, one night the call came in. A lady right down on the end of Fifth Street had called in and her little prize cat had got right up into the top of a tree. They called the firetruck to come and rescue the cat.

They got the firetruck out, the bells rung, the lights flashing, the sirens went off and down the street they went and everybody gathered out on the street to see the firetruck make its maiden run.

They arrived at the scene of the cat; they put the spotlight up in the tree, and there was the little white cat. The fire chief got the ladder down very carefully. He ascended the ladder; he took the little kitten and brought it back down and laid it on the sidewalk. The crowds cheered; they backed the firetruck out. The put the ladder back on it and headed back up the street with the bells ringing and the lights flashing and the sirens howling. Everybody was so happy, and they looked down and darned if they had not run over the cat.

Now, you know, sometimes in our quest to solve the problems of this country, we have things happen like happened with this recordkeeping, but thank heavens, we have still got a country where the people of this Nation can be heard through this House of the people, and I commend the Committee on Ways and Means for bringing this legislation before this body.

Mr. DUNCAN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding me this time.

Mr. Speaker, let me say that what we are doing here is absolutely the right thing, but procedurally, we are doing it the wrong way. This idea that we pass bills in committee in the morning, and then bring them to the floor in the afternoon, leaves some of us a little cold because I hope that the committee well understands what is in this particular bill and what is in the committee to report. None of the Members here on the floor have had very much of a chance to be familiar with it.

This package was delivered onto the floor just a few minutes ago; we have had no chance to study it, and I have understood now through the grapevine that there are a number of groups that represent major constituencies in the country that have some problems with some provisions in the bill. I understand one of the small business groups, for instance, has some problems with parts of the bill.

The point is, I do not know, really, what all of the problems may be, but the fact is that we have very little time to do any deliberation on this here on the House floor, and we are being asked to pass it up or down.

I certainly hope that this is not going to be a pattern of the way we do legislative business. We have heard many complaints here on the floor from the majority side in recent days about the fact that the minority brought a bill onto the floor without any notification. We have exactly the same situation here. We have got a bill that came out on the floor without notification.

It is for a noteworthy purpose; I would commend to the Members that we ought to pass the legislation, but this really is no way to be legislating. We really ought to have the rules of the House obeyed.

Just one example: We have in the committee report here, the loss to the Congressional Budget Office estimates because as the report itself says, "Because of time constraints, it is not feasible to present a letter from the Director of the Congressional Budget Office before the bill is filed." We could not even get the budget estimates because we did it too fast.

Mr. DUNCAN. Mr. Speaker, I yield 1 minute to the gentleman from Idaho [Mr. CRAIG].

Mr. CRAIG. I thank the gentleman for yielding me this time.

Mr. Speaker, I stand in strong support of H.R. 1869, the contemporaneous recordkeeping repeal bill. This has to be a good example of bad law by Congress and lousy regulation by regulators. Thank goodness the American taxpayer rose up and said, "Enough Congress, enough," and we were willing to respond.

Mr. ROSTENKOWKI. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. MCCURDY].

Mr. MCCURDY. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of this legislation, and I commend the chairman of the Ways and Means Committee, Mr. ROEMER, and the other cosponsors of the legislation to repeal the contemporaneous recordkeeping requirements.

I believe this is a good day for farmers, for small businessmen, and even some church pastors back in my district who have contacted me regarding this legislation. I believe this bill is a major step toward restoring some

common sense in the Federal Government.

Regulations should work for people; not against them. This is one of the few pieces of legislation that has resulted in a tremendous concern and outpouring of letters and statements from constituents throughout my district in Oklahoma. I even received, for the first time, letters and calls from relatives.

This regulation originally touched nearly every businessman, small farmer and individual throughout our States. This is a good day, and I urge the adoption of this legislation and the repeal of these regulations.

Mr. DUNCAN. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. I thank the gentleman for yielding this time to me.

Mr. Speaker, I would like to add my compliments to the chairman and to the ranking member for bringing this to us in, I might say, an expeditious manner. I would rather have seen it go through the rules process; however, I think that the urgency of the situation certainly dictates the necessity to bring it up even under the suspension of the rules.

I would also like to compliment the gentleman from Louisiana [Mr. ROEMER] for bringing this matter to the House and also I would like to thank him for allowing me to be a cosponsor of this important piece of legislation.

One of the hardest things to do in life, and certainly in politics, is to get up and admit you are wrong. By this action, however, the House is looking at what it had passed once before and the resulting regulation, and saying there has got to be a better way. It is giving us an opportunity to legislate common sense and reasonable regulations.

This is exactly what this bill does. It puts common sense back in the tax law and I am looking for a unanimous vote on this important piece of legislation.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of this bill and I want to thank the chairman of the committee, the gentleman from Illinois [Mr. ROSTENKOWSKI], as well as the gentleman from North Dakota [Mr. DORGAN], and the gentleman from Arkansas [Mr. ANTHONY] for working with me on an issue unrelated to the contemporaneous records issue on cars. That other issue is the tax status of flights on business aircraft provided as a fringe benefit. It does not deal specifically with the auto logging question, but it is related in that it deals with how the Tax Code is going to treat transportation.

The regulations developed by the Treasury Department to value, for tax purposes, purely personal travel on business aircraft and hitch-hiking for personal purposes on an empty seat basis on business flights are totally out of line. The discussion in the Ways and Means Committee on this topic this morning was most heartening because it showed that the committee shares my concerns that what has been set forth in the Treasury regulations is simply unreasonable. I also trust the IRS will heed the guidance of the committee's discussion this morning and move ahead with revisions in their regulations. I would suggest that an appropriate valuation scheme for the purely personal use of these aircraft, not in conjunction with any business trip, would be along the following lines:

First, valuation at one-half coach fare for flights on aircraft weighing 6,000 pounds and under;

Second, valuation at coach fare for flights on aircraft weighing more than 6,000 but up to 10,000 pounds; and

Third, valuation at first class fare for flights on aircraft weighing over 10,000 pounds.

I would stress that the coach and first class fares I am discussing would not be those in the marketplace today, but instead would be standards developed by the IRS in consultation with the Department of Transportation to assure that the fares do not treat unfairly less densely used routes. Furthermore, the valuation for owner-flown aircraft would, most appropriately, be the total cost of operation for the particular flight should the operator care to use that lower valuation.

The impact of the IRS regulations on the general aviation industry in this country has been most severe at a time when the industry is in its worst shape since the early 1950's. Relief is urgently needed, and I am encouraged that the Ways and Means Committee has shown a willingness to help get these ludicrous regulations reworked.

Mr. DUNCAN. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. I thank the gentleman for yielding this time to me.

Mr. Speaker, I am delighted that this legislation is finally before us. I introduced legislation, 541, to address this problem because I am sure that every Member of this body has received letters from back home from the constituents who were very irate about this legislation, and rightfully so. So I compliment the Members of this body who worked to repeal the regulations. I compliment the members of the Committee on Ways and Means for bringing this legislation before us.

I think this also should send a strong signal not only to the people in this body but to the people throughout the country, throughout this land, that this Government does work. All too often all of us have heard that people back home are saying that this Government does not react fast enough; it takes too long to get anything done.

Well, when the people speak, this Government listens, and this is precisely another example. When we had the 10-percent withholding on interest and dividends, the people spoke and very shortly this Congress acted, and this is another case in point, that this Congress does act when the people speak.

Mr. DUNCAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. LUKEN].

Mr. LUKEN. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise to speak in support of this bill, and to commend the gentleman from Illinois for the alacrity with which the committee responded.

I am most pleased that the House of Representatives has responded so quickly to the outcry from taxpayers across the country to the outrageous contemporaneous recordkeeping requirements that have so upset citizens across the country. This provision of the Deficit Reduction Act, and the overbroad regulations it spawned, have generated more heat—and some light—than any issue of recent vintage, including the ill-fated proposal to withhold taxes on interest and dividend income.

The Internal Revenue Service is not totally blind to the uproar that has been heard over the issue, and has made an attempt to mollify the rule's most vocal opponents by selectively exempting groups from its application. Predictably, this effort has failed because by its very nature it was inequitable, and left out many people who should not be burdened with recordkeeping including those who drive emergency vehicles home.

The Subcommittee on Tax, Access to Equity Capital and Business Opportunities, which I chair, held the first congressional hearing on the subject in early February, and heard from multiple segments of small business about the burdens these regulations would impose on people during the course of their daily business. Several of our witnesses expressed the rage that members of their industries felt after seeing just how burdensome and costly it would be to comply with the law. The original regulations would have cost, according to one witness, over $7 billion. The law went so far as to require police and firemen to pay taxes on income imputed from the

value they receive for commuting in their vehicles.

Clearly, Congress has now recognized that this is not the type of simplification of taxes that the public is seeking, and we have acted to undo the damage that was done under the Deficit Reduction Act.

I would hope that the lesson that we learned from this experience is to carefully examine suggestions that come to us to improve tax compliance, and not add last-minute provisions to the law, the impact of which we can only guess. It is not worth putting burdens on honest taxpayers in order to get compliance from a few scofflaws who would ignore the new regulations anyway.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. ROWLAND].

Mr. ROWLAND of Georgia. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in strong support of this piece of legislation.

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

Mr. ROWLAND of Georgia. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Speaker, I just want the body to know that when we first introduced H.R. 600, which was the genesis of this idea, it was the gentleman from Georgia, Dr. ROWLAND, who was first in line to help. I thank the gentleman for all of his assistance.

Mr. ROWLAND of Georgia. I thank the gentleman for those remarks, and I am very pleased to see this legislation that had been enacted repealed now. The contemporaneous recordkeeping for the most part will be put back the way it was and removed a heavy burden from many people in this country.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it was raised in an earlier colloquy on the floor that the Congressional Budget Office letter with its revenue estimates was not available. I would like to read into the RECORD the Congressional Budget Office letter received by the committee which answers the question raised by the gentleman from Pennsylvania [Mr. WALKER].

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has examined a bill as ordered reported by the Committee on Ways and Means on April 2, 1985, which would make changes to certain provisions enacted in the Deficit Reduction Act of 1984 (DEFRA). The bill would repeal the contemporaneous recordkeeping requirement for certain deductions and credits imposed by DEFRA. The bill would also repeal the withholding requirement for the imputed value of personal use of business property. In addition, the bill would alter the limits on the investment tax credit and accelerated depreciation available with respect to automobiles.

The Congressional Budget Office has reviewed and concurs with estimates of the revenue effects of the bill prepared by the staff of the Joint Committee on Taxation. The bill would reduce fiscal year revenues by $67 million in 1985 and $4 million in 1986, and increase revenues by $4 million in 1987, $46 million in 1988, $52 million in 1989, and $57 million in 1990.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes.

Sincerely,

RUDOLPH G. PENNER.

Mr. DUNCAN. Mr. Speaker, I wonder if the gentleman from Illinois would yield 1 minute to me. I yielded back the balance of my time.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. ROSTENKOWSKI] has 1 minute remaining.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield the balance of my time to the gentleman from Tennessee [Mr. DUNCAN].

Mr. DUNCAN. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. HORTON].

Mr. HORTON. I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of this legislation and commend the members of the Ways and Means Committee for working so quickly to repeal these unreasonable recordkeeping requirements. The regulations deriving from section 179(b) place a tremendous paperwork burden on farmers, salesmen, and other small businessmen.

From 1974 to 1977, I chaired the Commission on Federal Paperwork. During that time, the Commission worked diligently to review Federal paperwork requirements and made recommendations to enable the Federal Government to serve the American people more efficiently and effectively. The regulations on adequate contemporaneous records mark a significant departure from the efforts we in Congress made to reduce the paperwork burden on the American taxpayer.

To illustrate the reasons for my support for this legislation, I would like to share with you a portion of my 1977 letter of transmission from the final report of the Paperwork Commission. This passage sheds light on the faulty assumptions which underly the regulations on adequate contemporaneous records.

The theme we heard repeatedly throughout the country is that the vast majority of Americans want to obey the law. Most Americans want to cooperate and participate in furthering Federal programs and national goals. However, these people can be frustrated by a government which, in their view, does not trust them . . .

Many people feel, and the Commission agrees, that a multibillion dollar wall of paperwork has been erected between the government and the people. Countless reporting and recordkeeping requirements and other heavy handed investigation and monitoring schemes have been instituted based on what we view as a faulty premise that people will not obey laws and rules unless they are checked, monitored, and rechecked.

This situation and this assumption must be reversed if we are to restore efficiency within government and confidence in government by the people and if we are to realize the potential for cooperative attainment of our goals as a Nation. Many of the major conclusions and recommendations of the Commission on Federal Paperwork are aimed at this goal.

These words and the philosophy they represent, are as true today as they were in 1977. Citizens, by and large, have no problem maintaining necessary tax records. The regulations deriving from section 179(b) are not necessary, they are patently unfair. I urge my colleagues to support this bill and restore fairness to this section of the Tax Code.

Mr. DUNCAN. Mr. Speaker, I yield 30 seconds to the gentleman from Georgia [Mr. SWINDALL].

Mr. SWINDALL. I thank the gentleman for yielding this time to me.

Mr. Speaker, I, too, rise in support of this legislation and also commend the Committee on Ways and Means for their promptness.

(Without objection, Mr. ROSTENKOWSKI was allowed to address the House for 1 minute.)

Mr. ROSTENKOWSKI. Mr. Speaker, I yield to the gentleman from Kansas [Mr. SLATTERY].

Mr. SLATTERY. I thank the gentleman for yielding.

Mr. Speaker, I wanted to clarify the intent of certain language on page 15 of the committee report, and I will read from that very quickly.

The committee expects that it is appropriate for Treasury to provide in regulations that under certain conditions all use of such vehicles by an employee is excluded as a working condition fringe benefit from the employee's income and wages. If, for example, an employer requires for bona fide business reasons that an employee take such a vehicle to his or her home when the employee is not working and that no personal use is made of the vehicle, then all use of the vehicle could be considered business use, which would be deductible under section 162 and thus excluded from income under section 132(d) as a working condition fringe.

Mr. Chairman, I am just wondering if the intent of this language in the committee report is to exclude the requirement that employers who are currently requiring $3 be included in employees' taxable income, that that requirement be deleted when we are talking about schoolbuses, emergency vehicles, and police vehicles?

Mr. ROSTENKOWSKI. Our intention was to indicate to the Treasury our view of such vehicle use as work-

ing condition fringes as explained in the committee report.

● Mr. GALLO. Mr. Speaker, I am pleased to join with so many of my fellow Members of Congress in supporting Mr. ROSTENKOWSKI's bill, H.R. 1869.

As you all know, this legislation deals with contemporaneous recordkeeping, a requirement of the Deficit Reduction Act of 1985. A well-intentioned provision, but, a provision which simply does not work.

The IRS has indicated that it will amend these regulations, but I think that we, the elected officials of this great Nation, have a responsibility to correct a problem when we see one.

As the regulations now stand, taxpayers are required to maintain comprehensive records which include individual entries for each use of property for which a business property deduction is sought. Each and every entry must be recorded at or near the time that the use is made. It is burdensome.

I'm afraid that some people in Government have forgotten.

It seems that some people in Government sometimes forget that there are real people out there. Taxpayers who have tried to comply with the regulations report that the creation of these records is extremely burdensome.

Americans applaud and understand the purposes of the Deficit Reduction Act. They agree that the tax laws should be applied uniformly and fairly. They do not believe that the act achieves those purposes. Instead, they find the present situation to be nothing more than a full employment act for lawyers and accountants.

I agree with my constituents and my colleagues. I am happy to support this legislation.

Thank you.●

● Mr. FRENZEL. Mr. Speaker, H.R. 1869 represents, like most tax bills, a compromise. It does what our constituents have asked. It repeals the silly, and hated, contemporaneous recordkeeping, and provides a basis for reasonable records. The compromise is that the bill is made revenue neutral to compensate for revenues which may be lost because of less stringent reporting requirements.

The Senate committee has approved a different version, so there will be changes before the final version is determined. Let it suffice for now to say the committee has moved promptly and carefully. Law-abiding, tax-paying citizens will welcome the relief from onerous, and unnecessary bookkeeping.●

Mr. Speaker, one Member has already complained about the irregular procedure which brings this bill to the floor without committee report and without notice. I will make the same complaint about the trade resolution.

But I am compelled to answer my own complaint, and others as well. No committee of this House endures the pressures that this one is subjected to every day. Every Member wants auto recordkeeping straightened out right now. Every Member wants the opportunity to show by vote his or her displeasure with the lack of access to markets in Japan.

The Ways and Means Committee is an unusual committee. Given strong leadership by its chairman, it is at the same time responsive to reasonable requests from Members and careful about yielding to unreasonable ones.

While I complain about procedures, I recognize the collective needs which caused these bills to move forward, and acknowledge that, were I chairman, I would be bringing them to the floor now, too.

Despite my one negative vote, I have nothing but praise for the committee and its leadership. It makes tough decisions on a regular basis that have earned the confidence if not the unvarying support of all the Members.●

● Mr. AUCOIN. Mr. Speaker, I rise in support of H.R. 1869, repealing the contemporaneous recordkeeping requirement for business use of vehicles.

If ever a Government requirement deserved a swift death, this is it. Without exception, Oregonians I work for are appalled at the astronomical waste of time these rules would inflict.

Typical of the reaction from hundreds of large and small companies and self-employed business people in Oregon was that of an electrical supplies salesman from my hometown of Forest Grove.

"Making a living as a salesman is difficult enough," he told me, "without having to perform such nonsensical recordkeeping."

The manager of a small food brokerage company in Milwaukie, OR, told me that he will need the equivalent of one additional part-time person just to keep up with the paperwork required to comply with these rules.

When you multiply out the costs to businesses across the country, the grand total comes to $7 billion. Seven billion dollars' worth of paper shuffling, in order to save the Government approximately $140 million. If there ever were a monumentally bad bargain, this is it. If ever there were a case of Government overkill, this is it. And it's no secret who will end up footing the bill: We all will, as consumers.

Mr. Speaker, I want to commend Mr. ROSTENKOWSKI, the chairman of the Ways and Means Committee, for bringing this legislation to the floor so quickly. The mileage-keeping rule richly deserves to be repealed, and I urge my colleagues to join me in voting to consign it to the waste can.●

● Mr. BROOMFIELD. Mr. Speaker, I am pleased that the House is considering this bill to revise the IRS recordkeeping requirements for those who use their own or company cars in their business, and I fully intend to support its passage.

Many actions by the Government have often angered the public. However, few have created the level of protest that was created by these rules, and rightly so. The burden that they would have imposed was extreme and fully out of proportion to any revenue gain.

The bureaucrats who write regulations implementing the laws must always be aware of the practical effects of their words, and this was certainly not the case with these regulations. What we saw instead was the Government at its most oppressive, intrusive, and unreasonable state.

These recordkeeping requirements deserve to be revised, and I hope the Senate will also act quickly to do so.●

● Mr. MOLLOHAN. Mr. Speaker, I rise today to urge my colleagues to vote in support of H.R. 1869, Chairman ROSTENKOWSKI's legislation to repeal the burdensome contemporaneous recordkeeping requirements adopted as part of the last year's Tax Reform Act.

These rules may have been well intended, Mr. Speaker, but so was the Edsel automobile. It has become evident in the short time since the regulations were written that their effect has been simply to impede the environment for small business to act efficiently and productively. Everyone is in favor of measures to improve taxpayers' compliance with the various provisions of the Tax Code, but it becomes a counterproductive exercise when that improved compliance comes at the expense of greatly increased inconvenience to the vast majority of businessmen who pay their taxes honestly and in good faith.

Mr. Speaker, so many cliches come to mind when one considers these regulations: "burdensome," "redtape," "over-regulation" are adjectives tailor made for these regulations, and, again, I urge my colleagues to vote for their repeal. Thank you.●

● Mr. BRUCE. Mr. Speaker, I rise today in support of H.R. 1869, the House measure to repeal the contemporaneous recordkeeping requirements contained in the Deficit Reduction Act of 1984.

Mr. Speaker when I first arrived in Congress and learned of these regulations I asked my constituents to join with me in pressuring the Internal Revenue Service to modify these regulations and offer reasonable recordkeeping procedures. Unfortunately, the changes made by IRS did not eliminate the inefficiencies in the rules but were at once too complex and too limiting to provide much relief. The only remedy remaining was

to take congressional action repealing these burdensome regulations.

The bill we debate today is a congressional response that will end the confusion and uncertainty created last year. Effective upon its enactment, H.R. 1869 would repeal the contemporaneous recordkeeping requirement and restore the pre-1984 law regarding tax deductions for business use of automobiles and other similar property. A provision to provide written substantiation regarding these deductions would not go into effect until 1986.

Mr. Speaker, the public outcry in protest to these regulations has been unprecedented. In my district alone, I have received hundreds of individual letters from constituents citing examples of the hardship these burdensome regulations would impose. Lost productivity, expensive, unnecessary paperwork, and the loss of vital public safety services provided by voluntary forces are all at stake. Farmers, small businessmen, fire, police, and the clergy are unanimous in their concern that Congress take action. I know that I am not alone and that my other colleagues have experienced similar complaints from the public.

Mr. Speaker, the bill we will vote on today is sensible and the only action to take to stop the confusion which exists across the country on this issue. It should not be the purpose of the tax law to force average citizens to prove their honesty to the IRS everytime they use a standard business deduction. I therefore ask my colleagues to join with me and pass H.R. 1869.●

● Mr. RAY. Mr. Speaker, earlier this evening, the House voted overwhelmingly to approve legislation overturning the IRS regulation which requires contemporaneous recordkeeping of the mileage covered when using an automobile for business purposes. I strongly supported the effort to repeal this burdensome requirement and was a cosponsor of legislation similar to the measure which the House passed this evening.

I believe that we must crack down on those people who are trying to escape paying their fair share of taxes. But, Mr. Speaker, we all are aware that the burden imposed by this IRS regulation has been unbearable for everyone—especially for our farmers and small businessmen. The IRS regulation has essentially punished the majority for the transgressions of the minority, and we should work to see that this kind of foolishness is not allowed to creep into our laws again.

I commend the Ways and Means Committee for its swift action today in bringing to the floor a bill that repeals a regulation that has adversely affected nearly everyone.●

● Mr. COLEMAN of Texas. Mr. Speaker, I rise in support of this legislation and commend the Committee on Ways and Means for moving so swiftly in bringing it to the floor of the House of Representatives.

The legislation would repeal the contemporaneous recordkeeping rules for the use of personal automobiles for business purposes. This would include farm vehicles, vans, and certain types of trucks used in carrying goods. It would also repeal the section of the law which taxes the use of public vehicles by off-duty law enforcement and public safety personnel as a fringe benefit.

These two rules have paralyzed the small businesses, farmers and public safety personnel of this Nation. The recordkeeping rules are a case of government out of control. The web of redtape has entangled many sectors of our economy, and caused an outcry for regulatory relief. This legislation would provide that relief. The bill would repeal the rule and thus return the law to the pre-1985 rules.

This is only fair. The recordkeeping rules were a gross oversight contained in the Deficit Reduction Act of 1984, which has created unnecessary Government intervention. By passing this legislation we will be getting the Government off the backs of the American people.●

● Mr. FORD of Michigan. Mr. Speaker, I rise in support of the legislation repealing the contemporaneous recordkeeping requirements of the Deficit Reduction Act of 1984 (Public Law 98-369). Clearly, this provision of Public Law 98-369 imposed an excessive burden on both businesses and their employees. The Congress never intended to impose a recordkeeping requirement that would force such individuals to keep minutely detailed daily logs of all trips made in connection with their business. It has become apparent that administrative changes by the Internal Revenue Service will prove to be inadequate in relieving businesses of this paperwork burden.

This bill would repeal the recordkeeping requirement for all listed property, including automobiles and computers. The legislation also would repeal the special negligence penalty for failure to have contemporaneous records and the provision requiring accountants to obtain written confirmation from the taxpayer that such records exist. Delivery trucks, buses, marked police and fire vehicles, ambulances, hearses and other vehicles not designed for personal use will be completely exempted from all recordkeeping requirements.

Further, the withholding provisions would be made optional, allowing the employer to either include the imputed income on an employee's W-2, or withhold taxes on such income in any other convenient manner. The only change from prior law is the addition of a requirement that there be some written evidence supporting a taxpayer's claimed deduction. I urge my colleagues to support this effort to provide much-needed relief for small businesses.●

● Mr. SWINDALL. Mr. Speaker, my first knowledge of the recordkeeping requirements came less than 3 days after I was sworn into Congress when I received a phone call from my brother, Kevin, who is back home running the family furniture business. In the course of the conversation, he told me that we had failed to make three deliveries that day, whereupon I asked him why he was bothering me with that fact, since I had run for Congress to help run the country, and that it was his job to run the business. His response was that it was because of the way we were running the country that he had called and that the reason he had failed to make three deliveries that day was because of the contemporaneous recordkeeping provision which Congress had passed. Needless to say, I instantly cosponsored the repeal legislation and it is in support of that repeal that I rise today.

By way of background, in 1984 the U.S. Congress passed an omnibus tax bill which included among many other provisions, a requirement that taxpayers who claim tax deductions for the business use of their automobiles keep strict records. When the IRS drew up the regulations to implement the contemporaneous records language included in the tax bill, records were required to document such inane details as the exact mileage each day traveled for business and the business purpose of each business trip claimed, for example, to make a sales presentation to customer X. A House committee estimated that some 30 million cars where covered by this new requirement. Needless to say, the time required to comply with these regulations was ridiculous, and a tremendous burden for the businessperson whose time could be better spent conducting business.

The story which I just related regarding the drop in productivity in my small furniture business resulting from this ludicrous law illustrates on a microscopic scale what has already occurred on a macroscopic scale with small businesses and farms throughout these United States. To repeal this law is to allow small businesses to continue the type of productivity this Government must encourage rather than discourage.

The cries of protest I heard with regard to this obscure tax proposal, which was buried in the Omnibus Tax Act, have far exceeded those I have witnessed on any other law or bill since I've been here in Congress. In fact, I understand that this car log regulation has the distinction of causing more letters to flow into our congressional post offices than any other single issue in the 99th Congress.

I am pleased to see that the Congress has seen the error of its ways and is moving to correct this abomination by repealing the car log provision, and is considering replacing the car log requirement by restoring generally the previous language which had heretofore existed for many years. In addition, the bill we are considering will reduce the amount of investment tax credit and depreciation allowed for luxury cars, in an effort to make the legislation revenue neutral, or in other words compensate for the lost revenue associated with the repeal. As Members of Congress I think we all realize that it's impossible for us to completely anticipate how a law will actually work once it's enacted. This is a prime example of how a seemingly innocuous proposal can become a nightmare. Fortunately, we are taking the opportunity to say it was the wrong way to approach the problem, and we eliminated the approach.

Taxpayers who use their vehicles for business purposes will still be required to maintain adequate records and have other sufficient evidence, as before, and will further be required to provide the evidence in writing. But, there's a point at which the cost for improved compliance exceeds the tax revenues which result. I think we all agree that only legitimate business expenses should be deductible, but there are better ways to prevent abuse of our tax system.

For all these reasons, Mr. Speaker, I urge repeal of the so-called contemporaneous recordkeeping legislation.●

● Mr. ROTH. Mr. Speaker, I rise in support of this legislation to repeal the contemporaneous recordkeeping requirements of the Deficit Reduction Act of 1984. I commend the members of the Ways and Means Committee for acting so quickly to allow us to repeal this unreasonable burden.

I introduced legislation to address this problem because the sentiments of my constituents echoed loudly the detailed problems caused by this law and the subsequent IRS regulations. These modified proposed regulations require that detailed vehicle logs be kept in order for a farmer or a business person to benefit from the lawful deduction of the expenses incurred by the business use of a car or truck.

Testifying at a hearing before the Ways and Means Committee, I shared these concerns. From over 200 letters per day from my constituents, I have learned that because of these new rules, the average business person would have to spend from 20 minutes to 2 hours per day filling out new forms. This would sap his or her other productivity and result in additional costs which ultimately would be passed on to the consumer.

This new paperwork requirement imposed by section 179(b) of the Deficit Reduction Act of 1984, was an attempt by Congress to restrict tax avoidance that is based upon the deduction of vehicle expenses, when these expenses are not truly related to business use. This well-intended provision simply doesn't work. In order to encourage tax compliance, nearly everyone would have to become bookkeepers for the Government.

We do not want to perpetuate a tax loophole or promote tax evasion. We in this Congress must protect taxpayers from an unreasonable requirement to keep excruciatingly detailed logs of mileage, times, dates, and purpose of travel.

We have heard repeatedly from my constituents that business people and farmers do not mind paying their fair share of taxes. But they do strongly object to unjustifiable Federal requirements for thousands of pages of unneeded paperwork. It is unfair to burden with unnecessary paperwork business people and other taxpayers who routinely use vehicles for tax purposes. It is unfair to turn productive business people into unproductive bookkeepers for the IRS. This country cannot afford these types of senseless regulations.

A repeal of this law would not relieve taxpayers of reasonable recordkeeping responsibilities. Taxpayers would still be required to maintain adequate records or sufficient corroborating evidence to document claimed deductions, just as they did before.

I do not believe that Congress intended to create an unreasonable paperwork burden on those who use vehicles for farming and business purposes. Therefore, we must respond now to relieve taxpayers from this unintended burden. I hope that my colleagues will join me in supporting this measure which will restore some fairness to our Tax Code.●

The SPEAKER pro tempore. All time has expired.

The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and pass the bill, H.R. 1869.

The question was taken.

Mr. ROSTENKOWSKI. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1850

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the bill just debated, the extraneous material to include a letter from the Treasury Department.

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

There was no objection.

EXPRESSING SENSE OF CONGRESS THAT THE PRESIDENT TAKE ACTION RELATING TO TRADE DEFICIT AND UNFAIR INTERNATIONAL TRADE PRACTICES OF JAPAN

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 107) to express the sense of the Congress that the President take action to reduce the growing U.S. merchandise trade deficit and that he take action to respond to unfair international trade practices of Japan.

The Clerk read as follows:

H. CON. RES. 107

Whereas the global United States merchandise trade deficit reached an unprecedented level of $123,000,000,000 in 1984—representing a tripling of the trade deficit in three years;

Whereas this unprecedented trade deficit is partially the result of the strong dollar, which in turn is related to the large fiscal deficit confronting this country and the large volume of foreign capital needed to finance this deficit;

Whereas concerted action by both the President and the Congress is needed to reduce the fiscal deficit and thereby bring the dollar down to a level which will help restore United States trade competitiveness;

Whereas unless such action is taken, the ability of the United States to resist broad-scale import protection for United States producers will be substantially reduced;

Whereas the United States merchandise balance of trade deficit with Japan reached $37,000,000,000 in 1984—accounting for almost one-third of the entire United States deficit with the world;

Whereas although United States exporters lack equitable and fair access to the Japanese market for manufactured goods, forest products, and key agricultural commodities in which the United States has a comparative advantage, Japanese producers have extensive access to the United States market for products in which Japan has a comparative advantage;

Whereas Congress recognizes that lack of market access to Japan—the world's second largest Free World economy—and the overall imbalance in bilateral trade has the potential of undermining the entire range of bilateral relations between the United States and Japan;

Whereas the problem of market access to Japan—particularly in manufactured goods—is not confined to the United States but is a common problem shared by most of the world's trading nations;

Whereas negotiating with Japan over the years to secure meaningful improvements in market access for competitive United States exports has been largely unsuccessful;

Whereas progress in the current negotiations on access in the telecommunications, forest products, pharmaceuticals and medical equipment sectors is essential if the bilateral trading relationship between the

United States and Japan is to be on an equitable and mutually advantageous basis;

Whereas action by the United States is appropriate—

(1) to enforce United States rights under trade agreements, to which Japan is a party, and

(2) to respond to Japanese acts, policies, and practices which are—

(A) inconsistent with, or deny the United States the benefits of, trade agreements to which Japan is a party; and

(B) are unjustifiable, unreasonable, or discriminatory: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President shall take all appropriate and feasible action to—

(1) develop a concrete plan for reducing the trade deficit by attacking its causes, including the high value of the dollar on exchange markets, in order to assure that United States products can compete on a fairer basis in United States and foreign markets; and

(2) secure the elimination of Japanese acts, policies, and practices which are—

(A) inconsistent with, or deny the United States the benefits of, trade agreements to which Japan is a party; and

(B) are unjustifiable, unreasonable, or discriminatory.

SEC. 2. (a) Within 45 days after the day on which this concurrent resolution is agreed to by the Congress, the President shall determine whether Japan has taken sufficient action to assure the elimination of those Japanese acts, policies, and practices described in paragraph (2) of the first section of this concurrent resolution.

(b) Before the close of the 60th day after the day on which this concurrent resolution is agreed to by the Congress, the President shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the determination made under subsection (a), together with the reasons for that determination. If that determination is negative, the President shall promptly take action to eliminate those acts, policies, and practices described in such paragraph (2) by more aggressive use of existing customs laws and other trade laws governing the importation of merchandise. The action taken by the President under this subsection, which shall be described in the report, shall be sufficient to insure that access to the Japanese market is fair and equitable, as measured by increased sales of competitive products from the U.S. and elsewhere, and verified by affirmation from the U.S. Business Community.

(c) A summary of the report made under subsection (b) shall be published in the Federal Register.

SEC. 3. Any action taken by the President under section (2)(b) may be modified or revoked only if the President determines that the objective described in that section has been achieved. The President shall report to Congress, and publish in the Federal Register, notice of such determination.

The SPEAKER pro tempore. Is a second demanded?

Mr. SCHULZE. Mr. Speaker, I demand a second.

Mr. FRENZEL. Mr. Speaker, I demand a second.

PARLIAMENTARY INQUIRY

Mr. SCHULZE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SCHULZE. Mr. Speaker, my inquiry is whether the gentleman from Minnesota is opposed to the resolution?

The SPEAKER pro tempore. Is the gentleman from Minnesota opposed to the resolution?

Mr. FRENZEL. In its present form, I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies.

Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 20 minutes and the gentleman from Minnesota [Mr. FRENZEL] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today I introduced, with the cosponsorship of several colleagues, a concurrent resolution calling on the President to do two things: First, to take action to reduce the growing U.S. merchandise trade deficit and second, to respond to unfair trade practices of Japan.

The committee considered and approved this legislation just this morning by voice vote and requested that it be placed on the suspension calendar for immediate consideration by the House.

The purpose of this resolution is twofold. First, it draws attention to the need to deal with some of the underlying causes of the global U.S. trade deficit, particularly the massive budget deficit plaguing this country and the strong dollar which results. The size of our trade deficit is alarming because of the erosion it implies for our exporting and import-competing sectors. It is alarming because of the protectionist sentiment which it spawns. But most alarming of all is what it says about our ability to manage the U.S. economy in a sound and responsible way.

By the administration's own estimates, the strong dollar is responsible for about half of the U.S. trade deficit, acting as it does as a subsidy on imports and a tax on exports. If the Congress, with the cooperation and leadership of the administration, could succeed in reducing the budget deficit and thereby reduce the need to import massive amounts of foreign capital to finance the deficit, we would help bring the dollar down to a level which would restore the competitiveness of U.S. exports in world markets. This resolution calls upon the President to take forceful action in addressing this problem. I can assure you that if the President takes the lead on this issue, I will cooperate fully in taking whatever steps may be necessary to reduce the budget deficit.

Second, the resolution also calls upon the President to take action against Japan for its persistent failure to remove its unfair, and deeply ingrained barriers, to imports—particularly of manufactured goods.

I recommend this step with great reluctance and deep reservations. However, I believe this action is necessary and justified because for too long, Japan has been a major beneficiary of free trade while shouldering few of the burdens which that system is meant to impose on all developed countries. Despite the enormous success that Japanese products enjoy in the U.S. market, American producers are unable to penetrate Japanese markets significantly, even in sectors where we are the world's most competitive producers: including telecommunications and certain electronic goods, wood products, and pharmaceuticals and medical equipment.

This is not to say that American producers are unable to win market access across the board in Japan's markets, or that some firms or products are not successful in Japan. But it is bare exaggeration to say that those successes can be counted on two hands. By most objective measures, Japan's market is not truly open to imports of manufactured goods. Not just American goods, but goods from Japan's trading partners in Europe, Southeast Asia, and other parts of the world.

In conclusion, Mr. Speaker, this resolution sends a message both to the administration and to Japan that the House of Representatives wishes the administration to take firm action to deal with the dual problems of the global U.S. trade deficit and the problem of market access in Japan. It expresses the sense of the House in this regard but is not binding on the President. Mr. Speaker, I urge my colleagues to support this resolution.

SUMMARY OF H. CON. RES. 107

To express the Sense of the Congress that the President take action to reduce the U.S. trade deficit and to respond to unfair international trade practices of Japan.

Contains findings with respect to the size of the U.S. merchandise trade deficit, its relationship to the strong dollar and the need for concerted action by both the President and Congress to address these problems; and states that unless such action is taken the ability of the U.S. to resist import protection will be substantially reduced.

Contains findings that the merchandise trade deficit with Japan and the lack of access to Japan for U.S. exporters is a serious problem; that U.S. exporters lack equitable and fair market access for many manufactured goods in which the U.S. has a comparative advantage, while many competitive Japanese products enjoy extensive access to the U.S. market.

Contains findings that negotiations with Japan to improve market access have been largely unsuccessful and that action by the

U.S. is appropriate to enforce U.S. rights under various trade agreements and to respond to Japanese actions which are unjustifiable, unreasonable or discriminatory.

Resolves that it is the Sense of the Congress that the President shall take all appropriate and feasible action to: (1) develop a plan for reducing the trade deficit by attacking its causes, including the high dollar; and (2) secure the elimination of Japanese acts, policies and practices which are inconsistent with or deny the U.S. the benefits of trade agreements and are unjustifiable, unreasonable or discriminatory.

Calls further for a determination by the President within 45 days as to whether Japan has taken sufficient action to assure the elimination of these acts, policies and practices and, if that determination is negative, calls for prompt action to eliminate such acts, policies and practices by more aggressive use of existing customs laws and other trade laws governing the importation of Japanese merchandise.

States that such action shall be sufficient to insure that access to the Japanese market is fair and equitable, as measured by increased sales of competitive products from the U.S. and elsewhere, and verified by affirmation from the U.S. business community.

States that revocation of any action should only be made if the President determines that the objectives of eliminating Japanese import restraints has been achieved.

Calls for reports to Congress as to the President's determinations and actions.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, April 2, 1985.

Hon. JAMES A. BAKER III,
Secretary of the Treasury, Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: As you will recall, on March 5, 1985, the Committee on Ways and Means conducted an extensive hearing on the temporary and proposed recordkeeping regulations as revised by the Department. Assistant Secretary for Tax Policy, Ron Pearlman, and the Commissioner of Internal Revenue Service (IRS), Roscoe Egger, testified on behalf of the Administration. The Members of the Committee questioned both Witnesses intensively on the application of the regulations to specific situations and on the rationale for certain rules. In addition to the questions on the recordkeeping regulations under Code section 274(d), a number of questions arose relating to the fringe benefit regulations under Code sections 61 and 132, many of which Assistant Secretary Pearlman and Commissioner Egger agreed to reexamine.

To facilitate timely and informative responses to the concerns raised by the Members, I would like to restate the specific areas of concern raised by Members at the hearing:

(1) Valuation of employer-provided vehicles and aircraft

(a) whether the use of SIFL and multiples thereof is the proper valuation for the use of corporate aircraft;

(b) whether the cost of chartering is the proper valuation for the use of corporate aircraft when the trip has no business purpose;

(c) whether different valuation rules should apply to nonluxury cars provided to employees, for instance, a fixed dollar per day for commuting and a cents-per-mile for other personal use;

(d) whether the Annual Lease Value is the proper valuation for use of vans and trucks, including pick-up trucks;

(e) why the special rules for valuing commuting use of autos, trucks, and aircraft are not available to key employees and one-percent shareholders.

(2) Exclusion from income for taxpayers using employer-provided vehicles in certain occupations:

(a) whether the use of fire department, police department or emergency medical vehicles and vehicles used by oil and gas well servicers, electricians, plumbers, and veterinarians to drive between their homes and their places of business should be considered a working condition fringe.

We also ask you to review an issue not raised at the hearing, but of serious concern to a number of our Members relating to the mileage allowance of rural letter carriers. It is our understanding that an agreement on how to treat these allowances between the IRS and the letter carriers was dissolved retroactively, and is causing severe problems among those taxpayers being audited for past years. We think this is patently unfair to these taxpayers, and expect you to give this matter your personal attention immediately.

We would appreciate your personal attention in reviewing these issues, given the need for early guidance to employers for withholding purposes. As you know, several of these regulatory issues are the subject of legislation introduced in Congress. We strongly feel that these problems which derive from regulations should be resolved administratively and not through legislation. However, if these issues are not expeditiously resolved, it is clear that legislation will be forthcoming. Such a result may only create additional problems for all concerned. We look forward to your early response.

Mr. FRENZEL. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I want to commend the Ways and Means Committee and its staff for constructing a resolution much better than that passed last week by the Senate on the issue of United States-Japan trade relations.

This House concurrent resolution does not make Japan a single scapegoat for the underlying problems causing our unprecedented trade deficit. Nor does the resolution depend on the shaky foundation of automobile imports, where, in my judgment, the issue is aggressive competition, and not unfair trade practices.

It identifies the Japan problem for what it is: restricted market access. It does not put all the blame on Japan, but it recognizes the access problem and urges the President to deal with it both promptly and vigorously.

I am aware that most Members can hardly wait to cast an anti-Japan vote. They will vote for this resolution even as they wish it were much stronger. The pressures to have a quick vote were powerful.

However, I am very concerned about the procedure of marking up a resolution and rushing to the floor with it the same day; I am not sure how useful such an exercise is when Members have not had adequate opportunity to examine the issues. Also, the administration has not taken a position on the language and, before doing so, surely would have to give the current 60-day negotiating period, endorsed by Prime Minister Nakasone only a few days ago, time to bear fruit, especially with respect to trade in telecommunications products.

The resolution focuses on our global trade deficit, recognizing one of its prime causes as the strong U.S. dollar against all major currencies, which has resulted in a serious erosion of U.S. price competitiveness abroad.

It restates the obvious: We must get our budget deficit under control if we are to restore our trade position. Now we have a bilateral deficit, not just with Japan, but with all our major trading partners. The resolution correctly points out that our substantial trade deficit is making it difficult to resist broad-scale protectionist measures against any number of importers, including Japan.

The resolution also focuses on the special problems we have had with Japan. It is true that Japan has not provided market access for competitive imports to the same degree as its exporters enjoy in other markets, especially the United States.

Our producers have experienced less than equitable and fair access in certain manufactured goods, telecommunications, forest products, pharmaceuticals, medical equipment, and some agriculture commodities, to name only a few categories. Such access can only be measured by increased sales of competitive products from the United States and elsewhere, as verified by the U.S. business community in terms of new market opportunities in Japan.

This resolution asks the President for a determination within 45 days as to whether Japan is providing adequate market access and is meeting its obligations under trade agreements to eliminate unjustifiable, unreasonable, and discriminatory practices. If the President determines that Japan continues to deny fair access to its markets, this resolution urges the President to take prompt action to eliminate the unfair practices through more aggressive use of existing customs and other trade laws.

Japan, of course, is not the only trading partner with which we have had difficulties. Our huge trade deficit with Canada is larger on a per capita, or GNP, basis than our Japanese deficit. Our trade balance with the European Community has deteriorated much more significantly than with Japan.

In addition, the EC maintains financing and other subsidies that displace U.S. exporters in foreign markets. We must continue to pursue solutions to our trade problems through

both bilateral and multilateral negotiations, and continue to press for a new round of GATT negotiations beginning this fall.

We must be tough on those trading partners which use unfair practices, but we also must continue to negotiate, and to tailor our responses to the specific offenses. If we unleash protectionist actions based on emotional response, we will hurt ourselves and the world trading system. If we are lucky, we might occasionally hurt the individual trading partners which we have targeted.

Mr. Speaker, I know we have problems with Japan. I agree this resolution is a reasonable approach compared with the Senate language. I know Members want to vote on it.

However, I have a strong aversion to bypassing our subcommittee and passing language whose ink is still wet. When both the Prime Minister of Japan and President Reagan have pledged success to new discussions, I believe we should be especially careful. The resolution is not a bad one, but I shall vote against it on procedural grounds.

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

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas [Mr. ANTHONY].

Mr. ANTHONY. Mr. Speaker, I rise in support of House Concurrent Resolution 107. I think there are some important things that we need to remember here. This resolution is not directed just at Japan. It is directed at the President as well. The President, through his spokesmen, have acknowledged that at least half the present trade deficit, the largest in the history of the United States, running about $122 billion, is the result of the strong dollar. We can debate over and over what causes the dollar to be too strong, but the dollar, by most estimates, is at least 60 percent overvalued at the present time. We can talk to anybody that is trying to export any type of commodity and they will tell you that the strength of the dollar is killing them.

Here is what is happening. The business people are making a judgment whether or not to produce in the United States. Right now they are in the process of exporting those jobs and future plants are going to go offshore because it is the only way they can compete.

We are in a war. This is only the first shot. After this passes, I think we are going to have to load the gun and put some real bullets in it. We are going to have to start passing some legislation. We are not just pointing the gun at Japan. You have got Taiwan, you have got Korea, and you have got Canada.

Canada alone is responsible for a depression in the wood products industry. You can look through all areas of our trade and you can see that they want this vast market in order to uplift their boat of economic viability, but they are doing it at the threat of the loss of jobs here and long-term economic viability in this country.

Gentlemen, this is just the first salvo in a long battle.

□ 1900

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Indiana [Mr. HILLIS].

Mr. HILLIS. I thank the gentleman for yielding.

At this hour, you know, this is an important bill to be debating this late in the day and on such short notice. And I suppose the topic of the House should be whether we want to engage in some Japan babying or bashing or whatever you want to call it. But there is a real problem that exists here and we all should recognize that, and I think we do.

We have had an unprecedented level and deficit of trade balance of over $123 billion, and approximately one-third of that in the past year; $37 billion in 1984 was accounted for with our trade imbalance with Japan. This has been a well known fact and one that just did not happen yesterday and one that we have known about for a long time.

Yet we do not seem to be able to get any progress made in solving this problem. On two occasions within the past 10 days the Japanese have demonstrated their reluctance to treat the American worker and the American farmer with equality.

A little prior to last week the Japanese announced that they were increasing the shipment of their cars by 25 percent to the United States. This week the Japanese Government asked for still more time to complete their technical standards for telecommunication equipment which would allow American manufacturers access to the Japanese market.

The basic question here is is this fair, and I think we all know the answer to that.

The other basic question here is will this resolution do anything about it, and that is where I have problems in supporting it. I do not think that it is strong enough to really send a message to the people that have to receive it.

With reluctance, I am going to support this resolution with reservations for I think we should be doing more in this area than what the committee proposes at this time.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minute to the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Speaker, it is appropriate, I think, that we should be discussing this particular resolution at the same time, in the same evening, as we just passed a bill regarding unemployment compensation. We were wrestling over the problem of some 8 million Americans who are still unemployed even after we have been into a recovery for 2 years.

We have been talking about 2 or 3 million Americans who are structurally unemployed who were previously unemployed for 3 years or longer and have been unable to find jobs.

That unemployment, which is such a vexing problem for us, is directly related to the problem of our huge trade deficit. This is a very appropriate resolution in that it calls attention on the one hand to our overall trade deficit problem and the fact that part of that is of our own making because of our huge Federal fiscal deficits, and the resultant strong dollar which puts our exports at a disadvantage and imports into this country at a distinct advantage.

But the second half of the resolution is equally important because it directs the attention of Americans, as it should, to the particular problems caused by our trade deficit with the Japanese. We had almost a $40 billion trade deficit last year with the Japanese, a $20 billion trade deficit in automobiles alone, and yet we expect to see another $6 or $8 billion in automobiles coming in this year from Japan. We must do something to open up the Japanese markets to our manufacturing industry or we will no longer be a manufacturing nation.

Mr. FRENZEL. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. CRANE], the distinguished subcommittee ranking member.

Mr. CRANE. Mr. Speaker, there are ingredients of this resolution that I can support wholeheartedly, and especially those that make reference to insisting that the Japanese abide by trading agreements to which they are a party. I think our administration should be employing all of the pressures that can be brought to bear on the Japanese with respect to such commitments they have made.

There is also the ingredient of the resolution that I approve of wholeheartedly which acknowledges our responsibility, at least in part, in contributing to some of our own deficit problems with regard to imports. The truth of the matter is our deficits have contributed to a strong dollar, and the strong dollar has injured virtually every sector of our economy that is in the export market.

That is not the total explanation behind the trade deficit with Japan, but it is certainly a major ingredient of it.

In addition to that, the pent up demand that, at the end of the recession in this country, found expression with more purchasing power, more Americans who had delayed pur-

chases, caused us to purchase more imported goods because we were not producing domestically enough to meet that need.

In addition to that, however, I think we have got to examine our own skirts and make sure that they are absolutely clean before we single out any individual country for indictment. For example, we took testimony before the Trade Subcommittee a couple of weeks ago and in the course of that testimony it came out that we have the highest import duties on trucks of any industrial country in the world. In addition to that, we all had the experience of the avocado growers crawling all over the Ways and Means Committee because of the Israeli free trade bill, and they are not the only ones that have endeavored through the years to enjoy some degree of protection.

I spoke to the bakers this past weekend, and the bakers inform me that it costs them 22 cents a pound for sugar here in the United States, whereas their competitors up in Canada pay only 5 to 6 cents per pound for sugar.

We have done the same thing in a variety of categories. So when one talks comparative advantage, I think one must recognize that we ain't playing entirely by the free market rules either.

In addition to this, there are some figures in the specified categories enumerated in this resolution dealing with such things as pharmaceuticals and telecommunications that require more perspective. In an article in the Wall Street Journal of March 27 by George Gilder, he notes:

> After a four-year surge of high-technology sales to Japan, including an export rise of 48 percent in computers, 38 percent in telecommunications gear, 51 percent in analytical instruments, 41 percent in pharmaceuticals, and 63 percent in electronic parts * * *.

Notwithstanding the soaring value of our dollar, I think we have to recognize that there is progress being made, albeit not as fast as most of us would like to see.

There is one other ingredient to this debate, too, however, when you look at that $37 billion trade imbalance with Japan. I saw figures about 2 years ago that indicated that there is a component of our total trade with Japan that is not calculated in these trade figures. For example, at that time about 21 billion dollars' worth of energy was imported into Japan from American-owned energy companies and yet because it was routed through third countries those dollar figures were not calculated in the trade figures.

In addition to that, at that time in Japan there were Americans doing business to the tune of about $15 billion, whereas the amount of Japanese business in the States at that time amounted to only about $5 billion, another $10 billion differential in our favor.

I think the commitment to insist upon enforcement of trading agreements is something we can all embrace. But I do share the sentiments of my colleague from Minnesota. I think we have proceeded with haste.

The fact of the matter is we did not mark up this particular resolution until past noon today in committee, and it is already here on the floor. I feel it really requires more lengthy study, and for that reason I reluctantly oppose it and would urge my colleagues to do likewise.

I yield back the balance of my time to my distinguished colleague from Minnesota [Mr. FRENZEL].

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, I rise in support of this resolution and I commend the gentleman for moving it forward.

Mr. Speaker, this resolution, House Concurrent Resolution 107, is not, I would point out, as strong as the resolution passed by the Senate last week or House Concurrent Resolution 106 introduced today by Mr. BROOMFIELD and myself and over 35 other Members. It should be supported nevertheless until stronger measures can be enacted. This resolution tells the President to "develop a concrete plan for reducing the trade deficit by attacking its causes" and to secure the "elimination" of unfair Japanese acts, policies, and practices. I am fearful that this resolution really only tells the President to negotiate some more with the Japanese. It does not call upon the President, as the Senate resolution and our resolution does, to use existing laws, including regulations, to deal forcefully with the Japanese. It is a weak sister to the Senate measure. If it is adopted today, I hope it will be strengthened in conference.

There is no question that the President, the Congress, and this Nation must take decisive action to confront the international trade crisis between the United States and Japan which threatens our economic recovery, our industries, and hundreds of thousands of American jobs. We have talked all too long.

The situation is quite clear. For years, the United States has attempted to practice so-called free trade policies while Japan has played by a different set of rules.

The result is in an overall trade deficit of $123 billion in 1984—a deficit which could very well exceed $170 billion by the end of 1985.

In the case of Japan, the U.S. trade deficit has grown from $10 billion in 1980 to $37 billion in 1984.

The bottom line is that the United States opens its doors wide; Japan opens its doors a mere crack, or not at all.

In the area of telecommunications, the administration has engaged in another round of negotiations with Japan to open their market for U.S. equipment and services. The trade deficit in telecommunications equipment has grown from $516 million in 1979 to $1.9 billion in 1984. The administration began with nine specific goals.

An internal administration evaluation of the negotiations as of March 17, 1985, showed that only two of those nine goals had been achieved.

Last Thursday, the chief U.S. negotiator, Lionel Olmer, told the Energy and Commerce Committee's Subcommittee on Commerce that further progress had not been achieved.

Specifically, Japan has: refused to eliminate prior registration and approval requirements for Type 2 business services; refused to eliminate arbitrary criteria and criteria that have no technical relevance; refused to adopt a regulatory basis for equipment approval focused on possible "harm to the network"—the same as in the United States; refused to put in writing an agreement to have impartial members on a single independent agency that would approve equipment and network services; refused to permit foreign suppliers an opportunity to comment on proposed administrative procedures, standards, and rules of certification; and refused to establish a legitimate appeal process external to the Ministry of Posts and Telecommunications.

In the area of automobiles, the U.S. automotive trade deficit since 1981 has more than doubled—from $11 billion to $27 billion.

The administration threw away a voluntary restraint agreement with Japan in hopes of greater access to Japan's markets for U.S. goods and services. The Japanese have responded with a 25-percent increase in automobile shipments and a continuation of its closed door policy to U.S. exports. Our trade talks with the Japanese, according to Secretary Malcolm Baldrige, have been "disappointing." We reach agreements in principle, but when the specifics are negotiated, any relation to the principle is purely coincidental. Most importantly, while we talk, the trade deficit climbs.

Japan's barriers to other U.S. exports such as pharmaceuticals, medical equipment, wood products, agriculture products, and other goods and services have become intolerable.

Today's newspapers indicate another expression by the President of "confidence" in Prime Minister Nakasone's commitment a few months ago in Los Angeles to "open" Japan's markets. The President says today he is once again "assured" that Mr. Nakasone "is going to continue doing his utmost to

bring about changes." Thus, the President concludes:

So * * * we'll just have to wait and see what he can accomplish.

Mr. President, we have been waiting for years while the Japanese bureaucrats who are not influenced by Mr. Nakasone's assurance eat us alive at the negotiating table.

The time for tabletalk negotiations has ended. The President must tell our Japanese trading partner that this Nation can no longer sit idly by while Japan's unfair and discriminatory trade practices build and expand Japanese industry at the expense of American firms and workers.

We do not advocate trade war. Instead we seek bipartisan support for the President to take affirmative action to avoid a situation where this country could become a $1 trillion net debtor country over the next 5 years while Japan becomes a $500 billion creditor nation.

If we are ever to have free and fair trade between Japan and the United States, Japan must start playing by fair rules. For the sake of American firms and American workers, we must demand it.

This resolution—weak as it is—could help. But it is only a beginning. We must do more now.

Before closing Mr. Speaker, I want to commend my able colleague from Michigan, Mr. BROOMFIELD, for his contributions to the provisions of House Concurrent Resolution 106 which he and I, along with 39 other Members from both sides of the aisle. The support is welcome, as he is an able and effective Member. I particularly commend him for his support for an industry vital to Michigan, the automobile industry and its workers. It is a pleasure to work with him.

Mr. Speaker, I insert at this point several relevant charts and my recent correspondence with the Commerce Department concerning these matters:

January 1982—First trade package announced.

May 1982—Second trade package.

June-November 1982—Several staff level trips to Tokyo to discuss implementation of these measures.

January 1983—Third trade package. First Reagan/Nakasone Summit. Need for market access in Japan noted.

October 1983—Fourth trade package.

November 1983—President Reagan visits Toyko. Launches an intensive effort to address major bilateral trade issues. Vice President Bush coordinates for United States.

January-April 1984—Followup negotiations.

January 1984—NTT Agreement renewed.

April 27, 1984—Fifth trade package. Addresses several key issues.

May 1984—Vice President Bush visits Tokyo. Welcomes package but notes we have a long way to go. "Yen-dollar accord" announced.

January 1985—Reagan/Nakasone Summit in California. The sectoral initiative launched.

January 28-29, 1985—Undersecretarial delegation visits Tokyo to begin sectoral negotiations.

February 1985 to present—Undersecretarial delegation visits to continue negotiations.

THE SECRETARY OF COMMERCE,
Washington, DC.

Hon. JOHN D. DINGELL,
Subcommittee on Oversight and Investigations,
House of Representatives,
Washington, DC

DEAR JOHN: Thank you for your letters regarding the Japanese automobile export restraint.

I have enclosed information which addresses the questions you raise. I understand that the Treasury Department plans to respond directly to you on question 13 regarding the yen/dollar exchange rate and Japan's commodity tax on automobiles.

To supplement our direct responses to your questions, we have enclosed a copy of our analysis of the Japanese auto export restraint.

I hope that the information we are providing will be of use to you and other members of the Subcommittee.

Sincerely,

MAC,
Secretary of Commerce.

Question 1: Please provide a table showing annually in dollars for the period beginning January 1, 1970 to the present the Japanese trade balance with the United States. Also show for each year the worldwide trade balance of the United States.

Answer:

U.S. MERCHANDISE TRADE BALANCE WITH THE WORLD AND JAPAN

[In billions of U.S. dollars]

Year	Total		Japan	
	F.a.s.1	c.i.f.2	F.a.s.1	c.i.f.2
1970	2.3	[3]—0.2	—1.2	(4)
1971	—2.6	[3]—5.3	—3.2	(4)
1972	—7.1	[3]10.4	—4.1	(4)
1973	.5	[3]—3.6	—1.4	(4)
1974	—4.5	—12.8	—1.7	—2.8
1975	9.1	1.8	—1.7	—2.8
1976	—8.3	—17.3	—5.4	—6.8
1977	—29.2	—39.2	—8.0	—9.8
1978	—31.1	—42.4	—11.6	—13.6
1979	—27.6	—40.4	—8.7	—10.6
1980	—24.6	—36.4	—9.9	—12.2
1981	—27.3	—39.7	—15.8	—18.1
1982	—31.8	—42.7	—16.8	—19.0
1983	—57.6	—69.4	—19.3	—21.7
1984	—107.9	—123.3	—33.6	—36.8

1 Exports, f.a.s.; imports, f.a.s./customs values.
2 Exports, f.a.s.; imports, c.i.f.
3 Estimated.
4 Not available.

Question 2: Please identify all major initiatives in the past decade by various Administrations to open Japanese markets to U.S. products and indicate the effect of those initiatives on the U.S. balance of trade.

Answer:

U.S. TRADE INITIATIVES TOWARD JAPAN

The U.S. bilateral pressure on Japan to open its markets reached the current high level of intensity only recently. During the 1975-1979 period most trade complaints or market access concerns were channeled into the MTN negotiations. The average Japanese import duty will be about 3 percent in 1987. An overall effort, pressed by the United States, to avoid any new trade restrictions in the wake of the oil shocks was the OECD Trade Pledge. Japan was an adherent. Also emerging from our multilateral initiatives on government procurement was the 1980 bilateral agreement to open up the purchases of NTT to U.S. goods.

In 1977, the Trade Facilitation Committee (TFC) was created to resolve individual market access complaints brought by U.S. firms. Many of these specific problems were resolved successfully, but with no mandate to address the overall market access problem.

The real bilateral effort to open the Japanese market to U.S. goods, services and investments began in late 1981 when several U.S. cabinet officers visited Japan to press the issue. The chronology from that date follows (see attached summary of Japan's five trade packages):

January 1982. First trade package announced.

May 1982. Second trade package.

June-November 1982. Several staff level trips to Tokyo to discuss implementation of these measures.

January 1983. Third trade package.

January 1983. First Reagan/Nakasone Summit. Need for market access in Japan noted.

October 1983. Fourth trade package.

November 1983. President Reagan visits Toyko. Launches an intensive effort to address major bilateral trade issues. Vice President Bush coordinates for U.S.

January-April 1984. Followup negotiations.

January 1984. NTT Agreement renewed.

April 27, 1984. Fifth trade package. Addresses several key issues.

May 1984. Vice President Bush visits Tokyo. Welcomes package but notes we have a long way to go.

May 1984. "Yen-dollar accord" announced.

January 1985. Reagan/Nakasone Summit in California. The sectoral initiative launched.

January 28-29, 1985. Undersecretarial delegation visits Toyko to begin sectoral negotiations.

Throughout this period the U.S. bilateral trade deficit with Japan has grown worse. There are many factors involved: exchange rate changes, different economic growth rates, and incomplete implementation of Japanese liberalization measures. It is not possible to quantify the effects, but it can be said that full market access has not been achieved.

Question 3: Please provide a table showing annually for the period beginning January 1, 1970 to the present, the number of motor vehicles produced and assembled in the United States that were exported to Japan and those that were produced and assembled in Japan and exported to the United States.

Answer.

UNITED STATES-JAPANESE MOTOR VEHICLE TRADE, 1970–1984

[Thousands of units]

Year	United States imports from Japan			United States exports to Japan		
	Cars	Other vehicles	Total	Cars	Other vehicles [1]	Total
1970	381	29	410	5	.....	5
1971	704	84	788	5	.....	5
1972	698	168	866	5	.....	5
1973	625	181	806	11	.....	12
1974	792	265	1,057	14	.....	14
1975	696	152	848	15	.....	15
1976	1,129	178	1,307	14	.....	14
1977	1,342	273	1,615	14	.....	14
1978	1,563	453	2,016	13	.....	13
1979	1,617	516	2,133	15	.....	15
1980	1,992	638	2,630	7	.....	7
1981	1,912	663	2,575	4	.....	4
1982	1,801	712	2,513	3	.....	3
1983	1,871	877	2,748	3	.....	3
1984 [2]	1,803	1,064	2,867	2	.....	2

[1] Volume less than 1,000 units annually.
[2] Actual data for January-November 1984 period.

Question 4. Please provide a table showing from the time the Japanese voluntary restraints were first initiated to March 1984 the number (in separate columns) of cars, trucks, and vans authorized for exportation each year and the number (in separate columns) of such vehicles actually exported to the United States. If the restraints are extended, what changes in these numbers can we expect?

Answer.

JAPANESE EXPORTS TO THE UNITED STATES, APRIL 1981–NOVEMBER 1984

Period	Japanese car exports to the United States [JAMA]	Japanese van and truck exports to the United States [JAMA] [1]	United States imports of cars from Japan by date of export [2]	United States imports of vans from Japan by date of export [2]
April 1981–March 1982:				
Authorized volume	1,680,000	82,500 vans, no truck limit	1,680,000	82,500
Actual volume	1,679,000	546,185	1,689,155 [3]	69,129
April 1982–March 1983:				
Authorized volume	1,680,000	82,500 vans, no truck limit	1,680,000	82,500
Actual volume	1,680,000	400,984	1,680,454	81,981
April 1983–March 1984:				
Authorized volume	1,680,000	82,500 vans, no truck limit	1,680,000	82,500
Actual volume	1,680,000	567,018	1,687,427	85,114
April 1984–March 1985:				
Authorized volume	1,850,000	90,850 vans, no truck limit	1,850,000	90,850
Actual volume [4]	1,378,152	512,882	1,094,010	53,707

[1] Actual volume numbers combine van and truck exports from Japan. The Japan Automobile Manufacturers Association [JAMA] classifies both vans and trucks as commercial vehicles and thus does not report separate van and truck exports.
[2] The Commerce Department monitors Japanese car and van exports by collecting data on United States imports of such vehicles by date of export from Japan. Allowing for time lags due to shipments in transit from Japan to the United States and minor statistical discrepancies, these data are comparable to JAMA export statistics.
[3] Because the Commerce Department's monitoring system was not fully in place until mid-1981, this number includes an unspecified number of vans in addition to passenger cars.
[4] JAMA data covers exports during the April-November 1984 period; Commerce data on U.S. imports of cars and vans includes shipments from Japan since April 1, 1984 which had arrived in the United States as of November 30, 1984.

Note.—At this stage, it is not possible to predict what changes Japan would make in its current export levels if the restraints are continued. However, it is likely that the Japanese Government would suggest at least a small increase in car and van exports over present levels.

Question 5. Please explain why the voluntary restraints were not discussed last week. When will they be discussed? Last fall your Department and others in the Administration reportedly indicated that a decision on the extension issue would not be made until a year's data were available for analyses. Is that still the Administration's view? What data are you seeking? Since some of that data will not be available until next month, when will the analyses be completed? Will that provide sufficient time to meet with the Japanese and request an extension?

Answer. At the time the summit meeting between President Reagan and Prime Minister Nakasone, neither Government had completed its analysis of the restraint, so discussion of the issue was considered premature. Discussions between the two countries are frequent and would not be difficult to schedule quickly if necessary.

The Administration is considering a wide range of factors, including data on the financial condition of the U.S. automobile industry, in reaching a decision on the issue of the Japanese export restraint. Actual or preliminary 1984 data already is available on U.S. auto industry sales, production and employment. Because full-year 1984 financial data for U.S. automobile manufacturers is not yet available, the Administration has not completed its review and analysis. In addition, the Administration is reviewing various independent estimates of the industry's full-year 1984 financial performance, including those published by the leading industry security analysts. A final decision on the restraint will not be made until we have received and analyzed the full-year 1984 financial statements of the U.S. auto companies. We expect that this information will be available by mid-February.

Part I of the Commerce restraint analysis (attached) examines the financial condition of the U.S. automobile manufacturing industry as of September 30, 1984. Once full-year 1984 data is available on the financial performance of the industry, the Commerce Department will prepare a supplementary analysis.

Question 6. While I understand that auto industry profits are one aspect of the health of the industry, another is negative revenue. What was the debt-to-equity ratio prior to the 1979-1982 recession period? What was it in that period? What is it now?

Answer. The Department, as part of its on-going analysis of the condition of the U.S. automobile industry, monitors various balance sheet indicators. One such indicator is the long-term debt-to-equity ratio. The combined long-term debt-to-equity ratio for General Motors, Ford, Chrysler and American Motors was 0.11 at the end of 1978, well below 1980–83 year-end levels. As of September 30, 1984, the combined long-term debt to equity ratio for the U.S. Big Four stood at .16.

Combined Long-Term Debt-to-Equity Ratio: General Motors, Ford, Chrysler, American Motors

[Long-term debt/stockholders equity]

Period ending:	
1978	0.11
1979	0.10
1980	0.24
1981	0.34
1982	0.37
1983	0.24
1984:3	0.16

Source: Company annual and quarterly reports.

Question 7. I understand that several agencies, such as the Council of Economic Advisors, your Department, and the Treasury Department are conducting various studies concerning the voluntary restraints and their effects. Please identify all such studies in 1984 and indicate their purpose and their status. If, as a part of those studies, modeling is being used, please identify the model and indicate the assumptions and parameters used and how current the model is. Please provide copies of all such studies.

Answer. The Department of Commerce and the Council of Economic Advisors each prepared studies on the restraint issue with input from other government agencies. These two studies examine the financial and competitive condition of the U.S. automobile industry, and the effects of the restraint on the industry and consumers.

These studies will provide senior Administration officials with information necessary for making a decision on the restraint. A copy of the Department's analysis of the restraint is enclosed.

Commerce Department financial projections for the auto industry contained in our analysis were largely derived from forecasting models for General Motors, Ford, and Chrysler, which were developed by the Department and an independent consultant in 1984. These models generate detailed cash flow statements and balance sheets for each company based on annual report data. The models use regression equations for items when: (a) the regressions appear to be reliable estimators of historical accounting relationships, and (b) the accounting relationships are not expected to change dramatically in the future. The models use simultaneous equations and a decision tree mechanism to alter debt and marketable securities levels based on independent public forecasts of interest rates.

Income statement forecasts were conducted using an existing Department model. The income statement includes estimates of variable profit margins based on data obtained from securities analysts and company breakeven data.

Question 8. Please provide a table showing for each foreign country any trade restrictions imposed on the importation of motor vehicles, including restrictions resulting from taxes, standards or regulations which effectively discriminate against foreign imports. The table should cover any informal restrictions in each country that the Executive Branch is aware of. What countries permit an open market in regard to motor vehicles? Are they major auto producing countries?

Answer. Most developing nations which produce automobiles currently impose local content requirements, import quotas, high tariffs and/or other barriers that restrict foreign access to their automotive markets. The enclosed Commerce Department study on Automotive Local Content Laws in Other Countries describes most of these barriers.

Of the major automobile-producing nations in Europe, Italy, France and Spain maintain formal restrictions on Japanese car imports. Italy limits Japanese car imports to 2,200 units annually; France restricts such imports to approximately 3.0 percent of its market; and Spain maintains local content requirements on domestic producers, imposes high import tariffs and largely restricts automobile imports to those brought in from European Community and by local producers. In addition, Japan currently limits its automobile exports to the United Kingdom and West Germany, to other major auto-producing countries in Europe, to Canada and to the United States.

Members of the European Community (EC) levy a 10.3 percent duty on passenger car imports and a 22 percent duty on most truck imports. In addition, most EC nations impose a motor vehicle tax on imports (as well as domestically built vehicles) which vary according to engine displacement or horsepower.

Japan currently does not apply any tariff on imports of either passenger cars or trucks. The principal barriers to increased U.S. vehicle exports to Japan are the high price of U.S. products relative to Japanese products; significant differences in U.S. and Japanese emission and safety standards and the lack of a self-certification testing procedure to show compliance with these standards; the fact that Japan is a "right-hand" drive country; and the closed nature of Japan's vehicle distribution system.

Japan's commodity tax on automobiles, which ranges from 18.5 to 23.0 percent depending on engine displacement, and high Japanese dealer markups on U.S. products also add to the cost of U.S. vehicles in Japan. Japan's requirements for certifying vehcile compliance with government safety and environmental standards are applied to imports in a non-discriminatory manner. However, because U.S. manufacturers sell a very limited quantity of vehicles in Japan, the vehicle homologation process (conversion to Japanese standards) is a significant administrative and technical burden and adds significantly to the per unit cost of selling in Japan.

For purposes of comparison, the United States currently maintains a 25.0 percent tariff on imported trucks and a 2.6 percent tariff on passenger car imports. Strict emissions and safety standards for motor vehicles also are in effect. In contrast to most other nations, however, the U.S. system allows vehicle manufacturers to self-certify that they comply with government safety standards based on their own testing results.

Question 9. Please provide an estimate of the extent to which additional Japanese-made vehicles will be annually imported over the next five years if the voluntary restraints are not extended after March 1985. What percentage of the automobile and truck sales market in 1983 and 1984 has been captured by foreign imports and of that percentage, what is the Japanese share? What will be the foreign and Japanese share over the next five years if the restraints are not extended?

Answer. In 1983, imported Japanese cars captured 20.9 percent of total U.S. car sales and imports from all countries (except Canada) gained 26.0 percent. In 1984, these sales shares fell to 18.3 and 23.5 percent, respectively.

Imported Japanese trucks captured 13.0 percent of the U.S. truck market in 1983 and 13.6 percent in 1984. Import trucks from all sources (except Canada) held 14.8 percent in 1983 and 14.9 percent in 1984.

Part III of the Commerce Department's restraint analysis examines the sales outlook for Japanese, European and domestically built cars in an unrestrained U.S. market environment. Sales projections presented in this section are based on a variety of factors, including: (1) relevant historical data concerning growth in the U.S. market share of Japanese producers; (2) Japanese company announcements of U.S. production plans; (3) U.S. company announcements concerning import plans; and (4) an examination of forecasts by numerous industry observers.

In the absence of any restraint, the Department projects that by 1987 Japanese auto imports could increase by approximately 1.1 million units over the 1984 level of shipments, from 1,906,000 units to some 3,025,000 units. (The latter figure includes some 450,000 units imported by U.S. producers). Under this scenario, combined with moderate growth in the total U.S. market for autos, Japanese import share could increase from the 1984 level of 18.3 percent to approximately 27.7 percent.

Question 10. If these restraints are abandoned, what will be the effects (in regard to the auto industry) on (a) U.S. job opportunities, (b) U.S. investment, (c) competition, (d) the principal suppliers (i.e., steel, textile, rubber, machine tools, glass, chemical and plant, and semi-conductors) of the domestic motor vehicle manufacturing industry, (d) local and State governments, and (e) the U.S. trade deficit?

Answer. The Department's analysis addressed the impact of an unrestrained U.S. auto market on U.S. auto production and sales, import sales (particularly Japanese), employment (including auto industry suppliers), and the financial condition of the U.S. auto industry. It did not address the impact on local and state governments, on investment by U.S. auto manufacturers, or on the U.S. trade deficit. The impact analysis appears in part III of the Department's restraint study.

Based on this analysis the Department estimates that approximately 110,000 U.S. auto industry jobs could be lost by 1987 if the Japanese export restraint is lifted. This estimate includes jobs lost in supplying industries and also incorporates job gains related to increased production of Japanese cars in the United States. A significant portion of this potential decline in auto industry employment could occur through employee attrition, which now equals about 4-5 percent or 35-45,000 workers per year.

The Department also calculated the potential effects of removing the restraint on the U.S. automobile import bill. Based on an estimated average Japanese car import value of $6,300 in 1984, the value of U.S. auto imports from Japan could rise by about $7.0 billion by 1987, to about $20 billion.

Question 11. Unless the United States can be guaranteed access to a significant share of the Japanese market for U.S. made vehicles, why should the U.S. agree that the restraints be lifted? To what extent has the Administration considered sacrificing the restraints for opening Japanese markets for non-motor vehicle products of the U.S.?

Answer. A principal objective of U.S. trade policy is to remove foreign barriers to U.S. exports, particularly those affecting sectors in which we are internationally competitive. The Administration favors this general approach over ones which seek to reduce the U.S. trade deficit by restricting our imports from other countries. In the case of U.S. automotive trade with Japan, the U.S. Government has sought and obtained tariff cuts on numerous automotive parts and also has pushed for modifications in Japanese standards-related testing procedures, which act as an impediment to greater U.S. vehicle exports to Japan. Modifications in this latter area recently were made and several U.S. manufacturers have begun to evaluate the new testing procedures.

In reviewing the restraint issue, the Administration has focused primarily on the effects of removing the restraint on the U.S. automobile industry. The Administration has not sought to link the restraint decision to other trade initiatives vis-a-vis Japan.

Question 12. To what extent has the price of domestically produced vehicles that are in competition with Japanese exports increased annually at the manufacturer and dealer level since restraints were instituted? If there was an increase, please explain how it was attributable to the restraints.

Answer. This issue is addressed in Part II of the Commerce Department's restraint analysis. There is widespread disagreement about the impact of the Japanese automobile export restraint on U.S. car prices. Based on available data, we believe that domestic small car prices have increased less rapidly than either Japanese car prices or average U.S. car prices since 1982. This general trend appears to apply to both manu-

facturers' list prices and retail transaction prices, which include dealer markups and vehicle transportation charges. The new car component of the CPI, which adjusts for changes in vehicle sales mix and quality, has risen slightly less rapidly than the CPI for all items since the restraint began. Average (domestic and import) new car transaction prices, which are unadjusted, have moderated along with the CPI for all items since 1980, but have risen faster than this general inflation index.

In its analysis, the Council of Economic Advisors (CEA) examined the effects on domestic and Japanese car prices, and the associated consumer benefits, of lifting the Japanese export restraint. The CEA found that, if the present constraints of complying with CAFE standards were removed, domestic small car and average Japanese car prices would decline by $260 and $1,200 per car, respectively, following elimination of the restraint. Domestic large car prices would remain approximately constant. Consumers would realize a $4.1 billion first-year benefit from the elimination of the restraint as average car prices fell and total car purchases increased. The CEA estimated that the employment level in the automotive industry would be reduced by 30,000 jobs under this scenario.

RESPONSE TO ISSUES RAISED IN JANUARY 29 LETTER

The Administration has not yet reached a decision on the issue of continuing the Japanese automobile export restraint. To date, the issue has been reviewed by the interagency Trade Policy Staff Committee and the Trade Policy Review Group. In addition, the Cabinet Council on Commerce and Trade (CCCT) and Trade Policy Committee (TPC) recently held a joint meeting on the Japanese restraint.

Based on information available to us, we share your doubts that existing Japanese automobile production capacity would act as a major constraint on future Japanese exports to this country, at least in the short run. We also appreciate your concerns about the U.S. production and employment losses which could result from a surge in U.S. imports of Japanese cars. In addition, the Administration is sensitive to the potential impact of a large increase in Japanese car exports on our growing bilateral trade deficit with Japan. Once these and other elements have been weighed carefully by the Administration, we will be in a position to make a decision on the issue of continuing of the restraint.

ANALYSIS OF THE JAPANESE AUTO EXPORT RESTRAINT

EXECUTIVE SUMMARY

The Japanese auto export restraint is a temporary program which was initiated in 1981 to provide a "breathing space" to the U.S. industry to weather the effects of the recession, modernize plant and equipment, and develop new products to improve its competitiveness. From April 1, 1981, to March 31, 1984, the Japanese Government limited annual automobile exports to the United States to 1.76 million cars, passenger vans, and utility vehicles, and to 70,000 units to Puerto Rico. In November 1983, the Japanese Government announced a fourth year of restraints to run from April 1, 1984 to March 31, 1985. The levels for this fourth year were set at about 1.94 million units to the United States and 77,000 units to Puerto Rico. A decision is now needed on whether the U.S. Government should seek a fifth year of restraint.

This preliminary analysis was prepared to provide a basis for that decision. It addresses three areas: the condition of the U.S. auto industry at the end of 1984; the impact of the restraint to date on the U.S. auto industry and consumers; and the likely future effect of unrestrained Japanese auto exports on the U.S. auto companies and their employees.

Condition of the U.S. auto industry

In 1984 U.S. manufacturers sold an estimated 11.5 million motor vehicles (7.95 million cars, 3.5 million trucks), 22.3 percent above sales in 1983. Production increased about 18.5 percent. At the end of 1984, total auto industry employment was estimated to be about 880,000 with about 50,000 workers still on indefinite layoff.

As of September 30, 1984 the financial condition of the U.S. auto companies was at its best level since 1978. The U.S. companies have largely recovered from the recession and are in much stronger financial shape. In both 1983 and 1984, the companies earned record profits. As of the end of September 1984, industry profits stood at $7.6 billion, far above the $6.2 billion they earned for the full-year 1983. The industry is expected to report full-year 1984 income of around $10 billion. In constant 1978 dollars, this figure would be $6.3 billion, well above the 1978 level of $4.9 billion.

An examination of industry financial statements as of September 30, 1984, shows that the company balance sheets have not returned to 1978 levels. Due to changes in the basic financial and operating structure of the industry since the late 1970s, they may never do so. For example, the industry has implemented aggressive working capital management programs designed to reduce receivables and inventories (the "just-in-time" system), while stretching payables. This program reduces liquidity, but increases cash flows.

Balance sheet leverage, though higher than in 1978, is low compared with many industries, and continues to improve. Barring radical increases in Japanese market share (i.e., to 40 percent or more of the U.S. market), combined with a severe recession, cash flows should be sufficient to finance capital expenditures, debt repayment, and dividends without substantial borrowing.

Impact of the restraint

The Japanese auto export restraint largely achieved its intended purpose—to provide a "breathing space" for U.S. vehicle manufacturers to introduce new, more fuel-efficient products, improve quality and productivity, and restore profitability. Industry plans to invest about $80 billion in property, plant, and equipment and $17 billion in product research and development between 1978 and 1985 largely will be met. In constant 1978 dollars, and U.S. Big Four producers collectively will spend about $87 billion in these two areas. During the restraint period, U.S. manufacturers also reduced their break-even level by slashing fixed costs from about 11.2 million units to 7.9 million units currently.

The U.S. industry's labor productivity has improved significantly since 1980 as a result of these spending and cost cutting measures, and now stands well above productivity levels in 1973 and 1978, the last two record production years. However, because of the prolonged U.S. auto sales downturn, the expected benefits of the restraint to domestic producers were not realized fully until early 1983. Similarly, the anticipated economic costs of the restraint to domestic consumers, particularly in terms of higher prices, appear to have been modest until the U.S. economy began to recover strongly in early 1983. From that point unitl March 1985, the Department estimates that the restraint resulted in additional 54,000 to 105,000 jobs in the U.S. auto companies and parts and material suppliers; and added between $1.2 to $2.2 billion to the combined net income of GM, Ford, and Chrysler during 1983 and 1984.

The price effects of the restraint are difficult to assess accurately. There is no doubt that the restraint has been a bonanza for U.S. Japanese car dealers. It is widely reported that these dealers have added $500-$3,500 per unit to manufacturers' suggested list prices. The amount dealers actually realize from such sales is probably less than these markups over list, but an accurate measure is not available. The best independent econometric study indicates that average car prices, adjusted for changes in product mix and quality, rose by $500 in 1983 alone. Price time services data show that domestic car prices, and particularly domestic small car prices, rose less rapidly than Japanese car prices during the 1982–84 period (an estimated 19.1 percent versus 26.6 percent). Higher manufacturer and dealer markups on Japanese cars appear to account for much of the average price increase. These prices were also increased to the extent that Japanese car manufacturers and their dealers "forced" U.S. consumers into higher priced models in order to maximize profits. However, this effect of the Japanese export restraint is difficult to assess, given the significant shift in consumer demand toward larger cars during 1983 and 1984.

Small cars, including subcompacts and compacts, held 60.5 percent of the U.S. market in 1982, but only 55.2 percent in 1983, and 49.0 pecent in 1984.

Future effects

The Department also examined the likely effects on the U.S. auto industry of allowing the Japanese export restraint to expire in March 1985. Due to the continuing competitive advantages of the Japanese car companies, we estimate that in the absence of a "price war", elimination of the restraint would result in growth of Japanese car sales (including U.S.-assembled models) from just over 2 million units (19.6 percent of the U.S. market) in 1984, to approximately 3.7 million units (33.9 percent) in 1987. This forecast assumes moderate growth in total U.S. car sales from 10.4 to 10.9 million units during this period. It also assumes that real energy costs remain stable and,

thus, that small, mid-size, and large car sales as a percentage of the U.S. market, remain the same as in 1984. In addition, this forecast reflects evidence that, in the absence of a major appreciation of the yen against the dollar, the manufacturing cost advantage of Japanese auto producers will continue to be substantial ($2,000 or more) through at least 1987.

Approximately one-third of the projected 1.7 million unit increase in Japanese car sales is likely to be due to a large rise in U.S. production by subsidiaries of Japanese firms. The balance (1.1 million units) would be due to rising imports from Japan. Under this scenario, traditional U.S. car builders would experience about a 1.1 million unit drop in sales and production between 1984 and 1987, despite a 500,000 unit increase in total market volume. European importers also would experience a reduction in total unit sales as a result of vulnerability in the small car segment.

Because most of the loss in sales by traditional U.S. manufacturers is expected to occur in the small car segment, the overall profitability and financial condition of U.S. auto manufacturers should not be affected severely. U.S. industry profits, in an unrestrained market environment, are projected to fall from about $10 billion in 1984 to about $9 billion in 1987. At this reduced level, the industry should be able to continue its investment plans without substantial new borrowing. The primary short-term risk to the industry's financial health is a major economic downturn which, in conjunction with higher import levels, could seriously erode profitability. Domestic industry employment, in contrast, is likly to decline significantly, even in the absence of a recession. New job losses could range from about 110,000 workers in 1987 if sales reach 10.9 million units, to over 180,000 in a depressed (8.9 million unit) sales year.

Corporate average fuel economy standards

This analysis did not specifically assess the effect of unrestrained Japanese car exports on the U.S. companies' ability to meet the Corporate Average Fuel Economy (CAFE) standards. But, it should be noted that a 1.1 million unit reduction in sales of domestically manufactured small cars in 1987 will seriously reduce their ability to met these standards and may adversely affect their ability to use "carryback" credits to meet the 1985 standards.

Under the carryback procedures, if a manufacturer can demonstrate that it expects to exceed the CAFE within the next three years, it can carryback these excess credits to meet a shortfall in the current year. Although final (MY) 1984 CAFE figures are not yet available, it appears that two U.S. manufacturers have not met the standard. One has apparently missed the standard by 1.7 mpg and has received approval from the National Highway and Traffic Safety Administration (NHTSA) to use credits it expects to earn in (MY) 1986 to meet the standard. The other manufacturer has apparently fallen about 2.2 mpg short of the standard and is expected to apply to use (MY) 1987 credits to cover this shortfall.

Failure to meet the standard makes a manufacturer liable for civil penalties of $5 per vehicle for each 0.1 mpg by which it failed to meet the standard. Noncompliance is also a violation of the Act.

Current product plans of the U.S. manufacturers indicate that, barring a severe loss in sales of small cars, the U.S. manufacturers should be able to comply with the standards in the future. But the situation could become very tight if the restraint is lifted. Not only may they not meet the standard, but it is also unclear what will happen if the manufacturers fail to exceed the standards in the future by an amount which they used in carrybacks to meet 1984 and, perhaps, 1985 standards.

While Administrative mechanisms are available to reduce the existing 27.5 mpg standard, the best way to resolve the problem appears to be legislative. While this approach is full of difficulties (i.e., in many circles, CAFE is seen as the only element of the Administration's energy policy), it is one we may have to pursue if the restraint is lifted.

PART I—CONDITION OF U.S. AUTO INDUSTRY AT END OF 1984

This section describes recent trends in U.S. auto industry sales, production, employment, and financial performance, and evaluates the current financial health of domestic automobile manufacturers. The financial condition of the industry is analyzed as of September 30, 1984, the date on which the most recently released public financial statements are based. When possible, full-year 1984 estimates of key indicators are included.

Auto industry sales, production and employment

Sales of automobiles continued to recover strongly in 1984, increasing 13.2 percent over 1983 sales. Domestic car sales were up 17.0 percent to 7.95 million units, and import sales were up 2.2 percent to 2.44 million units in 1984. Japanese car sales declined 0.5 percent in 1984 to 1.91 million units. Import penetration declined from 26.0 percent in 1983 to 23.5 percent in 1984. Japanese market share fell from 20.9 percent in 1983 to 18.5 percent in 1984 because of the restraint and the strength in the domestic car market.

Domestic auto production rose 14.5 percent in 1984 over 1983, totaling 7.76 million units in 1984. Industry employment rose substantially, from an average of 757,800 in 1983 to an estimated average of 866,000 in 1984. While this is a considerable improvement, total industry employment is still well below the 1978 peak of 1.03 million workers. Productivity improvement, illustrated by a 14.5 percent increase in 1984 production with only a 5.3 percent employment increase, suggests no return to 1978 employment levels. (See Attachment I for a numerical summary of recent trends in U.S. auto industry sales, production and employment).

Financial condition

The financial condition of U.S. automobile manufacturers at the end of 1984 was at its best level in several years. Most of the companies' 1984 profitability indicators exceeded those of both 1983, a highly profitable recovery year, and 1978, the last good year prior to the recession. Higher earnings led to correspondingly greater cash flows in 1983 and 1984. Balance sheet indicators improved steadily following the recession, but remained below most 1978 levels as of September 30, 1984.

The cumulative effects of years of low earnings, losses, and large borrowings to finance huge capital outlays are still evident when examining balance sheets. For example, neither balance sheet leverage nor liquidity has returned to 1978 levels. These factors, together with heightened foreign competition, are the principal reasons the chief debt rating agencies (i.e., Moody's and Standard & Poor's) have not restored fully 1978 ratings.

TABLE I.—SENIOR LONG-TERM DEBT RATINGS

	Moody's		Standard and Poor's	
	1978	1984	1978	1984
GM	Aaa	Aa2	AAA	AA+
Ford	Aaa	A1	AAA	A—
Chrysler	Baa	Baa3	BBB	BBB

While U.S. auto manufacturers' balance sheets are not fully restored, the industry's financial health is strong. Improved cost control should enable the U.S. companies to continue to produce sizeable earnings and cash flows. Barring radical Japanese penetration increases (to 40 percent or more of the U.S. market), combined with a severe recession, cash flows should be sufficient to finance capital expenditures, debt repayments, and dividends without substantial borrowing. Moreover, balance sheets may not ever recover entirely to 1978 levels due to changes in the financial and operating structure of the industry. For example, industry management has embarked on an aggressive working capital management program designed to reduce receivables and inventories ("just in time" inventories) while stretching payables. Although this program will reduce liquidity, it should increase cash flows. Balance sheet leverage, though higher than in 1978, is low compared with many industries, and continues to improve.

Profitability

TABLE II.—PROFITABILITY OF U.S. BIG FOUR AUTO PRODUCERS

[Percent]

	Full-year 1978	Full-year 1983	Jan-Sept 1983	Jan-Sept 1984
Gross profit margin	15.84	17.44	16.89	17.35
Operating profit margin	7.10	5.90	4.94	7.17
Contribution of unconsolidated subs. to net income	8.83	23.50	27.01	13.75
Return on sales	4.03	4.54	4.05	6.38
Net income (millions)	$4,929	$6,152	$3,950	$7,609

Profitability improvements, which increased in 1983, continued largely unabated in 1984, resulting in record earnings of $10 billion (estimated) for the U.S. companies. This figure was 63 percent above the previous record set in 1983 and 103 percent above 1978. In constant 1978 dollars, 1984 net income ($6.3 billion) is substantially lower, but still well above 1978 earnings ($4.9 billion). Attachment II presents more detailed information on recent U.S. industry profitability.

The earnings growth is the result of higher demand; a market shift to larger, more option-equipped cars, which have wider profit margins; stringent cost control; productivity gains; tax loss carryforward credits; and the Japanese export restraint. Dramatically reduced fixed costs, better variable cost management, and the product mix shift have enabled the companies to widen their margins above those of 1978—on slightly lower volume. The industry's operating profit margin was 7.10 percent in 1978, compared with 7.17 percent for the first 3 quarters of 1984. The 1984 amount would have been higher had GM's margin not deteriorated. GM experienced parts problems with new front-wheel-drive models, production disruptions related to model changes, and the loss of one week's production due to the UAW strike. These factors also caused GM's operating profit to fall below that of 1978.

Return on sales rose from 4.03 percent in 1978 to 6.38 percent for the first 3 quarters of 1984, reflecting the aforementioned improvements and substantially increased earnings from unconsolidated subsidiaries (primarily finance companies). Unconsolidated earnings tripled between 1978 and 1984, as banks, long the main source of financing of retail purchase, retreated from the market during the downturn of 1980–1982. Finance companies filled the gap and experienced rapid growth in their receivables volume and net interest income.

Cash flow

Chiefly because of record earnings, the auto companies' internal cash generating ability was very strong in 1983 and 1984. Internally generated cash (cash from operations) was $12.3 billion for the first 9 months of 1984, while the year-earlier amount was $8.9 billion. The full-year 1984 figure should exceed $16 billion, compared with $15.4 billion for full-year 1983. When compared with 1978, the companies ability to generate internally cash to cover capital expenditures, debt repayments and dividends rose. The ratio of cash from operations to capital expenditures, net long-term debt repayments, and dividends climbed from 1.04 for full-year 1978 to 1.43 for full-year 1983 before dropping slightly to 1.32 for the first 9 months of 1984. (See Attachment III).

This improvement belies some important developments. First, dividends were low by historical standards in 1983 and 1984. The dividend payout rate dropped to 18.5% as of September 30, 1984, compared with 44.8% for 1978. Second, capital expenditures were low in 1983 compared with 1978, as the industry reached a trough in its capital investment cycle. The ratio of capital investment to sales was 5.8% in 1983, versus 6.4% in 1978. At the same time, however, debt repayments increased in 1983 and 1984, as the companies' stronger cash flows enabled them to reduce significantly borrowings incurred between 1980 and 1982.

Future cash flows should continue to be strong although capital expenditures and dividends, which are expected to increase rapidly starting in 1985, might preclude continued accumulation of large cash balances.

Balance sheet

TABLE III.—BALANCE SHEET INDICATORS: U.S. BIG FOUR

	December 31		September 30	
	1978	1983	1983	1984
Working capital (millions)	$12,270	$5,700	$2,633	$9,011
Current ratio	1.55	1.19	1.09	1.27
Quick ratio	0.77	0.70	0.55	0.81
Long-term debt-to equity ratio	0.11	0.25	0.27	0.16

The companies' balance sheets have strengthened considerably since the recession, but they have still not returned to 1978 levels. Balance sheet leverage, as measured by the ratio of long-term debt to owners' equity, improved from .25 on December 31, 1983 to .16 on September 30, 1984, but was still above that of December 31, 1978—.11. While the companies' excellent cash flows permitted them to repay large blocks of debt, owners' equity (though sizeable) was lower than it would have been because of cumulative losses and low earnings between 1979 and 1982. Owners' equity was also adversely affected by the strength of the dollar, which reduced the value of foreign assets and earnings when consolidated with American operations.

Liquidity followed a pattern similar to that of leverage. Working capital rose from $5.7 billion at the end of 1983 to $9.0 billion on September 30, 1984; it was $12.3 billion at the end of 1978. Chrysler's working capital was negative on Sept. 30, 1984. The current ratio (current assets/current liabilities) has also improved, but at 1.27 on September 30, 1984, it was still below the 1.55 level on December 31, 1978. Part of the drop in liquidity resulted from the advent of "just-in-time" inventories. However, much of the reduction also arose from the effects of the recession during which companies stretched payables and accrued liabilities while reducing receivables in order to strengthen cash flow.

The quick ratio, which is the companies' most liquid assets (cash, marketable securities, and receivables) divided by current liabilities, exceeded the 1978 level. It grew from .77 at the end of 1978 to .81 on September 30, 1984. As noted earlier, the industry's strong cash flows were the primary cause of the buildup, and should help the industry weather the next cyclical downturn. However, even this rapid cash buildup was not enough to restore entirely working capital and the current ratio to 1978 levels.

PART II—IMPACT OF THE JAPANESE AUTO EXPORT RESTRAINT TO DATE

This section presents data on recent trends in Japanese car sales. It also provides estimates of the impact of the Japanese auto export restraint on domestic auto sales and production, automotive employment, new car prices and industry financial performance. In addition, information is provided on the extent to which U.S. auto manufacturers used the restraint period to improve their competitive position.

Recent trends in Japanese car sales

Table IV shows U.S. sales of Japanese cars and the Japanese market share during the April 1981–March 1985 (first quarter of 1985 is forecasted) restraint period, as well as during the four previous 12-month periods (April 1977–March 1981). A breakdown of this data by quarters is contained in Attachment IV. U.S. sales of Japanese cars and the Japanese market share remained approximately constant from April 1977 to March 1979. Japanese penetration of the U.S. market grew more rapidly during the next 12 months, reaching 18.1

percent of total sales, and then jumped another 3.3 percentage points between April 1980 and March 1981 in the wake of the Iranian oil crisis and the 1980–82 industry sales decline.

As a result of the continuing downturn in the U.S. auto market in the first and second restraint years, Japanese market share continued to increase, reaching a peak of 23.5 percent by March 1983. The impact of the U.S. economic recovery began in the third restraint year (April 1983–March 1984) and Japanese market share fell. It should reach about 18.6 percent by the end of the current restraint year in March 1985. On a unit sales basis, Japanese sales in the United States have registered modest annual increases since the end of the first restraint year. Unit sales of Japanese cars should reach their highest level ever during the year ending March 31, 1985, based on the latest available sales data.

TABLE IV.—JAPANESE CAR SALES AND SALES SHARE IN THE UNITED STATES, APRIL 1977–MARCH 1985

[Millions of units]

	Sales			Percent	
	Total	Domestic	Japanese	Domestic share	Japanese share
Years prior to restraint:					
April 1, 1977—March 31, 1978	11.10	9.00	1.41	81.1	12.7
April 1, 1978—March 31, 1979	11.51	9.44	1.43	82.0	12.4
April 1, 1979—March 31, 1980	10.36	7.92	1.88	76.4	18.1
April 1, 1980—March 31, 1981	8.84	6.46	1.89	73.1	21.4
Restraint years:					
April 1, 1981—March 31, 1982	8.10	5.87	1.78	72.5	22.0
April 1, 1982—March 31, 1983	8.08	5.81	1.83	71.9	22.6
April 1, 1983—March 31, 1984	9.71	7.33	1.84	75.5	18.9
April 1, 1984—March 31, 1985	10.48	8.00	1.95	76.4	18.6

F = Forecast.

Source: Wards automotive reports.

Effects of the Japanese restraint

Historical analysis provides only limited clues about the likely volume of Japanese car sales in the United States during the 1981–84 period in the absence of the Japanese export restraint. However, a comparison of seasonally adjusted annual selling rates (SAAR) and inventory levels for U.S. and Japanese cars suggests that the first two years of export restraint probably had only a minor negative impact on Japanese sales in the United States. In contrast, these same indicators suggest that the export restraint had a significant limiting effect on both Japanese unit sales and the Japanese market share during the post-1982 period.

During the economically depressed April 1981–March 1983 period, monthly seasonally adjusted annual sales rates (SAAR) for domestic and import cars (80% of the latter category are Japanese vehicles) followed roughly the same trend. The SAARs for both domestic and import cars fell significantly during 1981, fluctuated during the first nine months of 1982 at a level slightly above that of late 1981, and then rebounded in the final quarter of 1982. Beginning in early 1983, domestic and import car SAARs diverged sharply, with the domestic car SAAR continuing to grow while the import car SAAR leveled off at 2.3 million units (quarterly basis). From this point on, SAAR data suggest that the Japanese export restraint depressed Japanese car sales well below their potential.

Trends in U.S. inventories of Japanese cars lend further support for the conclusion that the export restraint did not seriously limit Japanese car sales until the second quarter of 1983. The total U.S. inventory of Japanese cars averaged a strong 42 days supply during the April 1981–March 1982 period; a more moderate 32 days supply in April 1982–March 1983; a lean 24 days supply in April 1983–March 1984; and only a 19 days supply in April–November 1984. Under normal circumstances, most Japanese car dealers probably would hold a 40–45 day inventory.

Sales effects

Table V presents two estimates of the impact of the export restraint on Japanese unit sales, based on two different assumptions about likely market share gains of Japanese manufacturers in the absence of the restraint. Estimate A is based on the conservative assumption that the Japanese market share would have continued to grow at the same 0.6 percentage point rate per year during the April 1983–March 1985 period as it did during the first two restraint years. As noted previously, the fixed-unit export restraint probably did not seriously limit Japanese sales during the April 1981–March 1983 period.

Estimate B of the impact of the export restraint on Japanese car sales is based on the assumption that, in the absence of the restraint, Japanese car sales would have grown during the April 1983–March 1985 period at a pace comparable to that occurring from April 1979 to March 1981 (3 percentage points per year). This higher Japanese sales forecast reflects the widespread belief that the large manufacturing cost (about $2,000 per unit) and perceived quality advantage of Japanese companies would have allowed them to realize large sales and market share gains as the U.S. economy recovered during 1983 and 1984. The large number of Japanese companies competing in, or planning to enter, the U.S. market also suggests that major Japanese sales and share gains would have occurred without the restraint. Based on these considerations, Estimate B probably provides the better estimate of the sales effects of the Japanese export restraint.

TABLE V.—IMPACT OF EXPORT RESTRAINT ON JAPANESE CAR SALES IN THE UNITED STATES

[Millions of units]

Period	Actual Japanese sales		Forecast with restraint					
			Estimate A			Estimate B		
	Units	Percent of total	Units	Percent of total	Difference	Units	Percent of total	Difference
April 1981–March 1982	1.78	22.0	1.78	22.0		1.78	22.0	
April 1982–March 1983	1.83	22.6	1.83	22.6		1.83	22.6	
April 1983–March 1984	1.84	18.9	2.25	23.2	0.41	2.49	25.6	0.65
April 1984–March 1985	E 1.95	18.6	2.49	23.8	0.54	3.00	28.6	1.05
Cumulative sales effect					0.95			1.70

E = estimate.

The cumulative differences between estimates A and B in table II and actual Japanese sales between April 1981–March 1985—.95 and 1.70 million units, respectively—represent the approximate loss in Japanese car sales as a result of the export restraint.

Production and employment effects

Table VI provides estimates of the U.S. production and employment effects of the Japanese export restraint. Assuming a substitution ratio of 75 additional domestic car sales for every 100-unit reduction in Japanese sales, the sales impact figures in Table V imply that about 700,000 to 1,275,000 more domestic cars will be produced in the April 1983-March 1985 period than would have been built if the export restraint had not been imposed. Based on a recent industry estimate of the labor content of a small domestic car including assem-

bly operations and first-tier suppliers, and an average of 2,000 manhours worked per year, these production gain numbers imply that the export restraint preserved between 32,000 and 62,000 U.S. auto industry jobs. Indirect employment increases in second-tier and material-supplying industries (steel, rubber, etc.) are not included in this calculation. Based on a comparable industry estimate of labor content per car which includes second-tier parts manufacturers and material suppliers, the export restraint preserved an estimated 54,000 to 105,000 U.S. jobs.

Based on 1983 J.D. Power and Associates' survey data regarding new car buyer comparison shopping patterns and discussions with U.S. industry officials. These sources indicate that about 25 percent of all new Japanese car buyers did not consider domestic models in their purchase decisions.

TABLE VI.—IMPACT OF EXPORT RESTRAINT ON CAR PRODUCTION AND AUTOMOTIVE EMPLOYMENT IN THE UNITED STATES

Period	U.S. production gain in millions of units		U.S. employment gain in thousands of jobs	
	Estimate A	Estimate B	Estimate A	Estimate B
April 1983–March 1984	0.31	.049	24.2	38.3
April 1984–March 1985	.41	.79	32.0	61.7
Cumulative effects	.72	1.28	32.0	61.7

Price effects

The price effects of the Japanese auto export restraint are difficult to assess in view of shortcomings in available price data (including data comparability problems) and the variety of economic factors influencing the pricing decisions of both vehicle manufacturers and dealers. In many parts of the country, U.S. dealers have raised Japanese car sticker prices substantially above manufacturers' suggested list prices during the restraint period. These dealer sticker price increases appear to range from $500 to $3,500 per Japanese car. However, the amount dealers actually realize from such sales also seems to vary widely, since dealers frequently allow customers to bargain for reductions from the increased sticker prices. Unfortunately, statistically reliable national data on the net price effect of these complex transactions are not available. Consequently, several independent studies of the price effects of the restraint and price time series were analyzed for common trends. Other factors influencing the U.S. car market (i.e., energy costs, regulatory requirements, the general inflation rate and level of demand) during the restraint period also were considered in this analysis.

Several recent private sector analyses of the price effects of the Japanese export restraint conclude that the restraint has had a significant upward effect on car prices, particularly Japanese car prices, since early 1983. In contrast, internal price studies by two major U.S. auto manufacturers found only slight price increases as a result of the restraint. However, the latter two analyses were confined largely to changes in manufacturers' list prices, or in adjusted transaction prices which do not differentiate between domestic and import cars. Consequently, these company analyses are incomplete, and may be misleading.

Three independent econometric studies reviewed as part of this analysis—by Robert Crandall (Brookings Institution), Wharton Econometrics, and two IMF economists—found substantial price increases due to the restraint beginning in 1983. The Crandall and Wharton studies, which did not adjust for market-driven changes in product mix, estimated that the restraint added $4-500 to the price of each new domestic car sold in 1983 and about $1,000 to the price of each new Japanese car sold in that year. The IMF analysis reported a somewhat lower 1983 estimate ($450 per car) based on a comparison of average new car transaction prices and the new car component of the CPI. This study did not distinguish between the price effects on domestic and imported cars. However, because the IMF study made an implicit adjustment for improvements in car quality by using the new car component of the CPI as a base, and then compared this base with unadjusted transaction prices, it probably provides the best econometric estimate of the "pure" (quality-adjusted) price effects of the restraint.

Transaction price data is compiled by the Bureau of Economic Analysis, U.S. Department of Commerce, based on survey data collected by the Bureau of Labor Statistics, U.S. Department of Labor. Transaction prices include transportation charges, dealer preparation charges, and dealer markups of discounts from manufacturers' list prices. Factory-direct rebates are excluded.

The Department also compiled and analyzed several time series on Japanese and domestic car prices. Several of these data sets were used in the aforementioned econometric studies. While none of the price measures reviewed is adequate for assessing the price effects of the Japanese export restraint, together they show a fairly consistent pattern.

Tables VII and VIII present summary data on recent trends in new car prices. Table VII shows that during model years 1983 and 1984 (October 1982–September 1984), the average annual increase in U.S. Big Three new car list prices was below the comparable increase in the new car component of the Consumer Price Index (CPI). The average increase in Japanese Big Three (Toyota, Nissan, Honda) new car list prices, in contrast, was about the same as the CPI new car increase in 1983, but more than double the CPI increase in 1984. Both the new car component of the CPI and the average manufacturer's list price changes in Table VII adjust for changes in vehicle equipment levels over time. The CPI for new cars also adjusts for technological improvements. Thus, these two set of price data are largely, but not entirely, comparable.

TABLE VII.—SALES-WEIGHTED AVERAGE PERCENTAGE CHANGES IN MANUFACTURERS SUGGESTED RETAIL PRICES: DOMESTIC AND JAPANESE CARS

Model year	Percent change in CPI–new cars	Percent change in U.S. big 3 car prices	Percent change in Japanese big 3 car prices
1979	7.9	8.7	6.5
1980	8.0	10.5	10.9
1981	6.1	9.2	11.3
1982	3.9	6.4	6.2
1983	2.5	1.3	2.7
1984	[E]2.9	2.1	6.4
1985	NA	*3.5	*2.0

*Based on company announcements through 1/11/85.
[E]=estimate. NA=not available.

Source: CPI=Bureau of Labor Statistics, as reported in MVMA's "Third Quarter 1984 Economic Indicators"; manufacturers' list prices calculated from price change announcements reported in "Automotive News."

Table VIII looks at trends in new car transaction prices. Unlike Table VII data, Table VIII data are not adjusted for changes in vehicle technology or equipment levels. However, Table VIII data do reflect the total price paid for new automobiles—including both manufacturer and dealer markups. This table indicates that average (domestic and import) new car prices have moderated along with the CPI since 1980. During the last two years (1982–84), however, Japanese car transaction prices have risen to a greater degree than domestic car prices. Domestic new car transaction price increases were only about half as great as the rise in Japanese new car transaction prices from 1982 to 1983 and, in contrast to Japanese car price increases, were well below the CPI increase in 1984.

TABLE VIII.—AVERAGE NEW CAR RETAIL TRANSACTION PRICES: DOMESTIC AND JAPANESE CARS, PERCENT CHANGE

	1980–81	1981–82	1982–83	1983–84 [1]
Domestic cars:				
Compact	+15.8	+10.2	+3.5	+4.5
Intermediate	+19.1	+7.2	+4.9	+5.5
Full-size	+18.9	+9.4	+5.0	+6.4
Total	+17.0	[2] +11.0	[2] +6.3	+5.4
Import cars:				
Japanese	+8.7	+3.4	+10.3	+11.0
Other imports	+43.4	+24.4	+12.3	+4.4
Total imports	+18.4	+9.1	+12.2	+11.0
Total cars	+17.3	+10.5	+7.8	+6.2
CPI–all items	+10.4	+6.1	+3.2	+3.8

[1] 1983–84 percentage change figures are based on preliminary data for 1984.
[2] As a result of the significant shift in domestic sales mix toward larger cars and a reversal in pricing trends within vehicles segments, the average transaction price for all domestic cars rose more rapidly from 1981 to 1983 than the average transaction prices for compact, intermediate, or full-size domestic cars.

Source: Bureau of Economic Analysis, published and unpublished data.

Table VIII also indicates that transaction prices of new U.S. compact cars (subcompact plus compact) rose less rapidly than domestic intermediate, domestic large, or Japanese car prices from 1982 to 1984. This pattern can be attributed in part to the relatively greater number of attractive Japanese product offerings in the lower end than in the higher end of the market, and to U.S. auto manufacturers' efforts to meet federal Corporate Average Fuel Economy (CAFE) standards. As a result of an unanticipated change in product mix (total U.S. small car sales fell from 61.5 percent in 1981 to about 54 percent of the market in 1984), two U.S. companies could not meet the model year 1983 or 1984 CAFE standards. To improve their abililty to comply with the CAFE statute, these companies appear to have consciously exercised greater price restraint on small rather than large cars since 1983. They also have encouraged dealers to do the same through frequent use of special sales incentives on small cars.

Consumer costs of the restraint

Using the sales and price data presented in previous sections, an attempt was made to estimate the approximate total cost to the U.S. consumer of the Japanese export restraint. The cost of the restraint to consumers can be divided into two parts: (1) the additional cost resulting from "pure" price increases on domestic and Japanese cars; and (2) the increase in total new car expenditures due to restrictions in product choice. In theory, the latter form of cost increase results from pressures on buyers to buy higher-priced Japanese cars, since more basic models are unavailable to them as a result of the restraint. Because of the theoretical and methodological uncertainties in estimating this form of cost increase, the Department's analysis was confined to calculating only the pure price effects of the restraint.

Based on evidence presented earlier, that the quality-adjusted price increase as a result of the restraint was about $500 per car, the estimated cost of the restraint to consumers in the form of higher new car expenditures was approximately $4.9 billion in the April 1983-March 1984 period, and could reach $5.2 billion in the restraint year ending March 31, 1985.

Capital investment and R&D spending

A key issue in the analysis of the Japanese auto export restraint is the degree to which U.S. vehicle manufacturers have used the four-year "breathing space" to develop new products, modernize their manufacturing facilities and increase productivity. Data collected on trends in U.S. auto industry capital investment (expenditures for property, plant and equipment), in research and development spending and in worker productivity indicate that domestic manufacturers have made substantial financial commitments and progress in these areas since 1980.

TABLE IX.—U.S. BIG FOUR CAPITAL INVESTMENT AND R&D SPENDING

[Millions of dollars]

	Net sales	Capital investment	Percent of sales	R&D spending	Percent of sales	Total plant/ product-related expenditures	Percent of sales
1974	68,000	4,567	6.7	2,162	3.3	6,729	10.3
1975	73,600	3,666	5.0	2,060	2.9	5,762	8.1
1976	93,900	3,838	4.1	2,458	2.7	6,296	7.0
1977	111,700	6,179	5.5	2,950	2.7	9,129	8.5
1978	122,200	7,776	6.4	3,489	2.9	11,265	9.3
1979	125,000	9,597	7.7	4,091	3.3	13,708	11.0
1980	106,600	11,462	10.8	4,247	4.0	15,709	14.8
1981	114,400	12,610	11.0	4,298	3.8	16,908	14.9
1982	110,000	9,889	9.0	4,345	3.9	14,234	12.9
1983	132,300	7,658	5.8	4,779	3.5	12,437	9.2
1984E	155,000	10,200	6.6	4,500	2.9	14,700	9.5

Source: Company annual and quarterly reports.

U.S. automobile manufacturers committed an estimated $40 billion ($32.7 billion in 1978 dollars) to investments in property, plant and equipment (PPE) during the 1981–84 period, building upon outlays of about $35 billion ($32.9 billion in 1978 dollars) during the previous four-year period. Reflecting the cyclical nature of product-related investments, as well as differences in the timing of major PPE expenditures among companies, total annual capital spending fluctuated considerably during the 1977–84 period. Industry investments in property, plant and equipment are expected to equal at least $50 billion between 1985 and 1989, with announced 1985 outlays totaling $13–14 billion.

Industry expenditures on research and development also were substantial during the 1981–84 period. Such expenditures totaled an estimated $17.9 billion, up 21.3 percent from $14.8 billion between 1977 and 1980. As a percentage of net sales, R&D spending averaged 3.5 percent from 1981 to 1984, compared with 3.2 percent in 1977–80. Combined R&D and capital expenditures within the industry reached over $58 billion (11.4 percent of net sales) in 1981–84, well above the $49.8 billion (10.7 percent of net sales) spent in these areas during 1977–80.

In 1978, U.S. Big Four automakers predicted that they would spend $78.5 billion (Wards Automotive Yearbook, 1979) between 1978 and 1985 to modernize and retool their plants in order to build a complete fleet of fuel-efficient, front-wheel-drive cars and light trucks. This figure excluded anticipated R&D expenditures of about $17 billion in constant dollars during the same period. (The U.S. Automotive Industry, 1980.)

Table X summarizes the progress which U.S. auto producers have made toward both spending targets since 1978, as well as the continued advances expected through 1985. These data show that U.S. Big Four auto producers already have exceeded their long-term spending targets for R&D investments, in constant dollar terms, but have fallen about $12 billion (constant dollars) short of meeting their antici-

pated 1978–85 level of capital investment. At least part of this spending "short-fall" can be attributed to continued consumer demand for rear-wheel drive cars, as well as to the severe auto sales downturn and profit squeeze in 1980–82.

TABLE X.—PROGRESS OF U.S. BIG FOUR TOWARD MEETING R&D AND CAPITAL EXPENDITURE TARGETS, 1978–85

[In millions of dollars]

	Capital spending			R&D spending	
	1978–83A	1978–84E [1]	1978–85F [1]	1979–83A	1979–84E [1]
General Motors	37,609	43,609	51,609	11,202	13,702
Ford	16,279	19,279	23,079	8,628	10,328
Chrysler	4,142	5,142	7,142	1,558	1,808
American Motors Corporation	982	1,182	1,482	372	422
Total (Current dollars)	59,012	69,212	83,312	21,760	26,260
Total (Constant dollars) [2]	49,363	56,599	66,315	17,586	20,842

FA = actual, C = constant dollars, E = estimated, F = forecasted.

[1] Estimates and forecasts based on company public statements and January-September 1984 spending levels.

[2] Expressed in constant 1978 dollars: actual spending figures adjusted using implicit deflator for total non-residential fixed investment as reported in the Economic Report to the President, February 1984, Table B–3. A five percent annual increase in this deflator was assumed when adjusting 1984 and 1985 spending estimates.

Source: Company annual and quarterly reports; Automotive News.

Productivity improvements

In addition to largely meeting ambitious long-term capital investment and R&D spending targets, U.S. car manufacturers have made significant improvements in worker productivity since 1980. As Table XI shows, total U.S. Industry productivity rose from a low of 9.6 cars and trucks per employee in 1980 to an estimated 13.8 vehicles per employee in 1984. This was significantly above the total industry productivity levels posted in the previous two record production years of 1973 and 1978 (11.3 and 12.3 vehicles per employee, respectively). The 1980–84 gain in U.S. Big Three hourly worker productivity was even greater than that recorded for all employees—from 13.4 vehicles per worker in 1980 to 18.9 vehicles per worker in 1984, an increase of 40.6 percent. Although the dramatic rise in production volume from 1982 to 1984 contributed importantly to the productivity increase, changes in industry operating practices and improvements in manufacturing technology also were key factors. Future productivity advances of up to five percent per year are expected within the U.S. industry as a result of ongoing plant modernization programs and more efficient labor relations practices and management techniques.

TABLE XI.—U.S. VEHICLE OUTPUT PER EMPLOYEE: U.S. BIG THREE AUTO MANUFACTURERS

Year	Vehicle production	Total employment	Output/ Employee	Hourly employment	Output/ hourly worker
1973	12,231	1,083	11.3	812	15.1
1974	9,251	878	10.5	655	14.1
1975	8,405	776	10.8	582	14.4
1976	10,908	886	12.3	667	16.4
1977	12,125	953	12.7	720	16.8
1978	12,292	1,000	12.3	756	16.3
1979	10,738	966	11.1	723	14.9
1980	7,443	774	9.6	554	13.4
1981	7,405	762	9.7	550	13.5
1982	6,582	656	10.0	462	14.3
1983	8,650	692	12.5	496	17.4
1984 E	10,105	731	13.8	535	18.9

E = Estimate.

Source: Company annual reports and Wards Automotive Reports.

PART III—FUTURE OF THE U.S. AUTO INDUSTRY WITHOUT RESTRAINT

This section outlines the Department's estimates of the impact on the U.S. auto industry of allowing the Japanese auto export restraint to expire on March 31, 1985. The future size and financial health of traditional U.S. auto manufacturers will be influenced heavily by trends in four variables: the total level of U.S. car sales, the competitiveness of U.S. producers, the degree of import penetration, and the extent of participation by Japanese producer in the mid-size and large car markets. In addition, traditional domestic producers will face substantial new challenges from the U.S. car and truck manufacturing subsidiaries of Japanese firms, whose output is likely to supplement rather than replace Japanese imports.

Despite major gains in domestic manufacturers' productivity since the restraint began, Japanese auto producers appear to have maintained or increased their previously reported ($1,500 to $2,000 per small car) U.S. landed cost advantage. The Japanese manufacturing cost advantage—the result of lower worker compensation rates, lower capital and material costs, and higher productivity—continues to be a moving target. Movements in U.S. dollar/Japanese yen exchange rates have aggravated this competitive situation, by partially or wholly neutralizing the favorable impact of recent U.S. efficiency improvements on the underlying production cost differential. Moreover, past estimates of the Japanese cost advantage may have underestimated the extent of U.S. producers' competitive problems. Thus, given the current competitive strength of Japanese producers, only a gradual reduction, if any, in their manufacturing cost advantage is likely to occur during the 1985–87 period. (See attachment V for a more detailed assessment of the Japanese manufacturing cost advantage, including the influence of recent trends in U.S. and Japanese productivity levels.)

Based on recent studies of productivity in the U.S. and Japanese auto industries, the Department estimates that U.S. firms require at least 20 percent more hours to produce a small automobile than Japanese companies. This estimate assumes that the productivity of U.S. and Japanese material and second-tier suppliers are equivalent. Most of the Japanese advantage is believed to result from higher productivity at the assembly and first-tier supplier levels.

Non-restraint sales forecast

Table XII below summarizes the Department's preliminary forecast of the U.S. passenger car market during 1985–87 in the absence of the Japanese auto export restraint. For the purposes of this analysis, the Department relied on Data Resources, Inc.'s (DRI) 1985–87 forecast for total U.S. car sales. The forecast is somewhat less optimistic (an average of 500,000 units lower in each year) than the 1985 U.S. Industrial Outlook auto sales forecast prepared by the Department's staff in mid-1984. The DRI forecast assumes moderate GNP growth and inflation during this period, with a slight slowdown in economic activity in 1986. It predicts total sales levels that fall between the most pessimistic (9.8 million units—Merrill Lynch Economics) and optimistic (12.0 million units—Arvid Jouppi Associates, Inc.) public forecasts available at the time of this study. In addition, it tracks closely the composite 1985–87 sales forecast reported by the Motor Vehicle Manufacturers Association. Third Quarter 1984 Economic Indicators: The Motor Vehicle's Role in the U.S. Economy, MVMA, p. 8)

Throughout this analysis, it was assumed that small (defined as subcompact), mid-size (compact, intermediate and foreign luxury), and large (U.S./Canadian-built full-size and luxury) cars would account for approximately the same share of the U.S. market in the 1985–

87 period as they did in 1984 (45, 37, and 18 percent, respectively). This assumption is based largely on the belief that real gasoline prices will remain essentially constant between 1985 and 1987, and thus will not stimulate any major shift in sales among segments.

In addition, the Department did not explicity assume a "price war" as the result of elimination of the restraint. It is likely that consumer prices for Japanese cars will decline, if only as a result of the elimination of additional markups by U.S. Japanese car dealers. The extent of such a price reduction easily could increase the Japanese car sales levels forecast here.

TABLE XII.—SCENARIO I SUMMARY: UNRESTRAINED U.S. MARKET

	1984	Percent	1985F	Percent	1986F	Percent	1987F	Percent
Total sales of Japanese imports	1,906	18.3	2,275	21.3	2,675	25.2	3,025	27.7
Sales of U.S.-built Japanese cars	133	1.3	275	2.5	525	5.0	675	6.2
Total Japanese car sales	2,039	19.6	2,550	23.8	3,200	30.2	3,700	33.9
Total sales of European imports	534	5.1	530	5.0	480	4.5	475	4.4
Total sales of U.S./Canadian-built cars	7,818	75.3	7,620	71.2	6,920	65.3	6,725	61.7
Total U.S. car sales	10,391	100.0	10,700	100.0	10,600	100.0	10,900	100.0

In an unrestrained U.S. market, total sales of Japanese-designed cars are expected to grow from just over 2 million units in 1984 (19.6 percent of the market) to 3.7 million units in 1987 (33.9 percent of the market) based on the DRI sales forecast for this period. Sales of U.S.-built Japanese cars, which are included in the above Japanese sales totals, are anticipated to increase from 133,000 units in 1984 to nearly 700,000 units in 1987. During the period under consideration, Japanese production capacity should not be a limiting factor; approximately 3 million units of existing or planned straight-time capacity (2 shifts per day with no overtime) should be available to accommodate car exports to the United States. This capacity estimate accounts for Japanese car sales in Japan and Japanese exports to non-U.S. markets.

These expectations are based on: (1) the limited relevant historical data available concerning the growth in U.S. market share by Japanese producers (i.e., 3.3 percentage points in the year preceding the restraint and 0.6 percentage points per year in the next two years); 2) Japanese company announcements of U.S. production plans; and 3) an examination of forecasts by numerous industry observers. Collectively, these sources suggest that non-captive Japanese import share growth reasonably could equal 1.5 percentage points annually. This is equivalent to an average unit sales growth of about 10 percent per year in 1985 and 1986 and of over 12 percent in 1987, when forecasted total sales growth is greater.

In the small car market, *Japanese imports and U.S.-built units are likely to gain share at the expense of both traditional U.S. and European manufacturers' products'* (VW, Renault), while in the mid-size market, only traditional U.S. producers models are expected to lose share. European mid-size cars, because of their upscale market positions, greater nameplate identity, and consistent sales growth in recent years, probably would retain market share if the Japanese export restraint were removed.

Under the non-restraint scenario presented in Table XII, traditional U.S. car builders would experience about a 1.1 million unit drop in sales between 1984 and 1987, despite a 500,000 unit increase in total market volume. Much of this sales decline would occur in the small car segment as a result of both increased imports (captive and non-captive) and sales of U.S.-built Japanese vehicles. However, increasing Japanese competitive pressure also would be felt in the mid-size car segment, and could result in the elimination of growth opportunities for U.S. manufacturers in this market. Attachment VI provides a more detailed analysis of the sales (assumed to equal production) effects of increased Japanese car sales in an unrestrained market environment, as well as a list of major assumptions in this forecast.

Restrained market

For purposes of comparison, Table XIII shows the likely impact on U.S. imports and traditional U.S. auto manufacturers' sales of maintaining some form of restraint on Japanese car exports. (See Attachment VII for additional information). In this sales scenario, Japanese captive and non-captive imports retain their 1984 market share, and thus increase unit volume in proportion to total U.S. market growth. In this situation, traditional domestic car manufacturers would experience a small decline in both total unit sales and sales share, with much of the loss occurring in the small car segment.

TABLE XIII.—SCENARIO II SUMMARY: RESTRAINED U.S. MARKET

	1984	Percent	1985	Percent	1986F	Percent	1987F	Percent
Total sales of Japanese imports	1,906	18.3	1,975	18.5	1,950	18.4	2,010	18.4
Sales of U.S.-built Japanese cars	133	1.3	275	2.5	525	5.0	675	6.2
Total Japanese Car Sales	2,039	19.6	2,250	21.0	2,475	23.4	2,685	24.6
Total sales of European imports	534	5.1	540	5.0	535	5.0	545	5.0
Total Sales of U.S./Canadian-built cars	7,818	75.3	7,910	74.0	7,590	71.6	7,670	70.4
Total U.S. car sales	10,391	100.0	10,700	100.0	10,600	100.0	10,900	100.0

Production and employment effects

Based on the employment estimating factors used in Part II of this analysis, a 1.1 million unit U.S. sales/production decline (unrestrained scenario) would lead to the elimination of about 145,000 U.S. auto industry jobs by 1987 if worker productivity remained at 1984 levels. Assuming an industry estimate of a five percent annual gain in worker productivity from 1984 to 1987, the effective job loss at traditional U.S. auto companies and their parts and material suppliers would be closer to 125,000 workers. This loss would be partially offset by smaller employment gains (about 15–20,000 workers) at the U.S. assembly plants of Japanese auto makers and their U.S. suppliers. Thus, at 1987 productivity levels, the new employment loss in the U.S. auto industry, including parts and material suppliers, could be about 110,000 workers, nearly double the earlier estimate of jobs preserved during the fourth year of the restraint. These numbers only reflect potential changes in auto industry employment. They do not incorporate estimates of the new change in total U.S. employment as a result of the restraint, which should be minor. (Jobs gained in the automotive sector would be largely transfers from other sectors of the economy.)

In order to look at a bleaker scenario we examined the likely effects of a picture set forth by some analysts. In this worst case scenario, Japanese market share rises to 40 percent of total U.S. sales, and total sales fall by 1.7 million units from 1986 to 1987 as they did from 1979 to 1980. In this case, net job losses in the domestic industry could exceed 180,000 jobs; 1.7 million units/8.74 vehicles per employee, less 15–20,000 new jobs in U.S. plants assembling or supplying parts for Japanese cars.

Impact of unrestrained Japanese exports on U.S. industry financial performance

Using 1984 sales share information by passenger car segment and the market forecasts in Tables XII and XIII, the Department projected the effects on U.S. Big Three financial performance of both maintaining and removing the Japanese export restraint in 1985. Table XIV summarizes the results of these two analyses, as well as the estimated financial impact of a major U.S. recession and a 40 percent Japanese car sales share. These results were derived using financial forecasting models for General Motors, Ford and Chrysler, which were developed by the Department and an independent consultant in 1984. These models generate detailed income statements, balance sheets and cash flow statements for each company based on annual report data and other information compiled by the Department's staff.

TABLE XIV.—FINANCIAL IMPACT ON U.S. BIG THREE OF REMOVING RESTRAINT

	Restrained market				Unrestrained market			1987 recession/no restraint		
	1984	1985	1986	1987	1985	1986	1987	1985	1986	1987
Indicators of profitability:										
Total net income (billions of dollars)	10.0	9.6	9.6	10.2	9.1	9.1	9.2	9.1	9.1	5.9
Return on equity [1]	23.3	23.0	19.5	18.0	22.0	18.7	16.5	22.0	18.7	10.8
Balance sheet indicators:										
Current ratio	1.27	1.40	1.56	1.73	1.39	1.53	1.68	1.39	1.53	1.61
LT debt/equity [1]	.16	.07	.06	.06	.08	.06	.06	.08	.06	.07

[1] As of September 30, 1984.

In a restrained market, U.S. Big Three car makers are projected to realize a combined after-tax profit of $9.6 billion in 1985 and 1986, about $400 million less than they are expected to earn in 1984. Nominal profits would rise to just about the 1984 level in 1987, although total Big Three sales volume would be about 133,000 units lower than in 1984. As a result of expected growth in stockholders' equity, the combined return on equity of Big Three manufacturers would fall from 23.3 percent in the first nine months of 1984 to 18.0 percent in 1987 under a restrained market scenario. Despite somewhat lower profitability, key balance sheet indicators—including combined U.S. Big Three current ratios and long-term debt to equity ratios—should continue to show improvement in a restrained market situation. (However, the industry's new working capital management efforts may result in lower current ratios than projected).

In an unrestrained environment, rising Japanese car sales volumes would reduce the traditional U.S. producers' net income significantly, but not to the degree that might be predicted from the expected drop in total Big Three output. Industry profits could be expected to fall about $1 billion below their 1984 level in 1985 and remain at that level through 1987. This result reflects the fact that average unit variable profit margins of U.S. producers are considerably higher for large cars than for small ones. Because domestic mid-size and large car production volumes probably would not be affected seriously by removal of the Japanses export restraint in a healthy U.S. economic environment, average Big Three unit margins and total profitability could be expected to decline only moderately.

Under the restrained market scenario, the return on equity of the U.S. Big Three automakers would decline from 1983 to 1984 levels by 1987, but still could indicate profitability comparable to that achieved in 1978. Similarly, the domestic industry's current ratio and long-term debt position, as shown in Table XIV, are expected to improve slightly between 1985 and 1987 dispite elimination of the Japanese export restraint.

It should be emphasized that the Department's forecast analysis assumes constant real average variable profits. In an unrestrained market, where higher imports primarily reduce U.S. small car volume, average small car variable profit margins can be expected to drop. Thus, the resultant decline in domestic companies' earnings probably would be more severe than the model forecasts. In addition, companies whose sales are primarily in the small car segment would be affected even more adversely in these circumstances.

The greatest financial risks to U.S. auto manufacturers would appear if the United States experienced a severe recession in 1986 or 1987, and if the removal of restrictions on Japanese car exports resulted in a very high Japanese market share. In the worst case scenario (i.e., total U.S. car sales fall in 1987 by 1.7 million units and Japanese cars capture 40 percent of the Market). Average variable profit margins of U.S. manufacturers probably would drop sharply, reducing profits. Even assuming no change in variable margins per unit in a depressed market, lower volume alone would reduce U.S. Big Three net income by approximately $3.2 billion annually as shown in Table XIV. In this situation, the industry's return on equity could be expected to decline by more than 50 percent from the 1983-84 level. Industry balance sheets would be less affected than would profitability by the effects of a serious short-term sales downturn and increases in Japanses market share. Based on the Department's analyses, the principal short-term balance sheet impact would be a moderate rise in industry indebtedness. Collectively, these results suggest there are considerable risks to the industry's profitability and financial condition in an unrestrained market if a major sales downturn occurs.

Table XII (unrestrained market), Table XIII (restrained market), and the related analysis on production and employment effects provide reasonable, but nonetheless extreme, estimates of the possible outcome of U.S.-Japanese discussions concerning the auto export restraint. Table XV presents estimates of the U.S. sales, production and employment impacts of intermediate Japanese car sales scenarios in relation to the restrained market outlook discussed previously.

TABLE XV.—U.S. SALES, PRODUCTION, EMPLOYMENT, AND NET INCOME EFFECTS OF VARYING FUTURE JAPANESE AUTOMOBILE IMPORT LEVELS

[Thousands of units and jobs]

	1984 actual	1985 forecast	1986 forecast	1987 forecast
Level of Japanese car imports	1,906	2,200	2,400	2,600
Percent of forecasted market	18.3	20.6	22.6	23.9
Change from Scenario II [1]	NA	+225	+450	+590
U.S. sales/production level [2]	NA	7,690	7,175	7,125
Change from Scenario II		−220	−415	−545
U.S. employment effect (net) [3]	NA	−22.8	−39.9	−47.4
Big three net income (billions of dollars)	10.0	9.2	9.4	9.7
Change from Scenario II	NA	−.4	−.2	−.5

NA = not applicable.

[1] See table XIII and attachment VII (restrained market scenario).

[2] Assumes that all of the loss in traditional U.S. producers' sales and production occurs in the small car segment. These figures exclude sales/production by U.S. subsidiaries of Japanese firms, whose share is based on publicly announced plans.

[3] Assumes a 5 percent annual increase in U.S. industry productivity from 1984 levels. Employment gains at U.S. subsidiaries of Japanese firms and their U.S. suppliers are factored into this calculation. These numbers are +5,000 in 1985, +10,000 in 1986, and +15,000 in 1987.

Date in Table XV indicate that an increase in Japanese car imports from 1.9 to 2.6 million units between 1984 and 1987 could be expected to result in a 545,000 annual unit reduction in traditional U.S. car manufacturers' output by 1987. Allowing for anticipated productivity improvements within the industry and rising U.S. production by subsidiaries of Japanese companies, about 50,000 fewer workers would be employed in the U.S. auto industry during 1987 under this liberalized restraint scenario than if Japanese imports were frozen at their 1984 market share. Because Japanese share gains between 1984 and 1987 probably would occur primarily in the small car segment, the probable impact of a liberalized restraint on the net income of U.S. Big Three manufacturers should be modest. Only a major recession, combined with the Japanese car import levels reported in Table XV, would be likely to lead to serious decline in traditional U.S. auto companies' earnings during this period.

ATTACHMENT I.—CONDITION OF THE INDUSTRY

	Domestic (millions)	Imports (millions)	Total (millions)
Retail Sales of cars: [1]			
1980	6.6	2.4	9.0
1981	6.2	2.3	8.5

ATTACHMENT I.—CONDITION OF THE INDUSTRY—Continued

	Domestic (millions)	Imports (millions)	Total (millions)
1982	5.8	2.2	8.0
1983	6.8	2.4	9.2
1984 estimate	8.0	2.4	10.4
Retail Sales of trucks: [1]			
1980	2.0	.5	2.5
1981	1.8	.5	2.3
1982	2.2	.4	2.6
1983	3.6	.5	3.1
1984 estimate	3.5	.6	4.1
	Cars	Trucks	Total
Production:			
1980	6.4	1.6	8.0
1981	6.2	1.7	7.9
1982	5.1	1.9	7.0
1983	6.8	2.4	9.2
1984 estimate	7.8	3.1	10.9
	Industry employment [2]		Net income of Big 4 car producers [3] (billions)
1980 Average	788,800	1980	$(4.2)
1981 Average	788,700	1981	(1.3)
1982 Average	699,300	1982	.3
1983 Average	757,800	1983	6.2
1984 Average Estimate	866,000	1984 Estimate	10.0

[1] Ward's Automotive Reports. [2] Bureau of Labor Statistics. [3] Company annual reports.

ATTACHMENT II.—ABBREVIATED INCOME STATEMENT FOR THE BIG FOUR

	Full-year 1978	Full-year 1983	Jan. to Sept. 1983	Jan. to Sept. 1984
Sales	122,208	133,549	97,458	119,340
Gross profit	19,357	23,637	16,463	20,704
Operating profit	8,677	7,995	4,815	8,560
Net interest income/(expense)	124	(792)	(691)	586
Equity in earnings of unconsolidated subsidiaries	435	1,446	1,067	1,046
Other income/(expense)	(105)	29	237	163
Pretax earnings	9,131	8,678	5,428	10,355
Income taxes	4,187	2,497	1,460	2,709
Minority interest	15	29	18	37
Net income	4,929	6,152	3,950	7,609

ATTACHMENT III.—CASH FLOW STATEMENTS FOR THE BIG FOUR

	Full-year 1978	Full-year 1983	Jan. to Sept. 1983	Jan. to Sept. 1984
Net income	4,929	6,152	3,949	7,609
Deprec. and amort.	4,812	7,956	5,937	5,770
Deferred taxes	265	1,746	86	(70)
Other non-cash items	184	339	476	196
Equity in uncon subs-divid.	(435)	(1,197)	(949)	(1,026)
Gross cash flow	9,755	14,996	9,499	12,479
Change in work. ass.	669	444	(603)	(148)
Cash from operations	10,424	15,440	8,896	12,331
Major uses:				
PP&E	7,676	7,658	5,253	6,728
Debt repayment (long term)	608	6,906	4,375	2,365
Dividends	2,208	1,100	727	1,405
Stock purchases	0	314	314	309
Invest. in unconsol. subs.	236	(338)	(199)	(72)
Total major uses	10,728	15,420	10,470	10,735
External sources:				
Debt (long term)	494	4,877	2,487	1,164
Debt (short term)	192	(788)	(852)	413
Stock proceeds	350	415	327	211
Asset sale proceeds	366	1,844	1,351	737
Total external sources	1,402	6,348	3,313	2,525
Fx trans. adj.	0	(947)	(881)	(331)
Other sources/(uses)	274	(497)	71	499
Increase/(decrease) in cash and marketable securities	1,372	4,924	929	4,289
Cash from ops/cap exp	1.36	2.02	1.69	1.83
Cash from ops/(cap exp+net debt repmts)	1.34	1.59	1.25	1.56
Cash from ops/(cap exp+net debt repmts+dividends)	1.04	1.43	1.13	1.32

ATTACHMENT IV.—QUARTERLY JAPANESE CAR SALES AND SALES SHARE IN THE UNITED STATES, APRIL 1981 TO MARCH 1985

	Total sales	Domestic sales	Japanese sales	Domestic share (percent)	Japanese share (percent)
th Restraint Year (Apr. 1981 to Mar. 1982)					
Quarter: 1	2.21	1.58	.50	71.5	22.6
Quarter: 2	2.19	1.62	.46	74.0	21.0
Quarter: 3	1.76	1.28	.38	72.7	21.6
Quarter: 4	1.94	1.40	.44	72.2	22.7
Total	8.10	5.87	1.78	72.5	22.0
2nd Restraint Year (Apr. 1982 to Mar. 1983)					
Quarter: 1	2.09	1.53	.44	73.2	21.1
Quarter: 2	1.91	1.33	.48	69.6	25.1
Quarter: 3	2.03	1.49	.43	73.4	21.2
Quarter: 4	2.05	1.46	.47	71.2	22.9
Total	8.08	5.81	1.83	71.9	22.6
3rd Restraint Year (Apr. 1983 to Mar. 1984)					
Quarter: 1	2.50	1.88	.49	72.2	19.6
Quarter: 2	2.24	1.65	.46	73.7	20.5
Quarter: 3	2.39	1.81	.45	75.7	18.8
Quarter: 4	2.58	1.99	.44	77.0	17.0
Total	9.71	7.33	1.84	75.5	18.9
4th Restraint Year (Apr. 1984 to Mar. 31, 1985)					
Quarter: 1	2.89	2.25	.49	77.8	16.8
Quarter: 2	2.45	1.85	.48	75.7	19.7
Quarter: 3*	2.46	1.85	.49	75.3	19.8
Quarter: 4 f	2.68	2.05	.49	76.5	18.4
Total	10.48	8.00	1.95	76.4	18.6

e=estimate, f=forecast.

Source: "Wards Automotive Reports." Captive car imports from Japan are included in the Japanese sales total.

ATTACHMENT V

Direct comparisons of vehicle quality between one manufacturer and another, or between one industry and another (i.e., U.S. versus Japanese), are extremely difficult to make. Vehicle quality can be defined and analyzed in numerous ways. Quality assessments can be based on objective measures, such as the size and frequency of recalls or of warranty and non-warranty repairs within a specified period of time. Alternatively, quality can be measured in terms of consumer perceptions related to a wide range of vehicle attributes. Because of the complexity of the quality issue, automobile manufacturers generally assess their own quality using variations of both approaches.

A review of company statements and vehicle recall announcements suggests that U.S. auto manufacturers are making consistent progress in improving quality. At the same time, however, some public surveys concerning consumer perceptions of vehicle quality indicate that this progress may not be recognized fully in the market. This aspect of the quality issue—the likelihood that consumer recognition of quality improvements will lag behind changes in vehicle quality based on objective measures—may represent the more serious challenge to domestic producers. Thus, long-term efforts by U.S. auto manufacturers probably will be required to close the gap in perceived quality which now seems to exist between domestic and many imported products.

Comparison of U.S. and foreign vehicle manufacturing costs

The most difficult and critical challenge facing the U.S. auto industry is to narrow the manufacturing cost gap with Japanese producers. Although domestic producers have made impressive progress since 1980 in reducing costs, recent studies suggest that this cost gap has not been reduced and may have increased in the past few years. The Japanese manufacturing cost advantage is a "moving target." As American producers cut their per-unit production costs, Japanese producers also make new progress, and the gap persists or widens. Movements in U.S. dollar/Japanese yen exchange rates have aggravated this situation, by partially or wholly neutralizing the impact of U.S. efficiency improvements on the underlying production cost differential. However, adverse exchange rate movements by themselves do not explain the persistent production cost gap between U.S. and Japanese vehicle manufacturers. Moreover, it is likely that unfavorable exchange rate swings are translated only partially into a larger Japanese production cost advantage, given the fact that certain Japanese costs are denominated in U.S. dollar terms.

Cost differences will be the overwhelming factor in determining the future level of small car production in the United States. This comparison of costs has become even more complex in the last few years, given the wider range of outsourcing options available to U.S. manufacturers. Such options include both the outright purchase of small vehicles and major components from lower-cost producers and joint venture arrangements to share technology, capital and risk.

Despite the record profits earned by the domestic producers in 1983 and the continuation of positive trends in the areas of output per worker, labor costs per unit, inventory management and defect prevention, the cost of producing a small passenger car or compact truck in the United States remains significantly greater than in Japan. U.S. production costs also appear to exceed manufacturing costs in several of the newly developing auto-producing nations, despite the fact that productivity is generally lower in these locations.

Previous studies of the Japanese manufacturing cost advantage have produced a wide range of estimates and explanations of this cost gap. Analysis of this issue has evolved from attributing most of the U.S.-Japan cost disparity to lower Japanese compensation rates, to indicating that several additional factors, including differences in productivity and capital and material costs, contribute to the total cost variance. Conservative estimates (mostly 2 to 3 years old) of the total Japanese cost advantage in small car production fall between $1,000 and $2,000 per unit (Joint U.S.-Japan Automobile Study, University of Michigan, Ann Arbor, Michigan, February 1984, pp. 151-52) and result in a Japanese landed cost advantage in the United States of about $800 to $1,500 per unit. A more recent study by Booz-Allen (Paul A. Branstad, "The Structural Costs of Complexity in the Automotive Business", Booz-Allen and Hamilton, Inc., paper presented at Fifth World Motor Industry Conference, Geneva, Switzerland, May 24, 1984) and press accounts of internal studies by U.S. auto companies indicate that the landed cost advantage of Japanese producers may equal $2,000 per unit. While the continued appreciation of the dollar against the yen probably accounts for some of the differences between these two sets of cost estimates, other factors also may be involved.

According to the National Academy of Engineering, 1981 * * * this issue, differences in U.S. and Japanese labor unit costs came to about $1,700 for a subcompact automobile. Labor content in purchased materials and components account for about $800, or 45 to 50 percent of the overall U.S.-Japan auto production cost gap. This figure incorporates differences in hourly wages, white collar salaries and worker productivity in independent component production. The remaining $900 is attributed to higher U.S. hourly and salaried worker costs in vehicle assembly and "captive" supplier plants. Non-labor-related differences in purchased material costs are excluded from these estimates.

Differences in total U.S. and Japanese unit labor costs are a result of Japanese advantages in both productivity and wage and salary levels. The previous set of cost estimates is based on an estimated 18 percent productivity advantage and a ratio of Japanese to U.S. compensation costs of approximately 0.5 in 1980.

Using more recent data on differences in U.S. and Japanese hourly compensation rates, the Office of Automotive Industry Affairs reexamined the importance of this factor in explaining the total U.S.-Japan manufacturing cost differential. Table III-5 shows the estimated average hourly cost of total production worker compensation in U.S. and Japanese motor vehicle and equipment manufacturing during the 1975-1983 period.

Data in the table, while not fully comparable suggest that lower Japanese production worker compensation still accounts for an important share of the U.S.-Japan cost differential. Available evidence indicates that higher white collar compensation and the proportionately larger number of such workers in the United States also continue to be significant factors in the U.S.-Japan difference in total unit labor costs.

Japanese auto industry workers, for example, receive many benefits in kind from their employers, some of which probably are not fully reflected in published compensation comparisons.

After adjusting for exchange rate shifts, estimated Japanese auto production worker compensation as a percentage of U.S. auto production worker compensation remained fairly stable at 54 percent from 1975 to 1979 and then fell to about 46 percent during the 1980-83 period. Assuming an equal labor content of 50 man hours of assembly and capitive supplier plant labor per subcompact vehicle in both industries (roughly the Japanese rate), the difference in 1983 U.S.-Japan hourly compensation rates alone would result in a $564 Japanese labor cost advantage on each vehicle built (excluding independent component production). If exchange rate movements since 1978 are excluded from this calculation, this 1983 compensation differential would fall only slightly to about $510 per unit.

TABLE III-5.—HOURLY COMPENSATION COSTS FOR PRODUCTION WORKERS IN MOTOR VEHICLE AND EQUIPMENT MANUFACTURING

	Total hourly compensation in U.S. dollars [2]		Difference U.S.-Japan compensation		Total Japanese compensation/U.S. compensation	
	Unadjusted	Adjusted [3]	Unadjusted	Adjusted [3]	Unadjusted	Adjusted [3]
1975:						
United States	$9.44	$9.44	+$5.88	+$4.37		
Japan	3.56	5.07			.38	.54
1976:						
United States	10.27	10.27	+6.25	+4.55		
Japan	4.02	5.72			.39	.56
1977:						
United States	11.45	11.45	+* * *	+5.26		
Japan	4.82	6.19			.42	.54
1978:						
United States	12.67	12.67	+5.82	+5.82		
Japan	6.85	6.85			.54	.54
1979:						
United States	13.68	13.68	+* * *	+6.45		
Japan	6.90	7.23			.50	.53
1980:						
United States	16.29	16.29	+9.40	+8.83		
Japan	6.89	7.46			.42	.46
1981:						
United States	17.28	17.28	+9.34	+9.32		
Japan	7.54	7.96			.44	.46
1982 [1]:						
United States	18.66	18.66	+11.48	+10.08		
Japan	7.18	8.58			.38	.46
1983:						
United States	19.07	19.07	+11.28	+10.19		
Japan	7.79	8.88			.41	.47

Source: U.S. Department of Labor, Office of Productivity and Technology (unpublished data).

[1] 1982 and 1983 data are preliminary and subject to future revision.

[2] Yen/dollar exchange rates used: 1975—296.7; 1976—296.4; 1977—267.8; 1978—208.4; 1979—218.2; 1980—225.7; 1981—220.1; 1982—249.1; 1983—237.6.

[3] Adjusted figures based on 1978 average yen/dollar exchange rate of 208.4/$1.00.

Differences in productivity are another key element underlying the current U.S.-Japan auto production cost gap. Estimates of the disparity between U.S. and Japanese labor productivity in motor vehicle manufacturing vary considerably, according to the period examined and the scope of the industry-to-industry comparison being made. Japanese automobile assemblers are typically less vertically integrated than U.S. manufacturers (although close relationships between Japanese vehicle and parts producers often approximate formal U.S. "captive" supplier plant arrangements), and this greatly complicates any analysis of productivity differences. The issue is further complicated by indications that first-tier suppliers of Japanese vehicle companies may be somewhat more productive than their U.S. counterparts, while second-tier Japanese suppliers are often small firms with comparatively poor productivity levels. However, solid data are not available.

To surmount these problems, most researchers have either adopted a "macro" approach using aggregatec industry data or have concentrated on estimating productivity differences in specific vehicle assembly operations, relying on detailed data available from the largest manufacturers. In the latter case, general adjustments typically are made to assembly plant data as a second step, based on a less rigorous analysis of productivity differences within the automotive parts manufacturing sectors of the two countries. Recent analyses of this type have found productivity variances between the U.S. and Japanese industries of 15 to 20 percent. (*The Competitive Status of the U.S. Auto Industry*, National Academy Press, Washington, D.C. 1982, Appendix A). Time series analysis of U.S.-Japan productivity differences during the post-1979 period suggest that this gap ranges from about 10 to 40 percent (*Joint U.S.-Japan Automobile Study*, pp. 162–63).

Based on the Department's more limited analysis of productivity trends in "captive" (integrated) motor vehicle manufacturing operations in Japan and the United States, U.S. producers made significant progress during the 1980–83 period toward reducing the Japanese industry's productivity advantage. As Table III–6 shows, annual U.S. vehicle output per worker rose 28 percent from 1980 to 1983, while Japanese vehicle output per worker fell by 16 percent during the same period. The productivity decline in Japan in recent years appears to be largely related to the lower capacity utilization rates which have resulted from slower domestic demand and export sales growth. Consequently, this negative short-term trend could be reversed in the future if Japanese output expands significantly in response to the global economic recovery.

Direct comparisons of U.S. and Japanese unit output per worker in captive manufacturing activities are not possible due to extreme differences in the degree of vertical integration between the two auto industries. However, a valid comparison of trends within the two industries can be made.

TABLE III–6.—ANNUAL VEHICLE OUTPUT PER WORKER UNITED STATES AND JAPAN

Period	U.S. output per worker index value (1978=100)	Japanese output per worker index value (1978=100)
1978	100	100
1979	96	98
1980	82	107
1981	83	103
1982	87	96
1983	105	92

Source: Annual reports for General Motors, Ford, Chrysler, Toyota and Nissan.

The reasons for higher labor productivity levels within the Japanese auto industry are numerous and complex. They include more flexible work rules and greater worker participation in Japanese plants, more efficient manufacturer-supplier coordination, and the lower degree of product line complexity. The positive effect of close manufacturer-supplier relations and cooperative labor-management relations on the productivity of the Japanese auto industry have long been recognized. However, industry analysis only recently have begun to examine systematically the overall cost and productivity implications of growing product complexity.

One recent study of the complexity issue estimated that the effects of structural produ-t line complexity, excluding vehicle options, account for as much as $800 of the current ($2,500) estimated gross Japanese cost advantage per unit.[6] A major portion of this $800 cost difference appears to lie in the productivity advantage that results from less complex Japanese product and manufacturing strategies. According to the Booz-Allen study, rising product line complexity—defined as the number of distinct vehicle platforms, engines and nameplates (each associated with its own trim, seat and equipment options levels)—has been both a cause of and a response to the challenges which U.S. producers continue to face: a maturing of their principal markets, fuel price uncertainties, and Japanese competition. Based on this analysis, the increase in U.S. product line complexity accounts for much of the estimated $2,100 rise in average real vehicle production costs between 1968 and 1982. Therefore, balancing the need for product line complexity to meet specialized consumer demands against the pressure to minimize production costs is a critical on-going strategic objective for full-line U.S. manufacturers seeking to reduce the overall cost advantage of Japanese producers.

Based on discussions with several U.S. vehicle manufacturers, the $800 per unit figure probably represents an upper limit on the extent of complexity-related cost differences. Nonetheless, this cost factor seems to play a more important role in the overall Japanese production cost advantage than is generally recognized.

Recent evidence suggests that U.S. vehicle manufacturers have begun to address the complexity issue more effectively through improving the focus of their product strategies and the flexibility and integration of their manufacturing systems. In many cases, domestic suppliers are participating actively in this process, which includes efforts to increase component standardization, reduce inventories, rationalize model and option offerings, and invest in flexible manufacturing technologies. According to many industry executives, even modest progress in these areas could result in significant real cost reductions for the U.S. industry as a whole over a period of a few years.

ATTACHMENT VI.—SCENARIO I: NO RESTRAINT ON JAPANESE EXPORTS

[Thousands of units]

	Actual 1984	Forecasted sales 1985	1986	1987
Total U.S. car sales	10,391	10,700	10,600	10,900
Small car sales				
Japanese noncaptive [1]	1,696	1,875	2,050	2,275
Japanese captive [2]	105	275	425	450
U.S.-built Japanese [3]	133	275	525	675

ATTACHMENT VI.—SCENARIO I: NO RESTRAINT ON JAPANESE EXPORTS—Continued

[Thousands of units]

	Actual 1984	Forecasted sales 1985	1986	1987
European imports	198	175	130	115
U.S./Canadian-built	2,474	2,215	1,640	1,390
Total	4,606	4,815	4,770	4,905
Percent of market	44.3	45.0	45.0	45.0

ATTACHMENT VI.—SCENARIO I: NO RESTRAINT ON JAPANESE EXPORTS—Continued

[Thousands of units]

	Actual 1984	Forecasted sales 1985	1986	1987
Midsize car sales				
Japanese noncaptive [4]	105	125	200	300
European imports [5]	336	355	350	360
U.S./Canadian-built	3,366	3,480	3,370	3,375
Total	3,807	3,960	3,920	4,035

ATTACHMENT VI.—SCENARIO I: NO RESTRAINT ON JAPANESE EXPORTS—Continued

[Thousands of units]

	Actual 1984	Forecasted sales 1985	1986	1987
Percent of market	36.6	37.0	37.0	37.0
Large car sales				
U.S./Canadian-built	1,978	1,925	1,910	1,960
Total	1,978	1,925	1,910	1,960
Percent of Market	19.1	18.0	18.0	18.0

[1] Small Japanese noncaptive imports were projected by a detailed examination of product lines and a consensus of industry observers.

[2] Includes estimated sales of 100,000 Isuzu Spectrums, 50,000 Suzuki Sprints, and 125,000 Mitsubishi-built Dodge and Plymouth models in 1985; 200,000 Spectrums, 75,000 Sprints and 150,000 Mitsubishi products in 1986; and 200,000 Spectrums, 100,000 Sprints and 150,000 Mitsubishi products in 1987. These figures are based on company announcements.

[3] Projects sales of 150,000 U.S.-built accords and Civics, 100,000 Novas (NUMMI), and 25,000 Sentras in 1985; 225,000 Accords and Civics, 200,000 Novas, and 100,000 Sentras in 1986; and 300,000 Accords and Civics, 250,000 Novas, 100,000 Sentras and 25,000 Mazda 626's in 1987. These figures are based on company announcements.

[4] Mid-Size Japanese imports (Maxima, Cressida, Galant, future Honda Acura, and perhaps other models) are projected to grow 20 percent annually from 1984–85 and to more than double from 1985–87 (largely due to introduction of the new Toyota Crown, Nissan Cedric, Mazda 929, and Honda Acura). Estimates based on a consensus of industry observers.

[5] Midsize European imports are projected to maintain their 3.3 percent share of 1984 sales during the 1985–87 period; small European imports, like U.S./Canadian-built models, lose share to small Japanese cars.

ATTACHMENT VII.—SCENARIO II: JAPANESE IMPORTS MAINTAIN 1984 SALES SHARE (RESTRAINED MARKET)

[Thousand of units]

	Actual 1984	Percent of total	Forecasted sales 1985	1986	1987
Total U.S. car sales	10,391	100.0	10,700	10,600	10,900
Smnall car sales					
Japanese noncaptive [1]	1,696	16.4	1,745	1,645	1,600
Japanese captive [1]	105	1.0	105	105	110
U.S.-built Japanese [2]	133	1.3	275	525	675
European-imports	198	1.9	185	185	185
U.S./Canadian-built	2,474	23.7	2,505	2,310	2,335
Total	4,606		4,815	4,770	4,905
Percent of market	44.3	44.3	45.0	45.0	45.0
Midsize car sales					
Japanese noncaptive [1]	105	1.0	125	200	300
European imports [3]	336	3.2	355	350	360
U.S./Canadian-built	3,366	32.4	3,480	3,370	3,375
Total	3,807		3,960	3,920	4,035
Percent of market	36.6	36.6	37.0	37.0	37.0
Large car sales					
U.S./Canadian-built	1,978	19.1	1,925	1,910	1,960
Total	1,978		1,925	1,910	1,960
Percent of market	19.1	19.1	18.0	18.0	18.0

[1] Captive and noncaptive Japanese car imports hold their 1984 sales share in 1985–87 period. Midsize noncaptive Japanese car sales are expected to grow dramatically during this period due to the introduction of new products and the strong incentives for selling more profitable cars if a fixed unit restraint continues.

[2] Based on public statements of Japanese car manufacturers with current or planned U.S. assembly facilities. See note 3 to Scenario I.

[3] Midsize European imports maintain their 1984 sales share during the 1985–87 period.

Note: Small European imports and small U.S./Canadian-built cars divide the non-japanese car portion of the small car segment during 1985–87 in proportion to their 1984 sales shares (e.g., U.S./Canadian car sales calculated by subtracting estimates of 1985–87 midsize Japanese and European import sales from total forecasted midsize segment sales.

APPENDIX: JAPANESE "COMPREHENSIVE ECONOMIC MEASURES"

ATTACHMENT TO QUESTION 2

The Japanese Government has announced five broad sets of market liberalizing measures over the past four years. These measures were meant to fulfill Japan's commitment to a market open to international trade.

Trade Initiative of December 16, 1981 and January 10, 1982

The first trade inititative, announced in December 1981, accelerated the timing of tariff cuts agreed to in the Multilateral Tariff Negotiations, and established a Japanese Government committee to study opportunities for imports in the Japanese market. One of the results of this group's work was the announcement in January 1982 of a list of measures which would be implemented to alleviate non-tariff barriers in the standards and customs areas. In January, the Japanese Government also announced the establishment of an Office of Trade Ombudsman, which would be charged with responding to foreign complaints regarding barriers to market entry.

Trade Initiative of May 28, 1982

The second trade initiative included tariff eliminations or reductions on a wide variety of products, among which those on photographic film, cut diamonds and several others were of interest to the United States. It also contained a commitment by the Japanese Government to undertake a series of "generic" remedies in such areas as customs procedures, and foreign access to participation in the formulation of industry standards.

Trade Initiative of December 25, 1982 and January 13, 1983

The third trade initiative was announced by the Government of Japan in December 1982 and January 1983. In December, tariff reductions were announced on chocolate, tobacco products and paper. In January, the Japanese Government announced a commitment to undertake a high-level review of Japanese standards and certification procedures. This review eventually led to the passage of some sixteen laws which, as they are implemented at the administrative level, could represent the most significant and wide-ranging removal of foreign barriers to the Japanese market since the conclusion of the Multilateral Trade Negotiations in 1979.

Also included in the January announcement were commitments to expand the number of retail outlets permitted to distribute foreign cigarettes, undertake a study of the possible liberalization of Japan's distribution system for tobacco products, and ensure the participation of foreign firms in NTT procurement.

Trade Initiative of October 21, 1983

The fourth initiative included tariff reductions on 44 items. Also included was a one-year acceleration of rates committed to in the Multilateral Trade Negotiations on some 1200 items.

The October announcement also promised "steady implementation" of improvements in Japanese standards and certification procedures, further efforts to promote procurement by Japanese Government agencies from foreign firms, and a review of the "designated company" system, which limited foreign investment in eleven Japanese industries.

Trade Initiative of April 27, 1984

This initiative included cuts on sixty-five tariff classifications covering wine, paper products, color photo paper, black-and-white film, hay balers and a wide range of agricultural products. Also included was a commitment to eliminate or liberalize quotas on thirteen agricultural categories.

The statement referred to pending legislation to liberalize the Japanese tobacco and telecommunications markets. Statements in the initiative also promised improvements in standards and certification procedures. Other commitments included in the April initiative were an expansion of the mandate of the Office of Trade Ombudsman to cover investment restrictions, and Japanese Government efforts to resolve legal services issues. Also included in the April announcement were a policy statement covering procurement by Japanese Government agencies and NTT of foreign satellites, and a commitment to postpone the introduction into the on-going Diet of a proposal to remove computer software from copyright protection.

In addition, in May a joint report on yen/dollar exchange rate issues was released which contained elements by the Japanese Government to liberalize Japan's financial and capital markets.

ATTACHMENT TO QUESTION 8

AN ANALYSIS OF AUTOMOTIVE LOCAL CONTENT LAWS IN OTHER COUNTRIES

(Prepared by the U.S. Department of Commerce International Trade Administration, Office of International Sector Policy, October 1983)

Since the early 1960s, a growing number of countries have established local content requirements to promote the development of national motor vehicle industries. Presently, 23 nations require all vehicle manufacturers selling in their markets to achieve specified levels of domestic content in local car and truck production. Most of these countries also impose quotas and/or high tariffs on motor vehicle imports to protect local producers. Four other countries (Bolivia, India, Pakistan and Yugoslavia) combine industrial incentives and trade restrictions to encourage domestic manufacturers to source a large share of automotive components locally. A survey of the specific requirements in selected countries is attached. (See Attachment I).

While domestic content regulations have fostered import substitution and reduced balance of payments pressures in countries applying them, they have done so at considerable economic cost. Consumers in these countries generally pay much higher prices for automobiles than their counterparts in other nations. The number of vehicle makes and models available in the local market is often severely limited. To some extent, national local content policies also have complicated regional auto sector development efforts (as in the Andean Pact and ASEAN nations). Finally, local manufacturers in these countries tend to be uncompetitive with foreign producers, as evidenced by the high tariffs maintained on motor vehicle imports. The last of these economic effects is most likely to reach serious proportions in small countries with limited market potential or in nations which impose disproportionately high local content requirements on their industries.

Overview of Domestic Content Regulations in Developing Countries

As Table I indicates, local content requirements are virtually always imposed by developing countries seeking to build their own motor vehicle industries. In developing countries, these requirements are used to meet the industrial development goals set for the auto industry. These objectives usually fall into three catgories or stages.

During the first stage of motor vehicle industry development, foreign auto manufacturers are encouraged to establish (directly or indirectly through licensing or joint venture agreements) vehicle assembly oper-

ations in the developing country. Often, a two-tiered tariff structure and minimal domestic content requirements (usually 35 percent or less) are imposed to accomplish this goal. Under this system, high tariffs are levied on imports of finished vehicles, while much lower duties are assessed on imports of the component knock down (CKD) vehicle kits used in local assembly operations.

Once domestic assembly operations have been established, motor vehicle production may enter a second stage. Government policies are redirected to emphasize the development of a local automotive parts industry, and domestic content requirements are increased to achieve this objective. Governments may also seek to reduce the number of vehicle assemblers to improve industry efficiency, increase the scale of production and ensure a greater commitment from those firms that remain. Such government efforts took place in Mexico between 1962 and 1964, and led Toyota and several other companies to abandon their small assembly operations. A similar process now appears to be occurring in Indonesia, where small assembly operations proliferated during the 1970s.

The third stage of auto sector development begins when the local industry becomes capable of producing a broad range of components in addition to assembling vehicles. At this point, the focus of government policies tends to shift from encouraging greater import substitution to promoting exports—thereby attempting to achieve the higher economies of scale necessary to compete in international markets. Export performance requirements are often established at this stage, and may be linked to more flexible domestic content regulations and incentive arrangements aimed at raising production volume. Mexico and Brazil adopted this approach during the 1970s.

The conditions that have fostered various types of content requirements in developing countries find no parallel in the United States. Foreign auto manufacturers have already chosen to make major investments in the United States; the U.S. has a well-developed parts industry; and domestic auto manufacturers have achieved large economies of scale in serving a North American market that grew steadily until recently. Current projections indicate slower growth, but higher productivity for the North American auto industry in the 1980s. Domestic content requirements in other nations therefore represent neither justificiation for similar requirements in the United States nor a precedent for the response by Japan or other nations to such requirements.

Overview of Domestic Current Regulations in Industrialized Countries

Three industrialized nations—Portugal, Spain and Australia—also impose domestic content requirements on their motor vehicle industries. However, Spain and Portugal plan to eliminate all domestic content regulations upon their entry into the EEC sometime between 1985 and 1987. Portugal requires only minor use of locally-made components (22 percent of total vehicle value) in order to sustain a small assembly industry, and plans to phase out these requirements in the mid-1980s. Similarly, Spain, the largest vehicle producing nation with domestic content regulations (55 percent local content required), is expected to eliminate such restrictions by 1986 or 1987.

Australia, which has encouraged vehicle manufacturers to achieve high local content levels since the late 1940s, continues to have a highly protected industry. In 1980, because of the high economic cost of past auto industry policies, Australian leaders began to push for reduced protectionism in the auto sector and recommended that several major liberalization steps be taken. As part of this process, the government adopted an export credit scheme which allows manufacturers to maintain somewhat lower domestic content levels in vehicle production in exchange for higher exports of automotive products of all types. Further modest liberalization steps are currently planned beginning in 1985 or 1986.

Response of Multinational Vehicle Manufacturers to Domestic Content Restrictions

U.S. and European vehicle manufacturers are more experienced than Japanese producers in dealing with domestic content requirements. This is due to basic differences in their global manufacturing approaches (Japanese producers favor a more centralized manufacturing arrangement) and in the nature of the major regional markets where they have traditionally operated. Nonetheless, most large, multinational vehicle manufacturers have responded in similar ways to the adoption of domestic content measures, especially in those rapidly growing markets which they view as central to their long-term business strategies. Thus, U.S. auto manufacturers continue to invest heavily in Latin America, particularly in Brazil and Mexico; European auto producers maintain a large stake in Africa and Latin America; and Japanese auto makers continue to play a leading role in much of east Asia and the Pacific (e.g., Australia, Indonesia, Malaysia, South Korea and Taiwan). At the same time, U.S., European and Japanese auto producers have all terminated production or have not invested in other, less critical developing country markets when the imposition of domestic content rules, major shifts in government trade policies, or local market position made such investments uneconomical.

Japanese auto manufacturers, like their U.S. and European counterparts, have not taken retaliatory actions against countries which have imposed domestic content rules. Several factors appear to account for this decision. First, all but five nations which have local content rules assemble or produce fewer than 200,000 automobiles annually, so that the per country volume of trade lost by producers in industrialized nations has been quite small. This is particularly true with respect to the Japanese, who had very limited automotive trading relationships with countries outside of the East Asian and Pacific regions prior to the imposition of domestic content regulations. In those countries where industrialized producers did have important production bases or bilateral trading relationships prior to the adoption of domestic content regulations, expectations of sustained profit potential were usually sufficient to offset the difficulties of complying with these new restrictions. Second, with the exception of Australia, all of the GATT countries maintaining domestic content regulations are considered eligible under Article XVIII or Part IV of the GATT to use trade and other measures for development and balance of payment reasons—measures which the advanced industralized GATT signatories are prohibited from adopting.

It is difficult to extrapolate from the experiences of other countries with domestic content regulations when analyzing the potential effects of similar measures in the United States. Conditions within the U.S. market and the scope of U.S.-Japan automotive trade differ dramatically from those in most developing countries which now maintain domestic content regulations. U.S. production of passenger cars and light trucks in 1982 totaled about 6.8 million units and Japanese exports of such vehicles to the United States equalled 2.1 million units during the same year. During that time, U.S. producers were operating at about 55 percent of their total production capacity. While U.S. auto industry sales, production and capacity utilization are expected to increase markedly during 1983-84, long-term growth in U.S. auto demand is only projected at 1 to 2 percent annually. This contrasts with the much higher rates of auto sales growth expected in many developing countries during the 1980s.

If the proposed domestic content legislation were enacted in the United States, Japanese and other vehicle producers would face a very different situation than they have encountered in other countries. Japanese producers would face a continuing excess production capacity problem in the United States; expectations of modest future U.S. sales growth; increasingly competitive U.S. car models; and an achievable U.S. content level of up to 40 percent which would permit each of them to ship as many as 400,000 units to the United States. Under these circumstances, Japanese auto producers would not automatically maintain or add to production capacity in the United States. Rather, Japanese producers would carefully assess several alternative responses which are more consistent with the current world over-capacity situation and their traditional strategies of centralized production. In this context, the Japanese would consider closing down U.S. capacity and restricting U.S. exports of other commodities as serious options.

In summary, a review of local content requirements in other countries demonstrates that these measures have not fostered the development of competitive auto industries, and could not accomplish this objective in the United States. The large size of the U.S. market and the importance of the U.S.-Japan automotive trade relationship would lead Japan to respond very differently to U.S. enactment of a domestic content law than it has to the adoption of similar measures by other countries in the past.

TABLE I.—OVERVIEW OF AUTOMOBILE INDUSTRIES IN COUNTRIES MAINTAINING DOMESTIC CONTENT RULES

County	Percentage of local content required	Import duty on cars	Date local content rules established	Foreign manufacturers of vehicles in local market			1981 production of passenger cars	Export performance requirements	Industry export incentives	GATT member
				U.S. firms	Japanese firms	European firms				
Argentina	80 percent (down from 96 percent in 1979).	55 percent ad valorem (down from 95 percent in 1980).	1969	Ford; GM (withdrew in late 1970's); Chrysler (facilities sold to VW in 1979).	Home	Evel (Fiat-Peugot); Renault; Volkswagen; Citroen (withdrew in 1980); Daimler.Benz (trucks only).	139,428	No	Yes	Yes.
Australia	88 percent (can be reduced somehwat through exports).	35–57.5 percent ad valorem, depending on stage of assembly; 150 percent for imports over quota.	1976 [1]	GM Holden; Ford; AMC/JEEP (trucks only).	Mitsubishi (purchased) Chrylser operations in late 1970's); Toyota; Nissan.	None	343,000	Yes	Yes	Yes.
Bolivia	Government recommends 45 percent after 3 years.	115–155 percent ad valorem (imports temporarily prohibited in 1982).	1978	None	None	Renault (supplies truck components to local assembler).	Less than 100 assembled from imported knockdown kits.	No	Yes	No.
Brazil	95 percent required by law, but actual percentage negotiated with each firms.	185–205 percent ad valorem imports of cars generally prohibited.	1956	Chrysler (purchased by VW in 1979); Ford; General Motors.	Toyota (utility vehicles and trucks only).	Fiat; Volkswagen; Mercedes-Benz (trucks only).	621,073	Yes	Yes [2]	Yes.
Chile	30 percent	20–60 percent ad valorem, depending on engine displacement.	1975	General Motors	None	Citroen; Fiat; Peugeot-Renault.	20,612	No	No	Yes.
Colombia	33 percent initially; efforts underway to increase local content to 55 percent.	180 percent ad valorem plus 35 percent sales tax and other charges.	1978	General Motors	None*	Renault; Fiat (under a licensing arrangement with local interests.	35,558	Yes	Yes	Yes.
Egypt [3]	40 percent or less; for existing ventures; 40–60 percent for new assembly operations.	85–200 percent ad valorem, depending on engine type and size; duty payable in "hard" currencies.	Mid-1970's	American Motors (Jeeps only).	None	Fiat; Volkswagen; Mercedes-Benz.	17,489	No	No	Yes.
Greece	25 percent	11 percent ad valorem for non-EEC countries.	1964	General Motors	4 joint venture companies assembling Japanese cars of various types.	Citroen	Less than 5,000 units/ year.	Yes	No	Yes.
India	98 percent local content achieved via full range of national trade policies.	Import licenses for autos are rarely issued.	Not applicable	None	None	None	42,000 (est.)	No	Yes	Yes.
Indonesia [4]	More stringent content requirements are now being instituted in accordance with local industry capabilities.	Built up car and truck imports prohibited in 1974 and 1969, respectively.	1976	None	Mitsubishi; Toyota; Daihatsu; Isuzu.	Mercedes-Benz	52,000 (est.)	No	No	Yes.
Malaysia	18 percent (est.), expected to increase in accordance with plans for the Malaysian car.	60–100 percent-plus ad valorem, depending on vehicle price; 15 percent duty on knock down imports; significant road taxes favoring small vehicles.	Late 1960's	Ford (assembles only non-U.S. makes).	Mazda; Honda; Fuji (Subaru).	Peugeot; Fiat;	86,000 (est.)	No	No	Yes.
Mexico	Cars: 50 percent minimum rising to 60 percent in 1987; light trucks: rising to 70 percent in 1985; other vehicles: 65–70 percent minimum rising to 80–90 percent in 1987.	100 percent ad valorem	1962	Chrysler; Ford; General Motors; AMC.	Nissan	Volkswagen; Renault	355,497	Yes	Yes	No.
Morocco [5]	40 percent for existing operations; 50 percent for new investments within 3 years.	57–112 for knock down imports; 750–169 percent for built up vehicles (including taxes).	About 1960	None	None	Citroen; Talbot-Fiat; Renault-Berliet.	13,574	No.	No	No.
Nigeria	Government targets range from 30 percent (3d year) to 100 percent (by 12th year of operation); no manufacturer has been able to meet this schedule.	33⅓–200 percent ad valorem certain luxury car imports banned.	About 1975	None	None	Volkswagen; Peugeot; other (trucks only).	85,000 (est.)	No	No	Yes.
Pakistan [6]	No formal content rules, but use of local components encouraged and estimated to equal 40–80 percent currently.	75–350 percent ad valorem depending on engine size.	Mid-1970's	None	None	None	1,500 (est.)	No.	No	Yes.
Peru	30 percent now, to increase to 50 percent by 1986. Somewhat lower requirements for components; new law being considered to set maximum at 34 percent by 1985.	60 percent ad valorem, plus 10 percent surcharge and other fees.	1972	None	Nissan; Toyota	Volkswagen	22,000 (vehicles of all types).	No	Yes	Yes.
Philippines [7]	55 percent (1983), 60 percent (1984).	30 percent ad valorem for knock down imports; 50 percent for assembled cars.	1973	General Motors; Ford; Chrysler.	Mitsubishi; Toyota; Isuzu; Nissan.	None	25,000 (est.)	Yes	No	Yes.
Portugal [8]	22 percent in 1980, declining to zero by 1985, when Portugal is expected to join the EEC.	4.5 U.S. cents/kilo (about $400–$700/unit).	1963	General Motors; Ford	Hino (trucks only)	Renault; Fiat; Citroen	60,910	No	No	Yes.
South Africa	66 percent by vehicle weight.	100 percent ad valorem on assembled cars; 20 percent on knock down imports.	1961	Ford; General Motors	None [9]	Volkswagen; Fiat; British Leyland; Renault; Opel (see GM); BMW; Alfa Romeo.	301,528	No	No	Yes.
South Korea [10]	Varies from 20 to 95 percent, depending on model; most cars have 60–95 percent local content.	100–150 percent ad valorem.	1966	None	None	None	66,602	No	Yes	Yes.

TABLE I.—OVERVIEW OF AUTOMOBILE INDUSTRIES IN COUNTRIES MAINTAINING DOMESTIC CONTENT RULES—Continued

County	Percentage of local content required	Import duty on cars	Date local content rules established	Foreign manufacturers of vehicles in local market			1981 production of passenger cars	Export performance requirements	Industry export incentives	GATT member
				U.S. firms	Japanese firms	European firms				
Spain	55 percent for cars; local content rules will be phased out when Spain enters EEC.	68 percent ad valorem, plus 13 percent import tax and 24 percent luxury tax.	1964	Ford; General Motors	None [13]	Renault; Talbot; Peugeot Citroen; Volkswagen (with seat).	835,325	Yes	Yes	Yes.
Taiwan [11]	70 percent and manufacturer must also agree to produce certain types of components.	45 percent for CKD imports; 30–92 percent for built up cars; 57–80 percent for built up trucks.	1979	Ford	Nissan; Toyota; Fuji; and Mitsubishi vehicles assembled under license.	None	85,882	No	No	No.
Thailand [12]	35 percent in 1980, increasing to 45 percent by 1983.	150 percent ad valorem on models not made locally.	Early 1970's	Ford; General Motors (both terminated assembly opera during the late 1970's or early 1980's.	Toyota; Nissan; Isuzu; Mitsubishi; Togo Kogyo (Mazda); Daihatsu; Fuji (Sabaru).	Fiat; Volvo; Volkswagen; Peugeot; BW; others.	26,650	No	No	Yes.
Turkey	Varies by vehicle type and with foreign exchange situation.	175 percent ad valorem; car imports normally prohibited.	1959	Ford (license arrangement).	None	Fiat; Renault (both joint ventures with local firms).	25,306 (prelim.).	No	No	Yes.
Uruguay	25–32 percent by vehicle weight.	55 percent ad valorem	1973	General Motors; Ford	None	Volkswagen; Fiat; Peugeot-Citroen; Renault; BMW.	16,239 (1979 car assemblies).	No	No	Yes.
Venezuela	53 percent increasing to 59 percent in 1985.	Specific duty of 100 Bolivars/kilo plus ad valorem tariffs for vehicles not made locally; 40–100 percent for imports identical to locally made vehicles.	1963	Ford; General Motors; AMC (Jeeps only).	Toyota (utility vehicles).	Renault; Fiat	82,785	Yes	Yes	No.
Yugoslavia [14]	Local content percentages and other performance each assembler requirements negotiated with.	25 percent ad valorem for assembled cars. 21–23 percent ad valorem for knock down units.	Not applicable	None	None	Volkswagen; Fiat; Citroen; Audi (all under licensing arrangements).	175,000	No	No	Yes.

* Toyo Kogyo currently negotiating possible entry into Colombian market.

[1] The Australian Government first considered local content requirements for the auto industry in 1947. Although formal regulations were not established until 1976, the Government has closely national manufacturers' use of local components and devised tariff restrictions and industrial incentives to promote higher content levels since the late 1940's.

[2] Certain export subsidies now being phased out under GATT rules.

[3] American Motors, Fiat, Volkswagen, and Mercedes vehicles are currently assembled in Egypt through licensing arrangements with state-owned or controlled entities.

[4] A very wide range of vehicle makes (including United States, European, and Japanese products) are assembled in Indonesia under licensing arrangements. This situation has greatly slowed Government efforts to increase local content through new parts production.

[5] Someboa, owned jointly by Fiat, Talbot, and the Government, assembles Renault, Fiat, Opel Simca, Talbot, and Peugeot cars under license. Other local firms assemble AMC Jeeps, Volkswagon products and several United States, European, and Japanese makes of trucks.

[6] PACO Ltd., a state-owned corporation, exercises monopoly control over the domestic auto industry. It has licensing arrangements with United States, European, and Japanese firms to assemble passenger wagons, jeeps and trucks of all types.

[7] Ford, General Motors, Chrysler, Mitsubishi, Toyota, and Isuzu assemble cars in joint ventures with local firms.

[8] Other European and Japanese vehicles are also assembled in Portugal under license.

[9] Toyota, Nissan, Mazda, Mitsubishi, Peugeot, Honda, and Mercedes-Benz automobiles are also produced under license in South Africa.

[10] There are 3 domestic car manufacturers in Korea: Hyurdor Motors, Daewoo Motors, and Kia Motors, all of which have either equity or technical relationships with United States or Japanese auto firms.

[11] Taiwan has 4 domestic motor vehicle manufacturers: Yue Loang Motor Co., Ford Li olb Motor Co., China Motor Co., and Prince Motor Co., most of which have production and/or technical arrangements with United States or Japanese vehicle manufacturers.

[12] Most firms listed as manufacturing in Thailand are companies whose vehicles are assembled either under licensing or joint venture arrangements.

[13] Nissan holds a controlling interest in Motor Iberica, a local truck manufacturer, but does not assemble cars in Spain.

[14] Companies listed as manufacturing in Yugoslavia are firms whose vehicles are assembled either licensing or joint venture arrangements.

Survey of Local Content Requirements and Other Automotive Trade Restrictions Maintained by Selected Nations

ATTACHMENT I

Industrialized countries maintaining local content rules

AUSTRALIA

Trade restrictions

Australia maintains an 85 percent local content requirement on all cars produced for domestic sale or export. However, under the export facilitation scheme established last year, Australian car manufacturers are permitted to credit exports of all types of automotive products against their local content requirements. Maximum credits under this program will increase from 5.0 percent in 1982 to 10 percent in 1985. If this system is fully utilized, manufacturers will be able to reduce local content to 75 percent by 1985. In addition, independent suppliers may earn content credits by exporting passenger car components up to a maximum of 20 percent of their original equipment sales in the Australian market.

By 1985, the Australian Government will also discontinue its current quota, which limits auto imports to 20 percent of the market, and replace it with a tariff quota system linked to market growth rates. At that time, each domestic auto manufacturer will receive a fixed import quota of 7,000 cars per year; the balance of each year's import quota will be divided among companies that do not produce cars (and/or other vehicles) in Australia. Duties on imports entering the country before the annual quota is filled will remain at the current 57.5 percent rate. Tariffs on imports above quota will be 150 percent until 1987, and then decline gradually to 125 percent in 1992. Comparable duties will be levied against imports of original equipment components, including CKD kits, during the 1987–1992 period.

Foreign participants in market

Five foreign companies produce passenger cars in Australia: General Motors, Ford, Mitsubishi, Nissan, and Toyota. Ford holds about 24 percent of the Australian market and General Motors about 20 percent, with the balance shared by the three Japanese subsidiaries producing locally and imports (primarily from Japan). Ford, GM, Toyota, Nissan, Mitsubishi, Suzuki, Toyo Kogyo and Daihatsu participate in the Australian truck market. The five local manufacturers will invest just under A$1 billion between 1978 and 1983, and plan additional outlays through 1985–86. Much of this spending has gone into plant improvements and tooling for new model introductions, but a significant portion of future outlays will be used for modest capacity expansion in the components and assembly areas.

PORTUGAL

Trade restrictions

Since 1963 Portugal has maintained domestic content requirements. Initially, a 25 percent minimum was set for passenger cars, with the expectation that this percentage would be gradually increased until the goal of developing a viable national auto industry had been achieved. This policy was reversed in 1979 in view of past failures and the need to eliminate local content rules as a condition of entry into the EEC. Portugal is new reducing local content requirements from 22 percent in 1980 to zero percent by 1985.

Portugal also maintains quotas on auto imports from all sources. The government allows annual imports of two cars from non-EEC/EFTA sources for each vehicle of the same make assembled in Portugal during the perceding year. Separate quotas of 400 cars per make (rising to 600 in 1984) have been established for each of 20 manufacturers located in Europe. Both quota systems are expected to be eliminated by the late 1980s, although import restrictions will remain for non-EEC/EFTA vehicle imports. Tariffs on these vehicles are expected to remain at 10 to 15 percent. In recent years the government has allowed assemblers to compensate for shortfalls in local content and to obtain additional quotas through new investments and exports.

Foreign participation in market

General Motors, Ford, Renault, Citroen and Fiat have car assembly plants and Hino a truck assembly facility in Portugal. Because Portugal has relatively low labor costs and is entering the EEC, Ford was considering a major new investment to build additional assembly capacity for the North

American and European export markets. Worldwide market conditions have resulted in termination of this project. Information is not available concerning the investment plants of the other car assemblers in Portugal.

SPAIN

Trade restrictions

Spain has maintained local content requirements for all cars manufactured in the country since 1964. The most recent industry decree (published in 1979) established a new local content requirement of 60 percent, but allowed the more established producers to reduce this to 55 percent by early 1984. There are also export requirements for passenger cars which vary by manufacturer. These requirements were established to offset incentives offered to attract specific investors (e.g., General Motors and Ford) to the Spanish market. Manufacturers receive an 11.5 percent tax credit on each unit exported. There are no quotas on imports of cars, but Spain currently uses an import licensing system to limit commercial vehicle imports and to keep Japanese car and truck imports out of the local market. Spain imposes a 68 percent duty of non-EEC car imports and recently decided to replace its 36.7 percent duty on EEC-source car imports with a sliding tariff quota system based on engine size. A luxury tax and other import assessments further encourage the purchase of domestic over imported vehicles.

Foreign participation in market

Six foreign manufacturers—Ford, General Motors, Renault, Talbot/Citroen/Peugeot and Volkswagen (jointly with Seat, a national company)—produce automobiles in Spain. Nissan recently acquired a majority interest in Motor Iberica, a local truck producer. Total investments in the Spanish auto industry during the 1979-1982 period are estimated at approximately $3-4 billion.

Developing countries maintaining local content rules

ARGENTINA

Trade restrictions

Argentina has applied local content regulations since 1959. In 1979, in a major policy reversal, the Argentine Government decided to reduce local content minimums for automobiles from 93 to 88 percent by 1982. More substantial cuts were made in import tariffs on automobiles, from 95 percent in 1979 to 55 percent in 1982. These actions contributed to a substantial increase in car imports in 1979 and 1980. This situation was reversed with the devaluation of the peso in 1981, and imports are now suspended.

Foreign participation

Five foreign producers—Ford, Fiat-Peugeot, Renault, Mercedes Benz and Volkswagen—currently manufacture automobiles and/or trucks in Argentina. Three other producers—General Motors, Chrysler and Citroen—ceased all production activities in Argentina between 1979 and 1981. GM reportedly closed its local facilities due to declining market share and the shift in government trade policy; Chrysler as part of its worldwide retrenchment; and Citroen as a result of heavy losses and declining market share. Volkswagen acquired Chrysler's manufacturing facilities when the latter terminated its local assembly operations. While investment figures are not available for the post-1980 period, most manufacturers are not available for the post-1980 period, most manufacturers have reportedly made large investments over the past few years to modernize local plants and equipment.

BOLIVIA

Trade restrictions

Since 1978, Bolivia has attempted to establish a small auto assembly industry as part of the larger Andean Pact integration effort. Although the Government recommends 45 percent local content after three years of operation, this objective has not been achieved since batteries are the only important automotive components now produced in Bolivia. Bolivia temporarily banned imports of automobiles in November 1982 because of a foreign exchange crisis; previously, the country levied tariffs on auto imports ranging from 115 to 155 percent, depending upon the stage of completion. Theoretically, certain components may be imported duty free for incorporation into locally assembled vehicles if the value of such imports is offset by an equal or greater value of exports during a two-year period. In practice, however, the formula for imports of parts is extremely complex, and has been a source of problems for the only assembly operation in the country.

Foreign participants in market

Ford has contracts with local Ford dealers and Enauto, a government-owned company, to supply component kits and technical assistance to the Enauto truck assembly operations. Ford ceased supplying kits in 1982 when foreign exchange was no longer available. Renault has a similar arrangement with Enauto, which reportedly is now assembling only a few Renault trucks per month.

BRAZIL

Trade restrictions

Since 1956 Brazil has imposed some form of local content requirements on its motor vehicle industry. Domestic content minimums of 95 percent are required under Brazilian regulations, but actual percentages are now negotiated with individual vehicle manufacturers based largely on their company trade balances. The government grants export incentives in the form of an "over-rebate" of the industrial products tax on automotive exports. This general export subsidy will be eliminated in 1985, but export incentives specifically incorporated in BEFIEX contracts with foreign vehicle producers that expire after that date will continue for several more years. Imports of passenger cars are generally prohibited, but tariffs of 185 to 205 percent remain in effect. These duties are assessed using a system of minimum import values determined by the government.

Foreign participation in market

Ford, General Motors, Fiat, Volkswagen and Mercedes Benz (trucks only) manufacture passenger cars and/or trucks in Brazil, and Toyota produces utility vehicles and trucks. Chrysler Corporation sold its local manufacturing operations to Volkswagen in 1979 as part of its worldwide retrenchment. Brazil has the largest auto sector of any developing country in the world. As such, it has become one of the few important bases for automotive exports among developing nations. High rates of subsidization and government export requirements have encouraged this process.

CHILE

Trade restrictions

Chile has imposed domestic content regulations since 1975 to help sustain a small local assembly industry. A minimum local content requirement of 30 percent has been in effect since May 1979. The government also levies tariffs of 20 to 60 percent on imports of automobiles, depending on the amount of engine displacement. The 60 percent tariff will be reduced to 10 percent by 1986. A consumption tax is levied on other than the very smallest cars as follows: if the factory price times a factor of 3.4 exceeds $15,200, a 75 percent additional tax is levied on the amount exceeding $15,200. This tax cannot excedd 50 percent of the Chilean sales price. While Chilean auto industry policy is still somewhat protectionist, the 1979 law significantly reduced tariffs on imported vehicles and eliminated numerous indirect import prohibitions. These policy changes were based on the government's recognition that it is less expensive to import passenger cars than to produce them in Chile for a very limited market. However, the current economic crisis in Chile has led to temporary government measures, including a 10 percentage point increase in tariffs, to protect local industry.

Foreign participants in market

General Motors, Fiat, Peugot-Renault and Citroen (in a joint venture with the government) produce automobiles in Chile. These assemblers, faced with tough foreign competition under the new, more liberal trading regime and a major economic downturn, are cutting back on production and/or closing certain local manufacturing operations. Imports also have virtually ceased due to current economic conditions.

COLOMBIA

Trade restrictions

Colombia enacted local content regulations of at least 33 percent in 1978, and recently increased this minimum to about 55 percent. The current administration also raised import duties on cars from 150 to 180 percent and continues to assess a 35 percent sales tax and other charges against imported units. Colombia also requires assembling firms that import CKD kits to export 20 percent (about 80 percent by 1986) of their production (mostly spare parts) to compensate for local employment lost to imports. Various incentives are made available to local manufacturers to encourage parts exports.

Colombia, like Bolivia, is a part to the Andean Pact's automotive sectoral agreement. Although the Colombian Government is trying to encourage the development of a national auto parts sector, local technology reportedly is inadequate for sophisticated parts production. Moreover, most of the easily manufactured parts already have been incorporated into local assembly programs and the more technologically sophisticated ones are not economic to produce due to low volume demand in Colombia.

Foreign participation in market

Two foreign firms—General Motors and Renault—currently produce automobiles in Colombia. Chrysler sold its local assembly facilities to General Motors in 1979. Fiat automobiles are now assembled by Compania Colombiana Autowotriz (CAA), which was recently purchased from Fiat by the Kassim Group (a group of local companies already involved in auto parts production). Fiat will continue to provide technical assistance and its name. CCA is currently seeking government approval to produce Mazda vehicles either in addition to or as a substitute for Fiat vehicles. Foreign manufacturers are expected to invest well over $100 million in Colombia between 1982 and 1985 to modernize existing facilities, add as-

sembly capacity and introduce new products.

EGYPT

Trade restrictions

Egypt has maintained domestic content requirements since the mid-1970's. Previously, imports were carefully controlled by the government through a stiff quota system and subjected to extremely high tariffs. Local content minimums for both established and new manufacturing programs (Mercedes, Ford, GM) range from 40 to about 60 percent, depending on the manufacturer. Import duties for built-up cars range from 85 to 130 percent (based on engine displacement) for cars with four-cylinder engines to 200 percent for cars with 8-cylinder engines. Other import taxes add about 12 percent to the landed cost of imports. All import duties must be paid in "hard" convertible currencies. No export requirements exist.

Foreign participation in market

Four foreign companies, American Motors, Volkswagen, Mercedes and Fiat, assemble motor vehicles in Egypt through arrangements with state-owned or controlled entities. General Motors, Ford, Mercedes and other major auto manufacturers are in various stages of making investments in manufacturing facilities in Egypt.

GREECE

Trade restrictions

In 1964 Greece adopted domestic content regulations to attract foreign investment in the auto sector, promote industrialization and generate employment. The government currently requires no less than 25 percent domestic content in all cars assembled locally, which does not appear to be a major hindrance to production. Tariffs of 11 percent are levied on auto imports from non-EEC countries. However, in 1979, temporary measures designed to restrain imports were adopted and contributed to subsequent large reductions in import levels (from 101,472 units in 1978 to 20,634 in 1980). These measures were rescinded in April 1980. To assist the local auto assembly industry the Greek Government provides investment grants, interest credits and retail credit at preferential rates for purchases of locally assembled units.

Foreign participation in market

General Motors and Citroen currently assemble passenger cars in Greece, along with four joint venture companies owned by Japanese vehicle manufacturers and local interests. Automobile assembly activities in Greece are still in their beginning stages. Local operations have tended to focus on the Greek market for small horsepower cars and light trucks.

INDIA

Approximately 98 percent local content is achieved by nationally-owned auto manufacturers in India, although no formal local content law exists. India's trade policies have had much the same effect as content laws in other countries by encouraging local production and discouraging imports of automotive products available from domestic sources. Import licenses are required to import all types of vehicles, but are rarely issued for passenger cars. Exports are encouraged through cash subsidies to producers. There is no foreign investment in India's automotive sector, although Suzuki and other firms have been negotiating with the Indian Government to initiate cooperative agreements with local producers.

INDONESIA

Trade restrictions

Indonesia adopted local content regulations in 1976 and has subsequently issued several decrees in an effort to rationalize local auto production and create a domestic auto parts industry. In 1976, the Indonesian Government set a 1984 target date for achieving virtually 100 percent local content in all domestically-assembled vehicles. Due to the proliferation of distinct makes and models, however, there are virtually no economies of scale for local production of most components. Consequently, local assemblers for the most part have ignored unrealistic government decrees regarding local content requirements. While the Indonesian Government continues to push for greater use of local components, most car assembly operations in the country still rely almost entirely on imports of CKD kits. Built-up truck imports have been prohibited since 1969 and built-up car imports were suspended in 1974. There are no export requirements or quantitative restrictions on CKD imports of passenger cars. Since 1977, all tires, paint and batteries have had to be sourced locally. Beginning in 1980, several other components, including shock absorbers, leaf springs, automotive glass and mufflers, were added to the list of locally sourced items.

Foreign participation in market

Mitsubishi, Toyota, Daihatsu, Isuzu and Mercedes Benz all operate car assembly plants in Indonesia. In addition to building their own vehicles, these companies assemble a wide range of other vehicle makes under licensing arrangements. Approximately 57 makes and 140 models of passenger cars are now assembled in Indonesia, but these numbers are expected to decline to about 30 and 72, respectively, by the end of 1984. Mitsubishi and Toyota, in particular, have begun to consolidate their marketing gains and in 1981 assembled 35,000 and 18,000 units, respectively. Japanese producers as a group already dominate the local market, building approximately 67 percent of all passenger cars now assembled in Indonesia.

MALAYSIA

Trade restrictions

Malaysia has assembled cars for 17 years and appears to have maintained some form of domestic content requirements during much of this period. The current requirement is estimated to be 18 percent, and includes tires, glass items, seat belts, leaf springs, batteries and mufflers as locally sourced parts. Malaysia levies tariffs ranging from 60 to more than 100 percent on imports of assembled automobiles, and charges 15 percent duty on imports of CKD kits. Approximately 86,000 of the 93,000 cars sold in Malaysia during 1981 were assembled from such CKD kits. No export requirements or quantitative restrictions on car imports are known to exist, although imported built-up vehicles require a license.

Foreign participation in market

Ford, Mazda, Honda, Fuji Heavy Industries (Subaru), Peugeot and Fiat maintain car assembly operations in Malaysia. In December 1982, the Heavy Industries Corporation of Malaysia (HICOM) signed a letter of intent with Mitsubishi to enter into a joint project to design and produce a "Malaysian" car. Malaysia has less value added in its auto industry than do most other ASEAN countries, and the government plans that this project will produce a substantial increase in local parts production.

MEXICO

Trade restrictions

Mexico has maintained domestic content requirements since 1962 in order to generate employment, conserve foreign exchange and promote the development of other, related industrial sectors of its economy. Current local content regulations were established for the Mexican auto industry by a government decree published in September 1983. This decree set minimum levels of domestic content in passenger car production at 50 percent in model years (MY) 1984 and 1985, 55 percent in MY 1986 and 60 percent in MY 1987 and subsequent years. The decree also establishes minimum local content levels for light trucks of 65 percent in MY 1984 and 70 percent in MY 1985 and beyond. Local content minimums of up to 90 percent will apply to other classes of motor vehicles by MY 1987.

In addition, the new Mexican auto decree requires foreign-controlled vehicle producers to at least offset their imports of components and services with exports of domestically produced vehicles and parts, beginning in MY 1984. Locally controlled (truck) producers are required to achieve a comparable foreign exchange balance by MY 1987. The Mexican decree also imposes new restrictions on the number of car lines and models that each manufacturer can produce and excludes foreign-controlled assemblers from manufacturing gasoline fueled medium trucks beginning in MY 1986.

Export subsidies formerly available to vehicle manufacturers under the CEDI tax rebate program were suspended indefinitely following the August 1982 devaluation of the Mexican peso. Similarly, under the new decree, the Mexican Government will no longer grant vehicle manufacturers waivers on import duties for necessary component imports. Tariffs on imported passenger cars are set at 100 percent, although such imports are prohibited under the new decree.

Foreign participation in market

Chrysler, Ford, General Motors, American Motors, Renault, Nissan and Volkwagen manufacture passenger cars and trucks in Mexico. Renault recently purchased the government's majority interest in both its and AMC's joint ventures with government companies. Until 1982, Mexico had one of the fastest growing automotive markets in the world. Despite a projected one-third decline in vehicle output in 1983, no foreign firms are contemplating leaving the market.

Foreign manufacturers have made substantial investments in Mexico since 1978 to comply with Mexican decrees and participate in rapid auto sector growth. Between 1980 and 1983, total new investment in the Mexican auto sector is estimated at $2 billion. A large portion of this investment has gone into plants capable of achieving the economies of scale (and cost structure) necessary to compete in international markets.

MOROCCO

Trade restrictions

Since roughly 1960 Morocco has maintained some form of domestic content regulations. Currently, vehicle manufacturers must achieve 40 percent local content in their existing operations and 50 percent local content in any new production ventures within three years. The Moroccan Government has no export requirements on assembled vehicles but exports of locally produced parts can be counted toward meeting local content minimums. Imports of passenger cars are generally prohibited. Duties

and other taxes on built-up auto imports, when permitted, total 150 to 269 percent depending on engine size, while duties and other taxes on CKD kit imports range from 57 to 112 percent.

Foreign participation in market

All auto assembly operations in Morocco are partially or totally Moroccan-owned. Somaca, the largest of these operations, assembles Renault, Talbot, Fiat, Opel, Simca and Peugeot cars under licensing agreements. Other local firms assemble AMC Jeeps, Volkswagen products and several U.S. European and Japanese makes of trucks.

NIGERIA

Trade restrictions

Since the mid-1970's Nigeria has negotiated local content targets with domestic vehicle manufacturers. These local content targets increase from about 30 percent after three years of operation to nearly 100 percent by the twelfth year of operation in the domestic market. Domestic auto producers have so far failed to meet Nigeria's rising local content objectives due to poor infrastructure and the small size of the market, which have prevented a significant auto parts sector from developing. Government austerity measures have recently aggravated this situation by suppressing local demand and restricting the importation of necessary CKD kits.

Tariffs on imported automobiles range from 33⅓ to 200 percent, depending on vehicle price, and "luxury" imports (cars priced over $20-25,000) are normally banned. Import licenses are used to limit imports of assembled cars generally to levels that will allow local assemblers to operate a full capacity (about 24,000 imported units authorized in 1981). A 200 percent pre-import deposit is also required. No export requirements are maintained.

Foreign participation in market

Volkswagen and Peugeot assemble passenger cars in Nigeria, primarily from imported CKD kits. Both operations were established in 1975. In addition, five European manufacturers assemble a variety of trucks in Nigeria. No information is available on the local government plans of any of these manufacturers.

PAKISTAN

Trade restrictions

Pakistan does not maintain formal local content requirements, but has encouraged approved domestic vehicle assemblers (all government owned and/or controlled) to increase their use of local parts through other regulatory mechanisms since the mid-1970's. Local content for approved assemblers ranges from 40 to 80 percent. Extremely high tariffs, ranging from 75 to 350 percent, are levied on built-up imports according to engine size. Imports licenses for assembled vehicles are generally issued only to expatriate Pakistanis (one vehicle after being abroad two years). No export requirements are maintained.

Foreign participation in market

PACO Ltd., a state-owned corporation, exercises monopoly control over the Pakistani motor vehicle industry. It maintains licensing arrangements with a large number of U.S., European and Japanese firms for the assembly of passenger wagons, buses, utility vehicles and trucks of all types. PACO controls the importation of both CKD kits and finished vehicles (excluding those issued to expatriate Pakistanis).

PERU

Trade restrictions

Peru has maintained local content regulations since 1972. Local content in Peruvian-assembled automobiles must now equal 30 percent (based on value) and must be increased to 50 percent by 1986 for new models. Components now produced in Peru must include 10 percent domestic content by 1983 and 30 percent by 1986; newly-introduced components will be required to have 5 percent local content initially and 30 percent by the seventh year of local production. A new local content bill is currently under debate in the Peruvian Congress. If passed, it would require assemblers to use a minimum of 31 percent local content until the end of, 1984, increasing to 34 percent on January 1, 1985. Import tariffs are 60 percent on automobiles. Exports are encouraged by rebating duties and sales taxes paid on imported components which are incorporated into exported vehicles or automotive subassemblies.

Foreign participation in market

Nissan, Toyota and Volkswagen currently produce passenger cars and light trucks in Peru. Volvo produces heavy trucks. Chrysler terminated its car assembly operations in Peru during the late-1970's as part of its general reduction in overseas activities. No information is available on the local investment plans of these manufacturers, but there are reports that the Peruvian Government is trying to persuade Ford and General Motors to reopen plants which they closed in the early 1970's. As part of this effort, the Government hopes to reduce the 50 percent local content requirement to a maximum of 34 percent in 1985.

PHILIPPINES

Trade restrictions

Local content regulations have been in effect in the Philippines since 1973 and require domestic auto manufacturers to achieve at least 55 percent national content in their current production, and 60 percent beginning in 1984. Import tariffs are 30 percent for car CKD kits and 50 percent for assembled cars. The government also reportedly maintains limited export requirements.

Foreign participation in market

Ford and General Motors produce passenger cars as well as certain major components and subassemblies (body stampings and transmissions) through joint venture arrangements in the Philippines. Other joint venture companies build Chrysler/Mitsubishi, Toyota/Isuzu, and DMG Industries/Nissan vehicles. A locally-owned firm manufactures Tamarau utility vehicles and trucks, mostly for military use.

SOUTH AFRICA

Trade restrictions

South Africa has gradually increased domestic content requirements since 1961 from 15 percent to 66 percent currently (by weight). Import licenses are required to import CKD kits and components for local assembly, but are routinely granted to manufacturers whose production programs have received the approval of the Economic Ministry. Most imported vehicles are brought into the country unassembled because the duty on them is 20 percent, compared to 100 percent for completely manufactured units. A 95 percent excise tax is charged on cars with less than 66 percent local content. For those with 66 percent local content, the excise tax is 13 percent or less. This rate declines proportionately for vehicles containing local content in excess of 66 percent. There are no export requirements in South Africa.

Foreign participation in market

Fiat, Ford, General Motors, British Leyland, Renault, Volkswagen, BMW, and Alfa Romeo produce passenger cars in South Africa. Toyota, Nissan, Mitsubishi, Peugeot, Honda, Daimler-Benz and Mazda automobiles are also produced locally under licensing agreements.

SOUTH KOREA

Trade restrictions

Since 1966, Korea has maintained domestic content requirements for passenger cars. These requirements now range from 20 to 95 percent, depending on the vehicle model, with most cars containing 60 to 95 percent national content. In 1974 the Government introduced a long-term auto production plan which called for the gradual elimination of pure assembly operations and the development of a 100 percent Korean car by 1986. There are not specific local content levels for trucks, although engines and cabs must be locally sourced. A variety of incentives, including tax breaks, are offered to vehicle producers that meet these demanding requirements. Tariff rates on auto imports range from 100 percent for cars with up to a two-liter engine to 150 percent (temporary rate) for cars with more than a 2-liter engine. Imports of built-up vehicles are not permitted.

While the Korean Government does not impose export requirements, it does establish export targets and uses moral pressure to see that they are achieved. The auto industry has been designated as a "strategic export industry" to earn foreign exchange and foster the development of related industries. In line with this policy, the government has instructed individual companies to specialize in certain types of vehicles. The industry exported over 45,000 cars, trucks and buses in 1981 and expects to expand truck and bus exports significantly in the next five years. Automotive parts exports totalled $91 million in 1981 and are projected to more than double by 1986. Quality problems, however, could hamper the industry's export program.

Foreign participation in market

There are three domestic car manufacturers in Korea—Hyundai Motors, Daewoo Motors, and Kia Industrial Company—all of which have either equity or technical relationships with U.S. or Japanese firms. Hyundai recently formed a joint venture with Mitsubishi Motors of Japan for a new car manufacturing plant which will be completed in 1985. Daewoo Motors has several joint venture and technical agreements with General Motors to produce transaxles as well as automobiles. Kia Motors receives technical assistance from Honda, largely with regard to truck production activities. Kia Industrial Company will withdraw from the passenger car manufacturing business once it has used up its inventory of CKD automobile kits. Under the government's current investment plan for the motor vehicle industry, nearly $1.3 billion is expected to be spent to expand capacity and develop new products between 1982 and 1986. About one-third of this planned spending would come from foreign sources.

TAIWAN

Trade restrictions

Since 1979 Taiwan has used domestic content rules in an effort to establish a largely

self-sufficient national auto industry. Currently, the country requires domestic manufacturers to achieve 70 percent local content in all cars they produce, and to make at least one of the following subassembles or component groups: 1) engines; 2) pistons, piston pins and connecting rods; 3) crankshafts; 4) transaxles or transmissions; 5) automotive springs; 6) cylinder valves. Import duties range from 45 percent for CKD components to 80-92 percent for built-up cars and 57-80 percent for trucks. Companies meeting local content requirements receive tax exemptions and other financial benefits. No export requirements exist, but up to 21 percentage points of the required local content may be achieved through net foreign exchange generated from the export of locally made components.

Foreign participation in market

Taiwan has four established motor vehicle manufacturers: Yue Loong Motor Company, Ford Lio Ho Motor Company, China Motors Company and Prince Motor Company. Most of these companies have joint production or technical assistance agreements with U.S. or Japanese auto manufacturers. Toyota recently entered into a joint venture with local interests (public and private) to build a new car assembly plant which could achieve a capacity of 300,000 units by 1994. About half of this planned capacity eventually would be aimed at export markets.

THAILAND

Trade restrictions

Since the early 1970's, Thailand has set local content requirements for its motor vehicle assembly industry. In 1978, the government established local content targets of 35 percent in 1980, 40 percent by 1981, 45 percent by 1982 and 50 percent by 1983. These deadlines have been allowed to slip and the current target is 45 percent by August 1983. From 1978 to 1982, local assemblers were protected by a ban on imports of completely built-up automobiles. This ban was partially lifted in 1982 and replaced with a 150 percent tariff on imports of models which are not assembled in Thailand. There are no export requirements.

Foreign participation in market

A large number of foreign motor vehicle manufacturers assemble passenger cars in Thailand either directly or through joint venture or licensing arrangements with local companies. These include seven Japanese companies (Toyota, Nissan, Isuzu, Mitsubishi, Togo Kogyo (Mazda), Fuji (Subaru) and Daihatsu) and more than ten European concerns (Fiat, Volvo, Volkswagen, Peugeot, Renault, BMW and others).

TURKEY

Trade restrictions

Turkey passed a local auto assembly law in 1959, but apparently did not implement it until the mid-1960's. The Turkish version of the domestic content requirement is called the "foreign exchange savings" ratio and is administered through government allocations of foreign exchange to importers. All locally produced vehicles contain at least 60 percent domestic content. Except for a few cars imported by returning expatriates, all built-up auto imports are prohibited. A 175 percent imports tariff remains in effect for those automobiles which are imported. No export requirements are maintained.

Foreign participation in market

Three foreign vehicle manufacturers currently produce passenger cars in Turkey. Since 1966, Ford has licensed auto production to a local assembler. In 1968 and 1969, respectively, Fiat and Renault entered into joint venture agreements as minority partners with local assemblers to produce passenger cars. Production of automobiles in Turkey has declined steadily since 1975 and capacity utilization is now approximately 30 percent. Local assembly operations are believed to be inefficient by world standards. Most major U.S. and West European truck manufacturers have licenses in Turkey which produce trucks with high local content. Japanese manufacturers do not participate in the local market.

URUGUAY

Trade restrictions

Since 1973 Uruguay has required vehicle manufacturers to achieve specified levels of domestic content in all passenger cars they assemble locally. Currently, local content requirements are 25 to 32 percent of total vehicle weight, depending on the make and model involved. Between 1973 and 1979, the government effectively restricted imports of fully assembled vehicles through high tariffs and a complex system of prior deposits on imports. Import restrictions were reduced significantly in 1980, leading to a rapid expansion of trade in Japanese, European and Brazilian-made cars. Currently, a 55 percent duty is levied on imported cars.

Foreign participation in market

General Motors, Ford, Volkswagen, Fiat, Peugeot-Citroen, Renault and BMW assemble passenger cars in Uruguay. No information is available on the investment plans of these manufacturers.

VENEZUELA

Trade restrictions

Since 1963 Venezuela has maintained some form of domestic content requirements. These requirements were to peak at 81 percent beginning in 1975. The recently revised regulations call for 55 percent local content in 1983, rising to 59 percent in 1985. Duties on imports of automobiles remain high; For imported vehicles identical to locally produced models tariffs are 40 percent for heavy trucks, 60 percent for cars under 1150 kg and light trucks, and 100 percent on cars over 1150 kg. The government levies a specific tariff of 100 Bolivars per kilo of vehicle weight (in addition to somewhat lower ad valorem tariffs) on all imported models which are not produced locally.

Venezuela also maintains export performance requirements and provides tax credits for part of the value of nontraditional exports (including most automotive products). Current regulations require that exports of vehicles and parts should compensate for the value of CKD imports in a fixed proportion to the annual total sales revenue of each manufacturer. Under this scheme, each firm's exports must equal or exceed three percent of its local production by 1985, up to the value of its total CKD imports. Through 1985, a portion of each manufacturer's exports can be credited against local content requirements.

Foreign participation in market

Ford, General Motors, Renault, and Fiat produce passenger cars and trucks in Venezuela, and Toyota and AMC produce utility vehicles. Net investment by foreign auto manufacturers totalled approximately $575 million from 1978-1980. More recent investment data is not available.

YUGOSLAVIA

Trade restrictions

Although Yugoslavia has no formal local content requirements, the government normally established trade, investment and employment performance targets through negotiations with motor vehicle producers. A 25 percent tariff is levied on imports of assembled cars, while 21 to 23 percent tariffs are charged on CKD imports. Quotas are maintained on auto imports from the USSR, East Germany and Czechoslovakia. Export requirements, like local content minimums, are negotiated with individual producers.

Foreign participation in market

Fiats, Ladas (USSR), Volkswagens, Audis and Citroens are assembled locally under licensing or other technical agreements. Recent data on auto industry investment in Yugoslavia is not available.

SECRETARY OF COMMERCE,
Washington, DC, March 12, 1985.

Hon. JOHN D. DINGELL,
Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives, Washington, DC.

DEAR JOHN: Thank you for your letter regarding the Japanese automobile export restraint.

I have enclosed information which addresses the additional questions you raise. We have asked the Department of Transportation to respond directly to your Subcommittee on sections (b)ii and (b)iii of question 5. These sections deal with possible administrative and legislative options for modifying existing Corporate Average Fuel Economy (CAFE) standards.

I hope that the additional information we are providing will be helpful to you and other members of the Subcommittee.

Sincerely,

SECRETARY OF COMMERCE.

Question 1. In reply to my question numbered 2, the Department provided a list of trade initiatives announced by Japan and included an attachment entitled Japanese "comprehensive Economic Measures." However, the reply appears to show some vagueness as to the status of each measure. For example, in discussing the third initiative, the Department states that "passage of some sixteen laws" in 1983, "as they are implemented at the administrative level, could represent the most significant and wide-ranging removal of foreign barriers to the Japanese market" since 1979. But I do not feel assured by these comments that implementation is complete or even well underway. Please provide a more detailed status of each of these initiatives, including the "NTT Agreement" and the "yen-dollar accord."

Answer. In answer to your request for a more detailed status report on the implementation of various Japanese trade measures, we have attached a comprehensive report compiled last fall on this subject by an interagency task force. Commerce participated in this group.

Since this report was completed, little has changed regarding implementation. The Government of Japan has given us assurances that the procurement provisions contained in the U.S.-Japan NTT Agreement will continue in effect despite NTT's "privatization" on April 1, 1985. The tariff measures contained in the April 27, 1984 set of trade measures will be implemented on April 1 as scheduled. Further talks have been held between Treasury and the Japanese Ministry of Finance on implementation of the yen-dollar accord.

Considerable progress has been made to date in implementing the agreed measures contained in the Yen/Dollar Report released by the U.S. Treasury Department and the Japanese Ministry of Finance in May 1984. Since the agreed measures are to be phased-in over time, it is too early to draw any definitive conclusions about the success of the agreement; however, so far, Japan has taken all the agreed steps on or before the dates specified in the Report. Nevertheless, much more needs to be done to fulfill the entire letter and spirit of all the agreed measures. Treasury continues to monitor Japan's implementation carefully through Embassy reporting from Tokyo, consultations with the private sector about market developments, and periodic follow-up meetings with the Ministry of Finance. The next follow-up meeting will take place in Spring 1985.

In addition, recent revisions in Japanese standards laws have been implemented by MITI with respect to the Electrical Appliances Law and the Consumer Products Safety Law. Two U.S. laboratories have been approved as designated testing laboratories for type approval of electrical equipment. Implementation by other Ministries has been limited and in no other instances have U.S. laboratories been designated. When these laws are fully implemented, their effect will be far-reaching, but progress to date has been disappointing.

The Administration is continuing to encourage those ministries which have not yet implemented recent changes in Japanese standards laws to do so, and has begun disseminating information about this process to the U.S. business community. This latter effort includes a series of seminars sponsored by the U.S. Foreign Commercial Service, which is scheduled to begin in April 1985.

The Administration's current bilateral trade efforts focus on intense sectoral negotiations to improve U.S. access to Japanese markets. This process was launched by President Reagan and Prime Minister Nakasone at their January 1985 summit. Its initial focus is on telecommunications, electronics, medical/pharmaceutical and forest products. Our objective is the elimination of all Japanese barriers in these sectors, in which U.S. firms currently hold internationally competitive positions.

Question 2. The reply also states that Commerce and the Council of Economic Advisors "each prepared studies on the restraint issue with input from other government agencies." Please provide a copy of the CEA studies and copies of the "input" from other agencies. Please also identify the independent consultant mentioned in answer to question 7.

Answer. We also have attached a copy of the Council of Economic Advisors' analysis of the Japanese automobile export retraint. As mentioned in our February 14 reply to the Subcommittee, the Commerce Department's study of the restraint included input from other agencies.

This input consisted of oral comments on various drafts of the study and, in some cases, statistical data which was presented in the Department's report. The Department developed many of the projections of industry financial performance using company-specific forecasting models designed during 1984 with assistance from Jack Faucett Associates, Inc. of Chevy Chase, Maryland, a private consultant. Key elements of these models were described in our previous response to the Subcommittee.

Question 3. What is the Administration doing to open Japan's market to U.S. car exports such as opening Japan's "vehicle distribution system" and allowing "self-certification testing to show compliance" with Japan's emission and safety standards?

Answer. The Administration worked closely with the Motor Vehicle Manufacturers Association and its member companies during 1981-83 to obtain Japanese Government approval of a self-certification approach toward demonstrating compliance with Japanese safety and noise standards. The Japanese Government responded to the U.S. industry's proposal in March 1983 by announcing several changes in its "type designation" vehicle certification procedures. According to the Japanese Government, these changes were designed to facilitate use of the type designation system by foreign manufacturers.

On December 21, 1984, The Japanese Ministry of Transport approved the first type designation application for an American car under the revised system. U.S. vehicle manufacturers are currently evaluating the new type designation system to determine if it is more cost effective than the "type notification" procedures they generally have used in the past. Future Administration efforts to obtain Japanese Government acceptance of a self-certification system will depend on the results of the U.S. industry's present evaluation of the revised type designation system.

Major Japanese automobile manufacturers reportedly do not allow their dealers to sell unaffiliated vehicle makes, but General Motors, Ford, Chrysler and American Motors all have an established distribution systems in Japan. These companies have not asked for U.S. Government assistance in creating alternative distribution systems there. The inability to use the distribution system of Japanese manufacturers may have been a substantial impediment to U.S. manufacturers in the past (and contrasts sharply with the extent to which Japanese manufacturers were able to utilize the existing distribution system of U.S. manufacturers to reach U.S. consumers). However, now that U.S. manufacturers have invested substantial time and resources in developing an independent distribution system in Japan, this lack of access is no longer significant. U.S. auto manufacturers are continuing new marketing approaches in Japan to increase sales volume and contain their distribution costs.

Question 4. In reply to question 10, the Department states that without the VRA, about 110,000 auto jobs would be lost by 1987, but the Department believes that a "significant" portion of the loss "could occur through employee attrition" which usually means retirement due to age or health. I question this, because the loss will be due to a reduction of 1.1 million units of small cars. To achieve that reduction, whole lines and plants where small cars are produced would probably have to be closed. I doubt that attrition could be a real factor in such closures. Do you agree? Please explain. Also, what is the effect of a loss of 110,000 jobs on the local economy?

Answer. U.S. Big Four vehicle manufacturers currently assemble small cars (subcompact and small specialty) in ten plants in the United States and in one plant in Canada. These U.S. facilities are located in seven states (Georgia, Illinois, Michigan (2), Missouri (2), New Jersey, Ohio, and Wisconsin (2)), indicating a fairly wide geographical dispersion of small car production. Component production for these assembly plants also is believed to be spread among several states.

If U.S. small car production fell by one million units due to removal of the restraint, it is likely that certain small car assembly plants would close as production was consolidated. Component plants, particularly in the Midwest, also could be affected seriously. In cases where entire assembly plants closed, major layoffs would occur and worker attrition probably would not be an important factor in softening the economic effects on workers and communities. In other instances, particularly in component and material supplying industries, worker attrition could be a significant element in the adjustment process.

Given the large size of the auto industry, worker turnover should be sufficient to offset anticipated job losses due to productivity advances, and perhaps to offset some layoffs resulting from potential declines in small car production volume during the 1985-87 period. The greatest short-term employment losses and burden on local economies would be felt in those states which are most dependent on small car production and related activities: Michigan, Missouri, Ohio, and Wisconsin. Other small car manufacturing states would be less affected and the adjustment process would be somewhat easier.

Question 5(a). The analysis states that Commerce did not "specifically assess the effect of unrestrained Japanese car imports on the U.S. companies' ability to meet the Corporate Average Fuel Economy (CAFE) standards." Please explain why Commerce did not make such an assessment. If the VRA is not extended and as the analysis estimates, 1.1 million units of small cars are not produced domestically, can the domestics meet the CAFE or use "carryback" credits without severe cutbacks in production of intermediate and large cars with attendant loss of jobs? Is that factor a serious concern to your Department and the Department of Transportation?

Answer. The Department of Transportation, National Highway Traffic Safety Administration (NHTSA), has principal responsibility for administering the Corporate Average Fuel Economy (CAFE) standards. Because of NHTAS's role in this program, it alone has access to the data necessary to perform the type of future-oriented analysis suggested in your February 19 letter. For similar reasons, NHTSA will respond directly to the Subcommittee on possible administrative and legislative changes to the CAFE program (Questions 5(b)ii and 5(b)iii).

During the preparation of its analysis, the Department recognized that elimination of the Japanese export restraint could complicate the efforts of U.S. auto manufacturers to meet future CAFE requirements. Due to the post-1981 shift in consumer demand back toward larger vehicles, full-line U.S. producers were forced to carry forward credits earned during the early 1980s to comply with the model year (MY) 1983 CAFE standard. A similar situation is likely to occur with respect to the MY 1984 standard. Thus, separate from the issue of the Japanese restraint, the Administration has become increasingly aware of and concerned about the possible need for changes in the CAFE program.

Question 5(b). The analysis also states that:

"While Administrative mechanisms are available to reduce the existing 27.5 mpg standard, the best way to resolve the problems appears to be legislative. While this ap-

proach is full of difficulties (i.e., in many circles, CAFE is seen as the only element of the Administration's energy policy), it is one we may have to pursue if the restraint is lifted."

(i) Was the Department of Transportation, (DOT) and the National Highway Traffic Safety Administration (NHTSA), consulted regarding this statement? What was their input?

Answer. The Department did not consult NHTSA or other agencies within the Department of Transportation regarding its staff's views on the feasibility of modifying the CAFE program through administratives or legislative action. The CAFE language cited on page two of your February 19 letter was intended only to alert senior Administration officials to the range of options available to modify existing CAFE standards. At this stage, the Administration has not made any decisions regarding the future of the CAFE program.

Questions 5(b)ii and 5(b)iii. See response to 5(a).

Question 5(b)iv. If both administrative and legislative measures are not "available," or if the are not "available" in a timely fashion, should the VRA be ended?

Answer. The Administration believes that U.S. Government decisions regarding the Japanses export restraint and the CAFE program should be made on the merits of each issue. While the restraint decison could affect CAFE compliance to a major degree, the reasons for continuing or removing the restraint have little to do with the national energy policy objectives on which the CAFE program is based. Consequently, the Administration does not believe that the policy decision on either issue should be linked automatically or directly to the policy outcome on the other.

Question 5(b)v. If a firm does not meet the CAFE, what will be the effect on future capital investment and R&D spending which is essential to developing new products, modernizing facilities, and increasing productivity?

Answer. To the extent that elimination of the Japanese export restraint reduces the ability of U.S. producers to comply with post-MY 1984 CAFE standards, future domestic industry profitability would be affected adversely. The potential decline in profits attributable to the CAFE progam would result from lower profits on small cars as prices were reduced, on large cars as production volumes were cut, and on total U.S. operations if fines had to be paid due to company noncompliance with the Energy Policy and Conservation Act (EPCA). Civil penalties for noncompliance with the EPCA amount to $5 per vehicle produced for each 0.1 mile per gallon (mpg) a manufacturer falls below the standard. Based on 1984 production levels, such fines would total $370 million for each 1.0 mpg that the U.S. Big Three manufacturers fell below the MY 1985 standard if CAFE credits were not available to cover shortfalls. If such shortfalls were large, the impact of CAFE regulations on the domestic industry's profitability could be substantial, reducing the U.S. companies' ability to fund necessary capital investments and R&D spending from internal sources.

Question 6. The Department's analysis "did not" assume a "price war" as a result of ending the VRA. However, it states that it is "likely that consumer prices for Japanese cars will decline "absent VRA, "if only as a result of the elimination of additional markups" "if only as a result of the elimination of additional markups" by dealers. The extent of such a reduction "easily could increase" Japanese car sales levels that you forecast. What would be the increase? What will be the impact of such an increase on jobs, profits, and CAFE for the domestic industry? Does the Department doubt that a price war will result?

Answer. The Department did not assume a price war between Japanese producers following removal of the restraint for several reasons. First, the Department believes that elimination of existing restraint-induced dealer premiums alone would be sufficient to support the level of additional Japanese car sales forecasted in its restraint analysis. Further price cuts, while possible, would not be necessary and might not increase Japanese car sales to the same degree as the initial price reductions.

In addition, it is unlikely that small Japanese producers, despite their interest in expanding U.S. market share, would be able to afford a prolonged price war with the larger, and financially stronger, Japanese firms already represented in the U.S. market. Given likely pent-up demand for Japanese products in the first 1-2 years following elimination of the restraint, major sales increases for both small and large Japanese manufacturers could occur without massive price reductions.

If a sustained price war on Japanese cars did occur, U.S. consumers presumably would increase their purchases of Japanese cars beyond the levels estimated in the Department's analysis. Because it is virtually impossible to predict how U.S. manufacturers would respond to this kind of severe challenge, or the scope of any price war (only subcompacts affected or larger cars as well), we are not able to provide valid estimates of the potential sales, profit, CAFE or employment effects of a prolonged price war scenario.

Question 7. The analysis states:

"It should be emphasized that the Department's forecast analysis assumes constant real average variable profits. In an unrestrained market, where higher imports primarily reduce U.S. small car volume, average small car variable profit margins can be expected to drop. Thus, the resultant decline in domestic companies' earnings probably would be more severe than the model forecasts. In addition, companies whose sales are primarily in the small car segment would be affected even more adversely in these circumstances."

How much "more severe" would they be? Which companies "would be affected even more adversely?" What would be the result?

Answer. The Department's forecast assumes linear revenue and variable cost curves for U.S. auto manufacturers. This technique, which is widely used in linear break-even studies, produces constant average variable profits (although average variable profits in the Department's model vary according to car size class). Most manufacturing companies actually have nonlinear revenue and cost curves. Neither the Department nor outside industry observers have a way of estimating the degree to which unit variable profits change with output. The principal drawback of the linear method is that it becomes less accurate at the extreme low and high ends of production ranges. Since the Department's analysis focuses primarily on output ranges between the two extremes, our results should be reasonable trend indicators.

The Department's analysis states that U.S. auto companies whose sales are primarily in the small car segment would be affected the most.

Question 8. Can the U.S. afford a $7 billion or greater increase in our trade deficit with Japan, particularly if there is no end in sight concerning such increases? Please explain.

Answer. The $7 billion estimate cited in our analysis referred to the potential increase in the 1987 U.S. import bill from elimination of the Japanese auto export restraint. We do not believe that such an estimate will be totally additive to either our overall trade deficit or that with Japan. If the export restraint is eliminated, this will result in a greater demand for yen to cover increased U.S. purchases of Japanese cars. U.S. dollars will be used by the U.S. distributors of Japanese cars to purchase the yen.

This outflow of dollars and increased demand for yen will, in isolation, cause the dollar to weaken and the yen to strengthen. This will make U.S. products more attractive to Japanese consumers and make Japanese exports more expensive and thus less attractive to U.S. consumers. Since the exact magnitude of these changes in currency values cannot be predicted, we cannot forecast the net effect on our overall trade deficit.

We are very concerned about our trade deficit with Japan and are working hard to reduce it. We believe that the trade deficit should be reduced through increased U.S. exports to Japan, rather than through limitations on Japanese exports to the United States. To this end, we are pursuing vigorously new market access measures with the Japanese. We have been disappointed by the results to date and believe more can and must be done by the Japanese Government to improve our access to the Japanese marketplace.

Question 9. When will the Administration inform the Subcommittee of its decision on the VRA? After preparing the restraint analysis, what is your recommendation concerning the VRA?

Answer. On March 1, President Reagan announced that the Administration would not request the Government of Japan to extend its restraint on car exports beyond March 31, 1985.

The Cabinet Council on Commerce and Trade and the Trade Policy Committee met on February 19 to discuss the restraint issue. A Cabinet Council recommendation on the U.S. Government's handling of the matter subsequently was forwarded to President Reagan for consideration. The Department's analysis of the Japanese restraint was designed to provide an objective evaluation of the issue, but did not contain any recommendations.

Question 10. Pursuant to section 12(b) of the Chrysler Corporation Loan Guarantee Act of 1979, your Department provided to the Subcommittee a copy of "The U.S. Automobile Industry, 1983," an annual assessment of the state of the automobile industry. However, the report was approved by you on January 11, 1985. Please explain why the report was not released until now. If there were printer delays, please explain them. Also, please explain why copies could not have been transmitted to Congress early in January, even though multiple copies from the printers may not have been available.

Answer. The Department generally does not release copies of reports it prepares until a final version is available. Because the Executive Branch's annual report on the U.S. auto industry is transmitted to all

members of Congress, a single mailing typically is used. Four weeks were required to print and deliver this year's report on the industry to Congress, a period which we consider reasonable.

Question 11. I understand that the VRA does not cover Japanese vehicles shipped to Guam, the Virgin Islands, and the Trust Territories. Reportedly, a large number of Japanese vehicles are being shipped through these areas and are not being counted against the yearly VRA total. I also understand that your Department monitors these shipments. Please explain why the VRA does not cover these vehicles. Please provide a table showing these shipments for the period of the VRA and indicate how and to what extent these vehicles are shipped to the continental U.S. Are these shipments increasing? If so, why? Has this loophole been discussed with the Japanese? What has been the result?

Answer. The Japanese automobile export restraint does not cover shipments of vehicles to Guam, the Virgin Islands, and the Trust Territories since these areas lie outside of U.S. Customs territory. In contrast, shipments to Puerto Rico, which falls within U.S. Customs territory, are included under a separate restraint measure.

We believe that Japanese car exports which enter the United States as transshipments from U.S. protectorates or third countries have increased as a result of the business activities of independent distributors. The problem has been raised with Japanese Government officials on at least two occasions. Until recently, exports of Japanese cars arriving from U.S. protectorates and third country ports accounted for less than 10,000 units annually. The table below presents annual data on the size of these shipments since the Japanese automobile export restraint began.

U.S. imports of Japanese cars and vans through third countries and U.S. protectorates [1]

	Units imported
1st restraint year (April 1981–March 1982)	0
2nd restraint year (April 1982–March 1983)	2,175
3rd restraint year (April 1983–March 1984)	9,394
4th restraint year (April 1984–December 1984)	20,334

[1] Data are based on date of export from Japan, and thus are incomplete due to lag time for shipments in transit.

Question 12. I note that your department shares my doubts that the Japanese would constrain exports to the U.S. if the VRA is ended. Should that occur, however, what, if any, antitrust problems might arise?

Answer. We understand that U.S. antitrust problems could arise if the Japanese Government sought to restrain exports to the United States in an informal manner. We suggest that the Subcommittee contact the U.S. Department of Justice if it would like a more complete analysis of this issue.

COUNCIL OF ECONOMIC ADVISERS,
Washington, DC, January 24, 1985.

To: The Trade Policy Review Group.
From: William A. Niskanen.
Subject: Effects of Voluntary Restraint Agreement.

INTRODUCTION

This memorandum reports the results of the CEA analysis of the effects on the U.S. automobile market of the Japanese voluntary restraint agreement (VRA) on automobile exports. Because changes in imports of Japanese small cars would affect the demand for U.S. small cars and thus the corporate average fuel economy [CAFE] of U.S. manufacturers, the analysis also examined the effects of U.S. CAFE regulations on the automotive market and the interaction of the VRA and the CAFE regulations.

We examined the effects of changes in these two policies on the following economic variables:

Prices of U.S. and Japanese automobiles.

Domestic automobile production and U.S. assemblies of Japanese automobiles.

New-car average fuel economy for U.S. cars and for U.S. and foreign cars combined.

Automotive industry employment, including jobs in assembly, parts production, materials supply, and ports.

Consumer welfare and U.S. and foreign producer earnings.

The analysis is a comparative statistics analysis designed to simulate the effects of alternative VRA and CAFE policies. It is based on 1984 market conditions, including both macroeconomic conditions and product offerings of domestic and foreign manufacturers, except that U.S. assemblies of Japanese automobiles are assumed in the base-case scenario to increase to their expected 1985 levels.

The analysis thus isolates the effects of the policies considered, but it is not a forecast of the changes in the market that would take place in the future. Actual future changes will depend not only on changes in these two policies but also on a host of other changes in demand and supply conditions not explicitly incorporated in the analysis. However it is important to note that the restrictive effect of a quota of 1.85 million Japanese exports increases as the U.S. economy grows. Hence to the extent that U.S. growth is anticipated, the quota would have to be increased to maintain the same level of restrictive effects on the total market.

METHOD OF ANALYSIS

Market Segmentation: The CEA auto demand model used in the analysis incorporates five market segments, two Japanese and three domestic, based on standard industry classifications of car lines:

The Japanese and U.S. Basic Small car segments include regular minicompacts (Tercel, Civic) and regular subcompacts (Escort, Cavalier, Sentra, Corolla). These are the less expensive small cars.

The Japanese and U.S. Luxuary Small car segments include specialty subcompacts (Camaro, Mustang, Prelude, RX7) as well as compacts (Reliant K, Tempo, Accord, Stanza). These are the more expensive small cars.

The U.S. Large car segment includes intermediate and full size cars (Cutlass, full-size Chevrolet, Ford LTD).

In the demand analysis, European cars (about five percent of the market) are included in the "domestic" segments. They are included with Japanese imports in the calculations of economic welfare changes and auto industry employment changes.

Consumer Demand: On the demand side, the model incorporates the best available information about the responses of consumers to price changes in each market segment. The demand elasticities used in the analysis are displayed in Table 1. The overall price elasticity of demand in the model is —1. Market demand elasticities are highest for the smaller cars and lowest for the larger cars. The model thus accounts for the greater responsiveness of consumers to price changes on basic small cars, and their lesser responsiveness to price changes on more luxurious smaller cars, and also takes account of the fact that there is no U.S.—Japanese competition in the large car segment. The cross price elasticities take into account substitutibility both among size classes and between Japanese and domestic cars. The elasticities and cross elasticities satisfy technical conditions of internal consistency.

Producer Response: The responses of U.S. and Japanese manufacturers to changes in policy cannot be predicted with certainty. As indicated in table 1, we have assumed supply elasticities of 2.0 for Japanese imports and U.S. production and a supply elasticity of 1.0 for U.S. assemblies of Japanese automobiles. The 2.0 supply elasticity assumption implies that manufacturers respond to a demand change by changing both price and quantity, but that the percentage change in quantity is twice as great as the percentage change in price. This supply elasticity, in conjunction with the demand elasticities in Table 1, is also consistent with estimates that the Japanese manufacturing cost advantage on small cars is on the order of $2,600 at current levels of output and that the effect of the VRA is to increase the price of Japanese cars by about $1,200.

The estimated effects of the VRA on imports, domestic production, and prices depend critically on the elasticity of supply. If the actual supply elasticity for imports is larger than 2.0, then Japanese producers would respond to an elimination of the VRA with larger price reductions and greater volume increases than shown in our analysis. Thus, our estimate of the increase in imports without the VRA would be understated. Further, if the actual supply elasticity of domestic production is larger than 2.0, then domestic manufacturers would respond to an elimination of the VRA with smaller price reductions and larger output reductions than shown in our analysis. To check the sensitivity of the simulations to supply elasticities, we also performed an alternative set of computations using assumed supply elasticities of 4.0 for both Japanese imports and U.S. production.

By the end of 1984, Honda's assemblies of Accords in its Ohio plant had reached about 135,000 units per year. It and several other companies plan to add substantially to U.S. assembly capacity in the next few years. In addition, Mazda is expected to import 50,000 GLCs per year from Mexico beginning in 1987. Table 3 displays current and planned future capacity for U.S. assembly of Japanese automobiles, based on manufacturers announcements. We assumed 260,000 assemblies in the base case, somewhat less than expected 1985 capacity of 275,000 units, and an elasticity of supply of 1.0. Thus the analysis captures short-run responses to changes in market prices but does not incorporate changes in assembly capacity plans in response to VRA or CAFE changes.

Employment Effects: Effects on automotive industry employment were estimated using cars-per-job multipliers, shown in Table 1, for the three classes of domestic cars, U.S. assemblies of Japanese cars, and imports. These factors capture the employment effects on assemblers, first and second tier parts suppliers, and materials suppliers. The factor for imports captures the effect on port employment.

In the long run, any effects on total employment in the economy of a change in VRA or CAFE regulations would likely be negligible. Workers released from automo-

tive industries eventually would be absorbed in other industries. Automotive industry employment change estimates are nonetheless of interest because they indicate the magnitude of adjustment involved and because automotive workers are a highly visible constituency group.

Consumer and Producer Welfare Effects: Gains to consumers were estimated by changes in consumer surplus. Changes in earnings of domestic and foreign producers were estimated by changes in producer surplus.

Trade Balance: The overall balance of merchandise trade depends largely on macroeconomic conditions and little, if at all, on conditions in individual product markets. Thus, an increase in automobile imports following a lifting of the VRA would cause the dollar to depreciate by enough, other things equal, to offset the increased automotive imports with increased exports and reduced imports of other goods and services.

CAFE Regulations: In order to estimate the interaction of the VRA and CAFE regulations, an elimination of the VRA was analyzed under two alternative assumptions about the CAFE regulations:

1. CAFE standards are relaxed sufficiently to be non-binding. This implies that U.S. manufacturers respond to increased import competition by greater specialization in large cars.

2. CAFE regulations are continued. U.S. manufacturers reprice their cars so as to maintain a market mix yielding a fleet average of 26.0 mpg. The actual fleet average for the model year 1984 domestic cars was 25.3 mpg, even though current regulations specify a CAFE standard of 27.0 mpg for model year 1984 and 27.5 mpg for model year 1985 and thereafter. General Motors and Ford are not meeting the standard, but they have complied with the law by carrying forward credits earned in previous years and borrowing credits from future production. Although this scenario captures some of the effect of the CAFE regulation, it underestimates the full effect of the 1984 or 1985 standards, barring market improvements in the fuel economy of specific car classes.

Initial Conditions: The initial conditions used as a base case scenario are displayed in Table 2, along with actual conditions in model year 1984. We have assumed that demand and supply conditions identical to actual model year 1984 conditions, except for imports and U.S. assemblies of Japanese automobiles. Because the VRA year begins in April, actual model year imports may not exactly match the quota level; we have assumed model year imports of 1.85 million rather than the actual 1.885 million units that were imported in model year 1985. Actual assemblies were 117,000 for model year 1984 and 134,000 for calendar year 1984. In the analysis, we assumed total assemblies of 261,000 units, consistent with 1985 capacity plans displayed in Table 3. This results in an increased supply of 144,000 U.S. assembled Japanese automobiles over model year 1984 sales.

RESULTS OF THE ANALYSIS

Tables 4 and 5 display the results of the analysis, assuming respectively that CAFE standards are relaxed so as to be nonbinding and that domestic manufacturers reprice their small and large cars so as to achieve a domestic fleet average of 26.0 mpg.

Scenario 1—VRA Eliminated, Cafe Regulation Nonbinding: Table 4 shows Japanese imports about 690,000 units higher and U.S. assemblies about 35,000 units lower than the base case. Prices of Japanese imports fall about $1200. U.S. producers lose about 240,000 sales, 200,000 small cars and 40,000 large cars. Prices of U.S. small cars decrease by about $260, while prices of U.S. large cars are virtually unchanged. The Japanese share of the market increases from 18.2 percent to 28.2 percent in this scenario.

In this scenario, the elimination of the VRA increases the supply of Japanese cars and depresses prices and sales of U.S. small cars, but has a much more modest effect on the large car market. The U.S. fleet average fuel economy falls, but only by 0.1 mpg, to 25.2 mpg. Because the increase in sales of Japanese small cars is greater than the decrease in sales of U.S. small cars, the average mpg of all cars sold increases 0.4 mpg, from 26.7 to 27.1 mpg.

Consumers gain about $4.1 billion in this scenario, $3.0 billion on Japanese cars and $1.1 billion on U.S. cars. U.S. producers lose $1.1 billion in earnings, eighty percent of which is lower earnings on small cars. Earnings of foreign producers fall by $2.2 billion, 98 percent of which is borne by Japanese producers. U.S. automotive industry employment is about 30,000 lower. Consumer gain is about $136,000 per automotive job reduced.

To check the sensitivity of the results to the supply elasticity assumption, we performed alternative simulations setting the supply elasticities of Japanese imports and U.S. production equal to 4.0, rather than 2.0. This alternative assumption results in a price reduction for Japanese cars of about $1600, and an increase in imports of 960,000 units. Total production of U.S. cars falls by 450,000 units, and prices of U.S. small cars fall by about $200. Compared to the results reported in Table 4, the increase in Japanese imports is about 40 percent greater and the reduction in U.S. output almost twice as great.

Scenario 2—VRA Eliminated, U.S. Fleet mpg Increases to 26.0: Table 5 shows Japanese imports about 620,000 units higher and U.S. assemblies about 38,000 units lower than the base case in this scenario. Prices of Japanese imports fall about $1500 for basic small cars and $1100 for luxury small cars. To shift market mix from large to small cars, and to respond to the increased supply of Japanese cars, U.S. producers reduce prices of basic small cars by about $1,000 and prices of luxury small cars by about $300, while increasing large car prices nearly $500. Sales of U.S. basic small cars increase by about 550,000 units, while sales of U.S. luxury small cars and large cars decrease by 30,000 and 520,000 units respectively, offsetting the increase in small car sales. The Japanese share of the market increases from 18.2 percent to 25.1 percent in this scenario.

In this scenario U.S. manufacturers reprice their cars to shift sales from large to small cars in the face of increased supplies of Japanese imports, increasing the average fuel economy of the U.S. fleet from 25.3 mpg to 26.0 mpg. Average fuel economy of all cars sold increases from 26.7 mpg to 27.6 mpg, an increase of 0.9 mpg, reflecting both the increase in Japanese small car sales and the 0.7 mpg increase in U.S. fleet fuel economy.

Consumers gain about $3.7 billion in this scenario, $3.2 billion on Japanese cars. In the U.S. car market, consumers gain $2.4 billion in the small car segments but lose $1.9 billion from the increase in large car prices, for a net gain of $0.5 billion on U.S. cars.

This scenario also shows U.S. producer earnings falling by $1.5 billion. Small car earnings fall by $3.1 billion, but large car earnings increase by $1.6 billion. Foreign producer earnings are also lower than in the base case, by about $2.5 billion. U.S. automotive industry employment is about 11,000 lower. Consumers gain about $326,000 per automobile job reduced.

To check the sensitivity of the results of this scenario to the supply elasticity assumption, we again performed alternative simulations setting the supply elasticities of Japanese imports and U.S. production equal to 4.0, rather than 2.0. This alternative assumption results in a price reduction of about $1,800 for Japanese basic small cars and $1,500 for Japanese luxury small cars, and an increase in imports of 840,000 units. This increase is about 35 percent greater than that shown in Table 5. Sales of U.S. basic small cars increase by 540,000 units and prices fall by about $1,100 per unit, roughly equal to the amounts shown in Table 5, but a greater reduction in large car sales results in a net loss of 130,000 U.S. sales.

TABLE 1.—PARAMETERS USED IN THE ANALYSIS

Demand elasticities	Japanese		United States		
	Basic small	Luxury small	Basic small	Luxury small	Large
Japanese basic small	−4.00	0.83	2.74	1.15	
Japanese luxury small	0.37	−3.50	0.62	1.63	2.57
U.S. basic small	0.83	0.42	−4.00	0.64	0.63
U.S. luxury small	0.24	0.77	0.45	−3.50	1.85
U.S. large	0.02	0.10	0.04	0.16	−2.50

Supply elasticities: U.S. production, 2.0. Japanese cars: Imports, 2.0. U.S. assemblies, 1.0.
Employment factors (cars per job): U.S. production: basic small 8.1; luxury small 7.3; and large 6.6. Japanese imports: 234. U.S. assemblies: 31.

TABLE 2.—INITIAL CONDITIONS

	Model year 1984 market	Base case scenario
Sales (in thousands):		
Japanese cars:		
Imports:		
Basic small cars	915	882
Luxury small cars	969	969
Subtotal	1,885	1,851
U.S. assemblies:		
Basic small cars	0	121
Luxury small cars	117	140
Subtotal	117	261
Imports and assemblies:		
Basic small cars	915	1,003
Luxury small cars	1,087	1,109
Subtotal	2,002	2,112
European imports:		
Basic small cars	36	36
Luxury small cars	71	70
Large cars	180	180
Subtotal	287	286
U.S. cars:		
Basic small cars	1,691	1,671
Luxury small cars	1,788	1,774
Large cars	4,320	4,314
Subtotal	7,799	7,759
All Cars:		
Basic small cars	2,642	2,710
Luxury small cars	2,945	2,953
Large cars	4,500	4,494
Subtotal	10,087	10,157
Prices:		
Japanese basic small	$7,600	$7,350
Japanese luxury small	$11,700	$11,540
U.S. basic small	$7,900	$7,950
U.S. Luxury small	$10,000	$9,960
U.S. large	$12,400	$12,390

TABLE 3.—U.S. ASSEMBLIES OF JAPANESE AUTOMOBILES

	1984	1985	1986	1987
Basic small cars:				
Honda Civic			75	150
Nissan Sentra		25	100	100
NUMMI Nova (GM-Toyota)		100	200	250
Subtotal	0	125	375	500
Luxury small cars:				
Honda Accord	150	150	150	150
Mazda 626				50
Subtotal	150	150	150	200
Total	150	275	525	700

TABLE 4.—SCENARIO 1—VRA ELIMINATED, CAFE REGULATION NONBINDING

	Price (dollars)	Sales (thousands)	Imports (thousands)	U.S. assemblies (thousands)
Japanese basic small	6,110	1,412	1,312	100
Japanese luxury small	10,340	1,355	1,229	126
Subtotal		2,767	2,541	226
European imports		278	278	
U.S. basic small	7,590	1,560		
U.S. luxury small	9,700	1,682		
U.S. large	12,340	4,278		
Subtotal		7,519		
Total		10,564	2,819	226
U.S. fleet MPG 25.2, total fleet MPG 27.1.				
Change from base case:				
Japanese basic small	−1,240	409	430	−21
Japanese luxury small	−1,200	246	260	−14
Subtotal		655	690	−35
European imports		−8	−8	
U.S. basic small	−260	−112		
U.S. luxury small	−260	−92		

TABLE 4.—SCENARIO 1—VRA ELIMINATED, CAFE REGULATION NONBINDING—Continued

	Price (dollars)	Sales (thousands)	Imports (thousands)	U.S. assemblies (thousands)
U.S. large	−50	−36		
Subtotal		−240		
Total		415	682	−35

U.S. fleet MPG −0.1, Total fleet MPG 0.4.

Change in economic welfare (billions of dollars):
U.S. consumers 4.12, U.S. producers −1.10, U.S. total 3.02.
Foreign producers (includes European imports) −2.20.
Automotive employment reduction 30,300.
Consumer gain per automobile job reduced $135,700.

TABLE 5.—SCENARIO 2—VRA ELIMINATED, U.S. FLEET CAFE SET AT 26.0 MPG

	Price (dollars)	Sales (thousands)	Imports (thousands)	U.S. asssemblies (thousands)
Japanese basic small	5,880	1,326	1,229	97
Japanese luxury small	10,400	1,369	1,243	126
Subtotal		2,695	2,472	223
European imports		275	275	
U.S. basic small	6,840	2,208		
U.S. luxury small	9,680	1,750		
U.S. large	12,850	3,816		
Subtotal		7,774		
Total		10,744	2,747	223
U.S. fleet MPG 26.0; total fleet MPG 27.6.				
Change from base case:				
Japanese basic small	−1,470	323	347	−24
Japanese luxury small	−1,140	260	274	−14
Subtotal		583	621	−38
European imports		−10	−10	
U.S. basic small	−1,010	536		
U.S. luxury small	−280	−24		
U.S. large	460	−498		
Subtotal		14		
Total		597	611	−38

U.S. fleet MPG 0.7; total fleet MPG 0.9.

Change in economic welfare (billions of dollars):
U.S. consumers 3.69, U.S. producers −1.51, U.S. total 2.18.
Foreign producers (include European imports) −2.40.
Automotive employment reduction 11,300.
Consumer gain per automobile job reduced $326,400.

JAPANESE GOVERNMENT "EXTERNAL ECONOMIC MEASURES:" THE U.S. GOVERNMENT'S ASSESSMENT OF THEIR IMPLEMENTATION AND IMPACT, OCTOBER 1984

ATTACHMENT TO QUESTION 1

INTRODUCTION

This report assesses Japan's implementation to date of commitments contained in five sets of "external economic measures" which the Japanese Government has announced over the past three years, and evaluates the impact of those commitments as market opening measures.

The report discusses Japan's commitments in the context of the markets or sectors they were intended to liberalize. The description of Japanese liberalization commitments is divided into three parts for each market. First, we identify the market opening commitments that were contained in each trade initiative. Second, we describe the implementation to date of those commitments. Finally, we evaluate the effect that the implementation of those commitments has had on market access, and identify any remaining barriers to trade in that market. The appendix contains a brief description of Japan's five sets of "external economic measures."

This report is not intended to comprise a catalogue of every bilateral trade commitment made by the Japanese Government over the past three years. Japan has made a number of market opening commitments outside of the context of the five trade initiatives. Instead, this report focuses on the "external economic measures" as the most visible and comprehensive Japanese Government attempts to address the concerns of the United States and Japan's other trading partners regarding the need for increased foreign access to the Japanese market.

By focusing on the Japanese Government's unilaterally issued "external economic measures," however, this report necessarily excludes some issues of interest to the United States on the U.S.-Japanese bilateral trade agenda. Because the trade initiatives have been presented as comprehensive sets of market opening measures, addressing issues of interest to all of Japan's trading partners, the Japanese Government has been selective in its response to U.S. concerns, and several outstanding bilateral issues have never been addressed in the trade initiatives.

The U.S. Government compiled a comprehensive list of Japanese trade barriers in a report released in November 1982, entitled "Japanese Barriers to U.S. Trade and Recent Japanese Government Trade Initiatives." An update of that report is in progress. We refer the reader to that report or its update for a full description of impediments to market access in Japan.

OVERVIEW

The goal of U.S. trade policy towards Japan has been to achieve access for U.S. goods, services, and investment in the Japanese market equal to that enjoyed by Japan in the U.S. market. One of the stated purposes of Japan's "external economic measures" has also been to improve the access of foreign products, investment and services to the Japanese market. This goal is reflected in statements accompanying several of Japan's trade initiatives:

"These measures have been designed with the overall aim of firmly maintaining the free trading system and contributing to the revitalization of the world economy through achieving an expansion of trade on a balanced basis . . . Japan's market opening measures are not only a demonstration of Japan's commitment to this system, but also willingness to assume equivalent domestic political risks in support of this system." (January 13, 1983)

". . . by taking various steps . . . the Government intends to move beyond mere market opening into the realm of active import promotion." (October 21, 1983)

"Japan has steadfastly implemented the series of economic measures hitherto decided upon, thus making efforts in opening its markets and promoting imports." (April 27, 1984)

It is thus appropriate to review these commitments and their implementation in the context of the degree to which they have improved foreign access to the Japanese market.

The scope for increasing Japan's imports of primary products is limited; thus, the goal of many of Japan's market opening measures has been to increase imports of manufactured products. Between 1980 and 1983, Japan's share of manufactured imports as a percent of total imports increased about 3 percent, from 21 to 24 percent. Japan's manufactured imports rose in value from $30 to $31 billion over this period. Japan's imports of manufactured products from the U.S. increased from approximately $10.1 billion in 1980 to $11.8 billion in 1983.

Most of the increase in Japan's ratio of manufactured imports to total imports, however, resulted from an absolute decline in total and non-manufactured imports. Furthermore, the rise in the value of Japan's manufactured imports largely reflected price increases.

The increase in Japan's manufactured imports from the United States also cannot be directly linked to Japan's market opening measures. First, bilateral trade flows are influenced by a wide range of factors, such as exchange rates and divergent economic cycles, and thus it is difficult to isolate the effects of individual market opening measures. Second, many of the Japanese Government's trade liberalization measures have not yet been fully implemented, so their impact has not been felt. Finally, U.S. exporters cannot expect to reap the full benefits of market opening measures, as third country exporters also benefit from such policies. Therefore, this report evaluates Japan's market opening actions by assessing the extent to which they have created new opportunities in the Japanese market for U.S. exporters and investors.

On the whole, Japan's external economic measures have improved foreign access to the Japanese market. However, significant barriers to trade remain in a number of sectors.

Some of the commitments announced by the Japanese Government could remove key barriers to market access and result in substantially expanded market opportunities for foreign exporters and investors. These commitments, which concern Japan's tobacco, telecommunications and financial services markets, have all been made within the last year, however, and their market opening impact will depend very heavily on the manner in which they are implemented.

The primary barrier to foreign penetration of the Japanese tobacco market has been the presence of the Japan Tobacco and Salt Public Monopoly Corporation (JTS), a government monopoly controlling pricing and distribution in the Japanese manufactured tobacco market. Early Japanese commitments to reduce tariffs and expand retail distribution outlets available to foreign brands were implemented, but have had little effect on the U.S. share of the Japanese market. In April 1984, the Japanese Government announced that it was submitting legislation to the Diet which would end the JTS monopoly and liberalize the Japanese tobacco market. The market opening impact of this legislation, which will take effect on April 1, 1985, will depend very heavily on the manner in which it is implemented.

U.S. penetration of Japan's telecommunications equipment and services markets has been kept low due to the presence of another government monopoly, the Nippon Telegraph and Telephone Public Corporation (NTT). Also in April, the Japanese Government announced that it was submitting legislation to the Diet to privatize NTT and liberalize the Japanese telecommunications market. The actual impact of this legislation, once passed, will also depend on the manner in which it is implemented.

Commitments in the trade initiatives have resulted in partial market opening in the areas of standards, tariffs, agricultural quotes, customs procedures, NTT procurement, direct investment, and energy.

All five announcements have included commitments to liberalize Japanese standards and certification practices. Although the statutory framework for implementing the Japanese Government's commitments has been completed, full implementation at the administrative level has not yet been achieved. Because progress has been slow, many of the policy pronouncements included in recent announcements repeat previous commitments regarding standards and certification.

Tariff reductions have also been included in each of the five sets of external economic measures. Although Japan has the lowest average overall tariff rate in the industrialized world, tariffs on individual items remain high, particularly on certain manufactured and high value-added agricultural products. Japan has reduced tariffs on items of significant trade interest to the United States. However, many tariff cuts included in the trade initiatives have been of only marginal benefit for U.S. exporters, due to the small size of the reductions or the low volume of U.S. exports of affected products. Many items remain on which tariff cuts would afford a significant increase in market opportunities for U.S. exporters.

The Japanese Government has begun to implement its commitments to expand agricultural quotas. In announcing measures to expand its beef and citrus quotas in August 1984, the Japanese Government addressed the leading agricultural trade issue between the United States and Japan. However, the United States is still seeking a commitment from the Japanese Government to eliminate its residual import restrictions on all agricultural products.

Japanese Government commitments to improve customs procedures have also been implemented, but have had only a marginal impact because the problems addressed by the commitments have not constituted significant market impediments for U.S. exporters. The Japanese Government has expressed little willingness to study a U.S. suggestion that Japanese Government ministries delegate more clearance authority to Japanese Customs so as to expedite clearance procedures.

Included in the external economic measures has been a Japanese Government commitment to improve NTT procurement practices, through implementation of the bilateral agreement with the United States covering NTT procurement practices. NTT has implemented the technical and procedural aspects of the Agreement, but the United States believes that further progress can be made in increasing NTT's procurement of sophisticated core network telecommunications equimpent from U.S. firms.

The Japanese Government has implemented commitments to improve procedures for approving and facilitating foreign direct investments. However, the U.S. Government believes that it would be helpful for the Japanese Government to improve further the investment climate, which would enhance the ability of U.S. investors to compete in Japan and, thus, stimulate greater investment flows.

On Energy, the Japanese Government has implemented commitments to send a private sector coal mission to the United States and to encourage energy feasibility studies. However, meaningful commitments to increase purchases of U.S. coal or gas have not yet materialized.

Areas in which Japanese commitments have not been specific or remain unimplemented include government procurement, services, and import promotion.

In its October 1983 trade initiative, the Japanese Government made a commitment to ensure that its government procurement practices are in conformity with the GATT's Government Procurement Code. However, Japanese Government agencies continue to use single-tendering procedures extensively.

The only commitment included in the Japanese trade initiative affecting services was a commitment to "work toward an appropriate solution" on legal services. A number of services issues remain unaddressed, including Japanese restrictions on the use of maritime high cube containers, the inability of U.S. shipping lines to obtain contracts for shipment of leaf tobacco, and restrictions on the access of U.S. firms to Japan's Bank Related Credit Card Association.

Japanese trade initiatives have included a variety of import promotion measures, including the creation of an Office of Trade Ombudsman to respond to foreign complaints regarding market barriers, import promotion missions, and high-level statements encouraging increased imports of manufactured products. The practical effect of such actions and statements is impossible to evaluate, however, because they have never been accompanied by any yardsticks with which to evaluate their success.

Finally, the most recent set of external economic measures included two statements which were not market opening measures, per se, but which dealt with two areas of primary importance to the United States.

The first statement was that foreign satellite procurement by Japanese Government agencies would be permitted, subject to considerations of "consistency with the national space development policy." The U.S. Government has sought clarification of this condition, but so far the Japanese Government has not responded to this request. It remains to be seen whether this policy statement will lead to purchases of foreign-manufactured satellites.

The second statement noted the Japanese Government's decision to delay the introduction to the Diet of a proposal to eliminate copyright protection for computer software, and to consider "international harmony" in developing new proposals. No commitment was made to abandon the proposal.

INDUSTRIAL TARIFFS

I. Japanese market opening commitments

Trade Initiative of December 16, 1981

The Japanese Government announced it would accelerate implementation of Japan's Tokyo Round tariff reductions which were scheduled for 1983 and 1984. This measure affected 1,653 items, of which 1,539 were mining and manufactured products. The tariff acceleration covered about 43% of all Japan's dutiable imports. As a result, the average tariff rate of the affected items was reduced from 8% to 6.75%. Among the non-

agricultural products covered were computers, integrated circuits, scotch whiskey, aluminum ingots, tungsten, golf balls and some auto parts.

Trade Initiative of May 28, 1982

The Japanese Government announced it would eliminate tariffs on 96 industrial products, including certain machine tools, cut diamonds, some domestic appliances (air conditioning equipment, refrigerators, vacuum cleaners, washing machines and microwave ovens), watches, boilers and turbines, electric generators, digital calculating machines, televisions and electric generators. This increased the number of industrial products that enter Japan duty free to about 550.

The Japanese Government reduced rates on 102 industrial items, including computers, nuclear reactors, telephone switchboards, and medical and diagnostic equipment, on an accelerated schedule. The 7% tariff rate on computers and 8.7% rate on computer parts were jointly reduced to 4.9%. Duties on computer peripherals dropped to 6%. The Japanese Government also reduced tariff rates two years ahead of schedule on several other industrial products (automotive tires, catalytic agents and steel) to levels below the proposed rates agreed upon in the Tokyo Round. Some 36 articles, such as lighters, eyeglass frames and ballpoint pens, were no longer subject to a surcharge. As a result, the average tariff rate on the affected 198 industrial items fell from 6.2% to 3%, and the average tariff rate for all industrial products fell from 3.45% to 3.27%.

Trade Initiative of December 25, 1982

The Japanese Government announced that it would reduce or eliminate tariffs on 28 industrial products. Japan's kraft paper tariff was reduced from 11.8% to 9.3%. Other items receiving a tariff reduction included blank magnetic tapes, cash registers and paperboard. The 5.9% tariff on farm tractors and the 7.5% tariff on numerically controlled machine tools were completely eliminated. The duty exemption on several other types of farm equipment (hay balers, mowers, harvesters, feeders and silos) was extended until 1986. The May and December tariff packages together affected 11% of all Japan's dutiable imports.

Trade Initiative of October 21, 1983

The Japanese Government announced that it would reduce or eliminate tariffs on 47 items, including paper products and agricultural machinery. In particular, the 13.1% particleboard tariff was reduced to 12%, and the 11.6% tariff on wrapping paper fell to 9.3%. Japan offered to eliminate its tariffs on semiconductors if the United States would do the same. In addition, Japan committed itself to accelerating scheduled Tokyo Round tariff reductions on 1,280 items, most of which were manufactured products, by one year. The package covered 27.6% of all Japanese dutiable imports.

Trade Initiative of April 27, 1984

The Japanese Government announced that it would reduce or eliminate tariffs on 31 industrial items. Tariffs will be reduced on color photographic film and kraft paper. The Japanese bottled wine tariff (which varies according to price) will also be reduced, although the tariff reduction will be accompanied by an excise tax increase. Japan also proposed advanced implementation by two years of its scheduled Tokyo Round reductions on 1,130 industrial products if the European Community and the United States would do likewise. Furthermore, Japan committed itself to expand the number of items allowed duty-free entry under the GATT Agreement on Trade in Civil Aircraft.

II. Implementation of commitments

Tariff cuts announced on December 16, 1981, were implemented on April 1, 1982. Tariff cuts announced on May 28, 1982, and December 25, 1982, were implemented on April 1, 1983. Reductions announced on October 31, 1983 were implemented on April 1, 1984. However, elimination of Japan's semiconductor tariff still awaits implementation of parallel U.S. legislation.

The tariff cuts announced on April 27, 1984, will be deliberated by Japan's Tariff Deliberation Council, which makes the final decision on all tariff changes, when it holds its annual meeting in December. There is no reason to believe that the Council will not endorse the announced tariff reductions, which would become effective on April 1, 1985. The Diet has already passed legislation to expand the list of duty free civil aircraft items beginning January 1, 1985. Japan's willingness to accelerate its Tokyo Round Tariff reductions is dependent upon similar action by the United States and the EC. The Congress has not yet passed such legislation.

III. Applicability to U.S. interests

Japan has the lowest average tariff rate in the industrialized world; Japan's average tariff rate is 2.5%, compared to the European Community's average rate of 2.6%, and an average rate of 3.2% for the United States. However, certain Japanese tariffs for manufactured (and value-added agricultural) products remain high, and inhibit penetration of the Japanese market by competitive foreign imports. In response to U.S. concerns, Japan has included unilateral tariff reductions in each of its five sets of market opening measures. These tariff reductions have been of interest to all of Japan's trading partners, and have not exclusively benefitted U.S. exporters.

The impact of the tariff accelerations announced in December 1981 was thought to have only a marginal impact on U.S. exports to Japan.

Tariff reductions in the May 1982 trade initiative which were of particular interest to U.S. exporters included computers and related items, photographic film, medical equipment and machine tools. The impact of many of the reductions, however, was regarded as limited since foreign companies would have to compete for market share with highly competitive Japanese producers of these items. Moreover, since the affected tariffs were generally already quite low, further reductions probably had a limited impact on trade.

Although the December 1982 tariff concessions covered roughly $180 million in U.S. industrial products exports to Japan in 1981, the tariff cuts were too small to spur increased exports. The concessions on paperboard and kraft paper, for example, affected meaningful levels of bilateral trade, but ranged from only one to three percentage points on existing tariffs which were in a range of six to twelve percent. Another tariff reduction of interest to the United States affected magnetic tape. The elimination of tariffs on numerically controlled machine tools was regarded as a response to the pending Houdaille trade petition. The continuation of the tariff exemption on certain agricultural equipment was a response to a U.S. request.

Approximately 14 of the 47 industrial products tariff reductions contained in the October 1983 trade initiative were of existing trade interest to the United States. Of special interest were the tariff reductions on wrapping paper and particleboard. In general, however, the tariff reductions were quite shallow and, at most, may have had a slight positive impact on U.S. exports. Elimination of Japan's semiconductor tariffs would significantly assist U.S. exports of similar products.

When implemented, the April 1984 tariff reductions will reduce or eliminate certain tariffs in several areas of real trade interest to the United States, including photographic film, farm machinery and alcoholic beverages. Of the 31 tariffs on manufactured products on the list, 25 are of interest to the United States. These items account for roughly $500 million in 1983 U.S. exports to Japan. Other tariff reductions of U.S. interest include hay balers, unwrought magnesium, and auto emission catalysts. The tariff reductions in the April package, the most comprehensive to date, will have a positive impact on U.S. exports. The effect of the cuts on individual items will depend upon specific price elasticities. A major disappointment of the April 1984 initiative, however, was continued inaction on repeated U.S. request for tariff cuts on other products, notably forest products.

Subsequent to the announcement of the April initiative, the U.S. Government submitted an updated list of tariff reduction requests to the Japanese Government. This list included outstanding requests, in addition to requests for tariff cuts on several new items which would increase market opportunities for U.S. exporters, such as wrought and unwrought aluminum and aramid fiber.

AGRICULTURAL TARIFFS

I. Japanese market opening commitments

Trade Initiative of May 28, 1982

In early May 1982, the U.S. Government provided a tariff reduction request list to Japan which included 93 categories of agricultural products. The total value in 1981 of Japan's imports in these categories was over $1,075 million.

On May 28, 1982, the Japanese Government offered to accelerate tariff cuts to the final MTN rate for several items on the U.S. request list and to unilaterally reduce the duty on other items. Of the 15 agricultural items covered in the trade initiative, the tariff cuts on seven items fully met the U.S. requests. Among the products on which tariff cuts were accelerated were: turkey meat, lemons and limes, sweet almonds, macadamia nuts, soybean oil, corn oil, chocolate confectionery products, pastry biscuits, lemon and lime juice, and salad dressings. The Japanese Government offered to reduce tariffs below the final MTN rate (though still higher than the requested U.S. cuts) on duck meat, pistachios, and peanut butter.

Trade Initiative of December 25, 1982

The Japanese Government announced tariff reductions on a total of 60 agricultural products. Of particular note were the large tariff reductions on chocolate confectionery and biscuits with sugar. Some 18 items in the package, including a number of horticultural products and brandy, were not on the U.S. tariff request list.

Trade Initiative of October 21, 1983

This initiative included tariff reductions on three agricultural products: boneless chicken, bananas and palm oil.

Trade Initiative of April 27, 1984

This initiative included tariff reductions on 32 agricultural products. Twenty of these cuts constitute new tariff reductions, while the remaining twelve cuts are accelerations of the final Tokyo Round tariff reductions.

II. Implementation of commitments

The tariff reductions announced in May 1982 became effective on April 1, 1983. The reductions announced in October 1983 became effective on April 1, 1984. The cuts announced in the April 1984 trade initiative are expected to become effective on April 1, 1985.

III. Applicability to U.S. interests

The total value of Japan's imports of agricultural products covered by tariff reductions announced in the May 1982 trade initiative was $146 million. The average duty on these items was reduced from 19.4% to 16.8% (excluding the specific duties on corn oil and soybean oil). Before the cuts, tariffs on these items ranged from 5.9% to 36.3%. After the cuts, this range was 4% to 34%.

The December 1982 trade initiative covered $152 million in U.S. exports of agricultural products to Japan in 1981. The tariff cuts reduced the average tariff on these items from 14.5% to 11.8%. Before the cuts, this range was 0% to 30%.

It is not possible to assess the precise impact of the tariff cuts contained in the 1982 trade initiatives due to the incremental nature of the reductions. The impact of these cuts, if any, has probably been minor.

Although one of the three agricultural categories included in the October 1983 tariff cuts was on the U.S. tariff reduction request list (boneless chicken), the decrease in the duty from 20% to 18% on this product will primarily benefit Southeast Asian producers. The value of Japan's imports of boneless chicken from the United States in 1981 was $25.5 million. The impact of these tariff cuts on U.S. exports is expected to be small.

The 1982 value of U.S. exports to Japan of agricultural products on which tariff cuts were announced in the April 1984 trade initiative was $460 million. While the overall impact of these cuts on U.S. agricultural exports is expected to be minor, some items may benefit measurably from the cuts, including meat products, whey, peanut butter, soy protein and canned corn.

The U.S. Government recently submitted an updated tariff reduction request list to the Japanese Government, which includes requests for tariff cuts on 50 agricultural items. Included on this list are fresh grapefruit, walnuts and wine.

AGRICULTURAL QUOTAS

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

As the result of numerous bilateral consulatations over the past two years, the Japanese Government announced the elimination of quotas on hi-test molasses and other sugars, certain fruit purees and pastes, some fruit pulps, selected fruit juices, and various other food preparations containing added sugar. Import quotas on prepared and preserved pork will be eliminated in Japan Fiscal Year 1985 (which begins on April 1, 1985), while quotas on grapefruit juice will be eliminated in Japan Fiscal Year 1986.

The Japanese Government will retain import quotas, but expand their size, on beef, fresh oranges, orange juice, peanuts, non-citrus fruit juices, tomato ketchup and sauce, as well as a number of other value-added agricultural products.

II. Implementation of commitments

Japan is now beginning to implement its commitments to expand its agricultural quotas. Some U.S. followup may be necessary to ensure that certain aspects of Japan's trade liberalizing measures are implemented on schedule.

III. Applicability to U.S. interests

The estimated value of increased beef and citrus trade as a result of Japanese measures to liberalize imports is approximately $400 million over the next four years. It is too soon to make a precise assessment of the impact of Japan's liberalization of other import quotas. However, the U.S. Government estimates that U.S. exports will increase by several million dollars.

As a result of Japan's actions expanding its agricultural import quotas, the U.S has postponed for two years its GATT action against Japan on 13 of the 18 agricultural categories subject to imports quotas. In Japan Fiscal Year 1987 the U.S. and Japanese governments will again discuss liberalization of Japan's beef and citrus imports.

The U.S. objective in this area is complete elimination of Japan's import quotas in 18 agricultural categories. The U.S. believes these quotas have been inconsistent with GATT rules since 1963.

STANDARDS

I. Japanese market opening commitments

Trade Initiative of January 10, 1982

This initiative included a list of 99 trade problems, 94 of which were standards-related. The Japanese Government took measures to resolve only 10% of these issues. Specific standards issues which were addressed included:

Sporting goods: Guidance will be given to sports organizations to accept foreign-made products;

Cosmetics: foreign test data will be accepted. Registration procedures for formula changes will be simplified. Approval procedures will be simplified;

Health care: Permission for transfer of manufacture and import licenses among enterprises will be given. Foreign non-clinical test data will be accepted.

Trade Initiative of May 28, 1982

Transparency.—Foreign participation in standards drafting committees will be allowed.

Specific products.—Sporting goods: Further official guidance will be given to sports organizations directing national treatment, conformity with international standards, simplification of inspection procedures, and publication of standards and approval system;

Cosmetics: Additions were made to list of approved ingredients. JCIA will publish ingredients. Registration for minor formula changes and name changes will be simplified. Foreign animal test data will be accepted;

Pharmaceuticals; Toxicity test standards will be clarified. Standards for drugs for material use will be established. Foreign animal test data will be accepted.

Trade Initiative of January 13, 1983

A review of standards and certification systems was announced. The review resulted in further commitments to improve Japan's standards and certification system, announced on March 26, 1983. These commitments are described below.

General provisions.—To amend laws to prevent discrimination against foreign firms. Foreigners will apply for and receive certification directly, and receive equal treatment in testing methods;

To simplify certification procedures for motor vehicles, pharmaceuticals, medical devices, electrical appliances, and animal and plant quarantine;

To simplify pre-import procedures.

Transparency.—To compile and publish a directory of standards-drafting and revising activities, and to provide notification of such activities through government and private sector publications;

To provide a mechanism for comment from the outset of the standards drafting process;

To extend the Standards Code comment period from 45 days to 9 weeks;

To take steps to ensure that transparency, non-discrimination, and conformity with international standards are maintained in non-governmental standards drafting bodies.

Specific products.—Chemicals: To work towards early introduction of Good Laboratory Practice standards (GLPs);

Plywood: Standards revised, New standard will be adopted on plywood with "white pocket";

Electric appliances: To accept foreign inspection data;

Cosmetics: List of additional permissible ingredients will be published. Consumer preference testing will be permitted as of April 1983;

Health care: Transfer of approval for imports among enterprises will be simplified as of April 1983;

Pharmaceuticals: Distinction between pharmaceuticals and food stuffs will be clarified. Foreign generated non-clinical test data which was not previously accepted will now be accepted;

Agricultural products: Commitment made to take steps to approve new food additives.

Trade Initiative of October 21, 1983

No commitments were announced. The initiative refers to "steady implementation" of the revisions to the laws governing standards and certification procedures. These laws were effective August 1, 1983. Followup measures will be taken based on the amendments to the laws to ensure the transparency of standards drafting processes, promote the internationalization of standards, etc.

Trade Initiative of April 27, 1984

General provisions.—Test data from foreign testing organizations which meet certain criteria will be accepted. Clear guidelines setting forth these requirements will be drawn up and published with respect to each certification system by the end of 1984.

Specific products.—Chemicals: CLPs for the testing of new industrial chemicals are to be drawn up and published soon. GLPs for agrochemicals will be adopted by March 31, 1985;

Pharmaceuticals: Further study will be given to acceptance of foreign clinical test data, including consultations with foreign countries on ethnic-based physiological differences, and an interim report will be issued by March 31, 1985. Examinations of approvals can start before "long term stability tests" are completed;

Electrical appliances: Japan has joined an international certification program for electrical appliances and is promoting harmonization with international standards;

Motor vehicles: The quantity of vehicles that can be approved under the "low volume

exemption" will be increased from 300 to 500.

II. Implementation of Commitments

Trade Initiative of January 10, 1982

Despite commitment of official guidance on sports equipment, U.S. metal baseball bats were not accepted until the fall of 1983. Commitments on cosmetics have been implemented. Transfer of health care products licenses has not been permitted, but foreign non-clinical test data is now accepted.

Trade Initiative of May 28, 1982

The inclusion of a commitment to permit foreign entities to participate in standards drafting activities seemed to be an earnest attempt to implement changes in traditional Japanese standards practices. The effectiveness of this commitment was undermined by the Japanese Government's failure to ensure that each affected agency issued guidance to the relevant industrial organizations. A significant number of American experts has not yet served on Japanese standards drafting committees.

Further guidance on sporting goods proved ineffective. Commitments on cosmetics were implemented; simplified registration and acceptance of foreign animal test data were implemented on March 31, 1982. The effect of clarification of toxicity test standards and the establishment of standards for drugs for material use were not precise enough to result in administrative reform. The commitment to accept foreign animal test data for pharmaceuticals was implemented on March 31, 1982.

Trade Initiative of January 13, 1983

The March 1983 recommendations included proposed revisions to 17 Japanese laws to establish the principle of non-discriminatory treatment of foreign products during approval procedures. The legislation to implement these changes was submitted to the Diet and passed in May 1983.

From March to December 1983, the Japanese Government provided notification to the GATT of 69 regulations under the Standards Code. Of these, 29 had comment periods of 9 weeks or more, 35 had comment periods of between 45 days and 9 weeks, and five had comment periods of less than 45 days.

Implementation of commitments in health care area was mixed. All non-clinical foreign test data is now accepted, but foreign clinical tests are still not accepted. Foreign clinical test data may be accepted by the spring of 1985. "Unfriendly" product approval transfers are permitted only in limited cases.

Excellent progress was made by the Ministry of Health and Welfare in resolving problems affecting the importation of cosmetics, such as publication of ingredients lists, simplified registration procedures, and acceptance of non-clinical test data.

Revision of the plywood standard was implemented. Progress was also made in the designation of new food additives. However, the promise to clarify the distinction between pharmaceuticals and health foods was not implemented. In addition, the Japanese Government did not establish a GLP for agricultural chemicals until October 1984.

Trade Initiative of April 27, 1984

The statement on acceptance of foreign generated test data was not new, but simply repeated previous Japanese Government commitments.

The commitment to adopt GLPs for industrial and agricultural chemicals also repeated previous statements by the Government of Japan. Despite a previous commitment in March 1983, the Japanese Government has moved slowly in adopting GLPs. Final GLPs for agricultural chemicals were issued in October 1984. Final GLPs for industrial chemicals will become effective in April 1985.

Despite a Japanese Government commitment to accept foreign clinical test data, no guidelines for the acceptance of such data have yet been established. As an example, the Ministry of Health and Welfare (MHW) has stated that the results of foreign clinical test data are "basically" acceptable for medical devices immune to ethnic differences. However, the MHW has repeatedly rejected U.S. requests to approve one such device based solely on foreign generated clinical test data. The MHW has retreated from its commitment by stating that its statement does not apply to "new modalities." In fact, the MHW has established no criteria for determining whether devices are immune to racial differences.

The commitment to examine applications for approval before long term stability tests are completed will benefit U.S. manufacturers by speeding up the approval process.

U.S. motor vehicle manufacturers utilize the low-volume exemption in the Japanese approval process for motor vehicles, but do not ship significant quantities to Japan. Hence, the increase in the exemption will have little impact on U.S. exporters.

III. Applicability to U.S. interests

In the past, U.S. exporters to Japan faced numerous technical barriers imposed by various Japanese ministries. Foremost among these barriers was the Japanese Government's policy of only permitting producers or products within its territory to obtain product approvals. As a consequence of this policy, all imported products were subject to burdensome and costly dock-side inspection procedures, to determine whether or not they conformed with Japanese requirements. Other barriers faced by U.S. exporters included non-transparent procedures, lack of adequate appeal mechanisms and a prohibition against access to important standards development committees. Since 1982, the Government of Japan has attempted to address standards-related trade barriers in each of its trade liberalization initiatives.

The most significant commitments made by the Japanese Government in this area have been to:

Make arrangements for foreign participation in standards-drafting committees;

Provide for direct access to Japanese approval schemes; and

Accept foreign-generated test data.

The statutory and regulatory framework for implementing these commitments has been completed, as evidenced by, for example, the revision in May 1983 of sixteen Japanese laws to provide for "direct access." However, full implementation of these commitments at the technical level has not yet been achieved.

Factory Inspection and Product Testing

Japanese regulatory procedures describe a two-step approval process. First, a producer's factory is inspected and registered. Second, sample products are tested and approved. These steps are generally conducted by quasi-governmental bodies called "designated entities."

American and other foreign suppliers gained "direct access" to the two-step Japanese approval process as a result of revisions made to sixteen regulatory statutes in 1983. The revisions have not benefitted a significant number of American suppliers because, wary of inspections and tests conducted by officials from "designated entities," Americans fear loss of business confidential information. To resolve this problem, the U.S. Government has requested that Japanese ministries designate U.S. testing firms to conduct inspections and tests in the United States according to Japanese criteria.

Towards this goal, the Ministry of International Trade and Industry has approved two U.S. testing firms to conduct factory inspections for American suppliers. In addition, the Ministry of Health and Welfare has approved one U.S. testing firm to test food products, and the Ministry of Agriculture, Forestry and Fisheries also approved a U.S. supplier to grade and label exports.

The announcement in the April 1984 trade initiative that Japanese ministries will accept American generated test data repeats past Japanese policy pronouncements on this issue. These previous announcements have not achieved significant results. For example, three years of efforts to obtain acceptance by the Ministry of Health and Welfare of clinical test data for health care products have been unsuccessful.

The recent announcement does not contain agreement by Japanese ministries to designate U.S. and other foreign firms to conduct the product tests required in step two of the Japanese approval process. On the contrary, some Japanese ministries are asking that U.S. testing firms enter into contracts with designated entities concerning the acceptance of test data. In the past, such contracts have been characterized as "mutual arrangements" and have been based on concepts of sectoral reciprocity. The incorporation of such concepts in Japan's unilateral instutition of import promotion activities is inappropriate in the context of the U.S.-Japan trade relationship.

Participaton in Standards Drafting Committees

American experts have yet to benefit from a Japanese commitment in the May 1982 trade initiative to permit foreign input in standards drafting committees. The 1982 announcement set up a means for American experts to participate in the activities of "private" associations, since foreign nationals cannot directly participate in ministerial activities under Japanese law. Many "private" Japanese associations draft technical specifications that are subsequently adopted as regulations by Japanese ministries. However, only MITI admits that this relationship exists and other ministries have largely ignored this commitment.

In 1983, MITI issued a list of 250 standards activities that eventually will be approved as "Japanese Industrial Standards" (JIS). No Americans actually joined in these activities, as adequate administrative procedures were not in place to process their requests. A new list, issued by MITI in July 1984, is currently being circulated to interested American experts.

CUSTOMS PROCEDURES

I. Japanese market opening commitments

Trade Initiative of January 10, 1982

The Japanese Government announced five new measures intended to facilitate clearance of imports by Japanese Customs. The measures were:

1) an "After Permit Examination" system, under which Japanese Customs may issue import permits before final examination of all relevant import documentation;

2) abbreviated examination of documentation for goods regularly imported by the same importer from the same exporter;

3) streamlining of documentation required by Customs to complete entry;

4) exemption from repeat physical inspection for repeat shipments, when the goods in each shipment are identical and when the importer and exporter are the same; and

5) a classification center at Tokyo Customs House to centralize classification problems.

Trade Initiative of May 28, 1982

The Japanese Government announced two new measures:

1) dismantling of the requirements for an importer of certain pharmaceuticals to file an import report to the Ministry of Health and Welfare, and broadening of the exemption from import formalities for small quantities to cover larger sample quantities; and

2) a system allowing food importers to file required import reports with the Ministry of Health and Welfare before the arrival of perishable products.

II. Implementation of commitments

All the measures described above, except the change for pharmaceuticals, were implemented by April 1, 1982. The pharmaceuticals change was implemented on May 1, 1982.

III. Applicability to U.S. interests

U.S. exporters have traditionally complained that Japanese customs clearance procedures are time-consuming and implemented in an inconsistent manner.

The measures included in the trade initiatives apply across-the-board to imports from all sources. U.S. producers ship large quantities of agricultural commodities which are uncontroversial and easily identifiable (such as corn and soybeans), and therefore likely to benefit from the measures designed to facilitate entry of repeat shipments. However, there have never been difficulties getting such agricultural products into Japan. The marginal effect on U.S. exports to Japan is therefore small.

The other measures generally ease Customs clearance procedures. Since Customs clearance procedures themselves do not pose significant barriers to U.S. goods, making entry procedures easier, though welcome, will not have major impact on bilateral trade flows. Nevertheless, certain exporters (pharmaceuticals, perishable products) are likely to gain direct benefits of importance to their businesses.

An outstanding U.S. concern in this area is the fact that the Customs Service holds goods on the docks in Japan until they have been cleared by other Japanese ministries, which can result in costly delays.

TOBACCO

I. Japanese market opening commitments

Trade Initiative of January 13, 1983

Tariffs on cigarettes and cigars to be reduced from 35% to 20%, with a compound tariff rate introduced for cigarettes. Tariff on pipe tobacco to be reduced from 60% to 35%. Tariff cuts to be effective as of fiscal year 1983.

Expansion of the number of retail outlets authorized to handle foreign brands to include all outlets in major cities other than Tokyo and Osaka, as of March 31, 1983. Outlets in Tokyo and Osaka to be included as of October 31, 1983. "Efforts will be made" to permit all outlets which wish to sell foreign products to do so by March 31, 1985.

Commitment to study the possibility of establishing an independent distribution network for imported tobacco products in tandem with the Japanese Government's analysis of the future of the Japan Tobacco and Salt Public Monopoly Corporation (JTS) as part of its overall efforts at administrative reform.

Trade Initiative of October 21, 1983

"The Government will actively promote improvement in the distribution systems for imported tobacco products."

Trade Initiative of April 27, 1984

Announcement that legislation has been introduced in the Diet by the Ministry of Finance to privatize JTS, end its monopoly on the importation and distribution—but not the manufacture—of tobacco products, and allow independent importation and distribution of tobacco products after registration with the Ministry of Finance. Pricing policies are to be set by manufacturers with Ministry approval. Among the conditions for approval will be that: (1) price must be uniform in all parts of Japan; (2) pricing policies do not violate Japan's Antimonopoly Laws; and (3) pricing does not constitute dumping.

The excise tax will be revised from wholly ad valorem to partially specific. The excise tax will now be composed of an 80% ad valorem component (based on the retail price), while the remaining 20% will be a specific tax.

Importers will be free to choose their own retailers. Efforts to expand number of retail outlets handling imported tobacco products will continue to be made while legislation is pending.

II. Implementation of commitments

Effective May 1, 1983, Japanese tariffs on imports of cigarettes and cigars were cut from 35% to an ad valorem equivalent of 20%, and those on pipe tobacco from 60% to 35%. However, concurrent with the tariff reduction, a tax surcharge of 20 yen per pack was imposed on cigarettes. Consequently, although the price differential between domestic and imported brands was reduced, the retail price of imports remained high.

As of March 31, 1983, the Japanese Government expanded the number of retail outlets authorized to handle foreign brands to include all outlets in major cities other than Tokyo and Osaka. According to U.S. industry sources, some 36,000 outlets were handling imported brands as of June 1983. Expansion in authorized retail outlets to Tokyo and Osaka proceeded on schedule.

Legislation to privatize the JTS was passed by the Japanese Diet on August 7, 1984. This legislation has an effective date of April 1, 1985.

III. Applicability to U.S. interests

For many years American tobacco manufacturers have been seeking increased access to the Japanese market, which had estimated retail sales of $10 billion in 1983. To date, U.S. producers, who are highly competitive in the world market, have been unsuccessful in securing more than a two percent share of the Japanese market. This small market share has been largely the result of pricing and other controls imposed by the Japan Tobacco and Salt Public Monopoly Corporation (JTS), the government monopoly controlling tobacco sales.

A November 1980 agreement between the U.S. Government and the Government of Japan resulted in tariff reductions on manufactured tobacco products from 90% to 35%; an increase in the number of retail outlets licensed to carry imported brands from 14,000 to 20,000; and the elimination of some marketing and advertising restrictions. In the wake of the agreement, U.S. sales increased only slightly, from 1.3% to 1.4% of the Japanese market.

The January 1983 tariff reductions covered approximately $60 million in U.S. exports of manufactured tobacco products. Although smaller than desired by the U.S. industry, these represented significant cuts. The effect of the tariff cuts on the competitiveness of U.S. products was reduced by the imposition of an additional surcharge on sales of tobacco products, however.

The presence of the JTS monopoly has severely limited the competitiveness of imported tobacco products in the Japanese market. Marketing restrictions include a requirement to test market new brands under conditions laid down by JTS that are more restrictive than those covering JTS' own brands. Restrictions on advertising expenditures, though ostensibly nondiscriminatory, work in favor of established domestic brands which are already familiar to Japanese consumers and against new foreign brands attempting to achieve market recognition.

Consequently, the passage by the Japanese Diet of legislation to privatize JTS represents a potentially significant market opening measure. Once implemented, the new measures will end the Japanese Government monopoly on distribution, enable U.S. firms to set prices independently of government direction (although prices will be subject to approval by the Ministry of Finance), and continue the expansion of the number of retail outlets permitted to handle tobacco products.

The actual market opening effect of this legislation will depend very heavily on the manner in which it is implemented, however. A significant U.S. concern is that the price approval process be truly transparent, essentially automatic, and neither arbitrary nor discriminatory. The U.S. Government will be following the implementation of these measures very closely.

The revision of the excise tax on cigarettes from a wholly ad valorem tax to one with a specific tax component is also a positive step. Although U.S. exporters would prefer that the excise tax be wholly specific, in order to eliminate the "tax on tax" effect in which the impact of the tariff is compounded by the excise tax, revision of the excise tax to include a specific component should enable a reduction in the retail price of imported cigarettes.

The statement in the April package that importers will be free to choose their own retailers is a response to a long-standing U.S. request. Although such retailers will have to be chosen from those licensed to sell tobacco products, criteria for new retailers to obtain licenses appear to be reasonable.

With an independent distribution system and fair price competition, the U.S. industry has estimated that it could increase its share of the $10 billion Japanese tobacco market from its current 1.8 percent share to a share of 20 percent.

TELECOMMUNICATIONS MARKET LIBERALIZATION

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

Reference was made to two bills pending in the Japanese Diet, the Telecommunications Business Bill and the Nippon Telegraph and Telephone Company Bill.

The Telecommunications Business Bill is "designed to introduce the idea of competition into the telecommunications market," which is currently dominated by Nippon

Telegraph and Telephone Public Corporation (NTT), a government-owned monopoly. Under the provisions of the bill, there are to be no restrictions on foreign investment in "Class II" telecommunications enterprises. (Class II enterprises are defined in the bill as those firms that lease telecommunications lines, rather than owning their own lines.) The Japanese Government made a commitment to ensure that, once the bill is passed, registration and notification procedures for Class II businesses will be simple and transparent. Implementation of the legislation will be reviewed within three years.

The Nippon Telegraph and Telephone Company bill will transform NTT into a private company. The Japanese Government made a commitment to ensure that competition between the privatized NTT and other telecommunications firms is fair.

II. Implementation of commitments

Both telecommunications bills are still pending in the Diet. The legislation is expected to pass the Diet in December 1984, and to become effective on April 1, 1985.

III. Applicability to U.S. interests

Until now, Japan's telecommunications services market has been closed to foreign firms due to the presence of NTT. In addition, imports have played a very small role in Japan's telecommunications equipment market, accounting for only 1.4% of consumption in 1983. Japan is the second largest national market in the world for telecommunications equipment, accounting for approximately 9% of world consumption and 11% of world production. NTT also accounts for the low level of import penetration in the telecommunications equipment market, as NTT's procurement comprises 40% of the market.

Passage of the telecommunications market liberalization bills could open up significant new opportunities in the Japanese market for U.S. exporters and investors. The real value of market liberalization, however, will depend very heavily on the manner in which implementing ordinances are framed and administered. U.S. Government officials are monitoring the progress of this legislation closely. Among the factors that will have an important effect on the ability of U.S. firms to compete in the Japanese telecommunications market are:

Registration and notification procedures:

Procedures which are transparent, objective, and non-discriminatory. Confidentiality for business plans submitted for registration purposes. Timely processing of applications.

Cross-subsidization between services:

Accounting procedures which prevent firms operating basic telecommunications services (such as NTT) from using fees from such services to subsidize rates for services in which they face foreign competition.

Standards:

Non-discriminatory testing procedures for certification of telecommunications equipment.

Passage of Japanese telecommunications liberalization, if implemented in a manner which permits foreign firms to compete on an equal basis in the Japanese market, could significantly expand market opportunities in two areas. First, it should expand opportunities for U.S. investors in Japan's telecommunications services market. Second, it should increase competition in Japan's telecommunications equipment market, thus creating new opportunities for U.S. telecommunications equipment producers.

NTT PROCUREMENT

I. Japanese market opening commitments

Trade Initiative of January 13, 1983

"[A]s part of the continued sincere implementation of internationally non-discriminatory and competitive procurement procedures, measures will continue to be actively taken to publicize information concerning the procedures and other aspects of procurement and to respond readily to those foreign companies wishing to participate in the NTT procurement, so as to facilitate their participation."

II. Implementation of commitments

NTT has fully implemented the technical and procedural requirements of the NTT Agreement. They have also taken a number of measures to help U.S. firms' sales efforts, such as holding seminars in Tokyo and several U.S. cities on how to sell to NTT. Sales by U.S. firms to NTT have increased from $15 million in 1981 to $140 million in 1983. However, the U.S. Government believes that U.S. firms can, and should, do considerably better.

III. Applicability to U.S. interests

During the first three-year agreement opening NTT procurement to foreign firms, which expired in December 1983, sales by U.S. firms to NTT increased from a negligible level in 1980 to about $140 million in 1983. But despite the sharp growth, 1983 sales accounted for only 4.5 percent of total NTT procurement. Moreover, little of what NTT has purchased from American firms has been high technology equipment of the type that is central to the telecommunications network and likely to promote the development of long-term relationships with American suppliers.

Nevertheless, given the importance of being able to compete for a share of the Japanese telecommunications market, which is the second largest in the world, the U.S. Government negotiated a renewal of the Agreement in 1983. The new three-year agreement, signed on January 30, 1984 by Ambassador Brock and Foreign Minister Abe, is one that we expect will enable our highly competitive firms in this field to make inroads into sales of sophisticated network-related equipment to NTT over both the short and long term.

The revised agreement reaffirms Japan's commitment to open NTT's sizable purchases to U.S. exporters, while strengthening that commitment in a number of ways. Among the improvements incorporated into the revised agreement are commitments by NTT to: treat U.S. and Japanese firms on an equal basis in all of NTT's R&D activities; accept bids in English at NTT's New York office; and aggregate purchases so as to make them commercially attractive to foreign suppliers. The new agreement also mandates annual reviews of NTT's performance in implementing its commitments. The key criteria that the United States will be looking for in the review are:

(1) significant and increasing sales volume and value;

(2) purchases of sophisticated core network equipment; and

(3) purchases of equipment of the type that will lead to long-term supplier relationships.

In addition, the U.S. Government will closely monitor the implementation of pending legislation to liberalize Japan's telecommunications market. Passage of this legislation could have two effects on NTT procurement from U.S. firms. First, changes in the legal status of NTT could affect the procurement agreement. The United States will continue to consult closely with the Government of Japan to ensure that this does not occur. Second, liberalization of Japan's telecommunications market should introduce an element of competition which should create a strong incentive for NTT to purchase equipment from the most competitive sources, regardless of nationality. With competitive procurement procedures, U.S. firms should be able to improve the volume of their sales to NTT.

GOVERNMENT PROCUREMENT

I. Japanese market opening commitments

Trade Initiative of October 21, 1983

"In line with the spirit of the Agreement on Government Procurement and from the viewpoint of continuing to ensure non-discrimination between nationals and non-nationals, even further efforts will be made to put the purport of the Agreement into practice (promotion of procurement through competitive tendering procedures, facilitation of the procedures for the qualification of suppliers, etc.). The attention of local governments will be drawn to the spirit of the Agreement."

II. Implementation of commitments

We have seen no evidence of action to open the government procurement market in Japan to foreign products through increased use of competitive procurement procedures. Japanese Government agencies continue to make extensive use of non-competitive procurement procedures.

III. Applicability to U.S. interests

The U.S. Government has been seeking an explanation from Japan on the extensive use by a number of Japanese Government agencies of the Government Procurement Code's exception for single-tendering. We are working to resolve bilateral government procurement issues within the context of the GATT Government Procurement Code.

LIT PROCUREMENT

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

The Government of Japan stipulated that, once telecommunications legislation passed the Diet, private firms will be able to purchase foreign-made communications satellites. In addition, a privatized NTT will be permitted to purchase foreign-made satellites, but only to the extent such purchases are "consistent with the space development policy." Similar conditions were applied to procurement of foreign satellites by other Japanese Government agencies.

II. Implementation of commitments

Implementation of the commitment to permit private firms to purchase foreign satellites is dependent upon passage of the pending legislation to liberalize Japan's telecommunications market. The vague wording of the conditions under which Japanese Government agencies will be permitted to purchase foreign satellites raises concerns regarding the practical effect which this statement will have in promoting actual purchases of foreign satellites.

III. Applicability to U.S. interests

The "Long-Range Vision on Space Development," published in July 1983, expresses concern over Japan's past reliance on U.S. space technology, and states that, "in the future, Japan should aim at receiving orders from other countries for developing and launching satellites by means of techniques which have been accumulated by her independent technical development." Thus,

Japan has identified the space industry not only as necessary in order to keep Japan in the forefront of technology, but as an important potential export industry.

In July 1984, the head of the Japanese Government agency in charge of the space development policy, the Science and Technology Agency, was quoted in the Japan Times as saying that Japan must develop its own space technology because equipment purchased from Europe and the United States is unreliable. Director-General Michiyuki Isurugi said that, by the end of the century the Japanese Government plans to send about 50 satellites into orbit, "none of which will be purchased from other nations."

MITI officials have informed the United States that Director-General Isurugi's statement does not reflect any Japanese Government consensus. However, in light of Japan's policy of self-sufficiency in satellite development, Director-General Isurugi's statement raises concerns that the April 1984 statement will not result in any improvement in market access for U.S. satellite producers.

It is for this reason that the United States is continuing to seek clarification of Japan's satellite procurement policy. Although the U.S. Government has officially requested clarification of the statement in the April 1984 trade initiative, the Japanese Government has not yet responded. The vague wording of the April policy pronouncement raises concerns that NTT and other Japanese Government agencies are committed to purchase of Japanese satellites through at least the mid-1990s.

Japan's satellite procurement policy creates two concerns for the United States. First, it denies competitive U.S. producers access to a potentially major commercial market. Second, it presents the threat of the creation of potential domestic and third country competitors behind a wall of infant industry protection, through subsidized research and development and preferential government procurement policies.

SOFTWARE PROTECTION

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

The Japanese Government made a commitment not to send any proposal for new legislation affecting software protection to the current session of the Diet. However, the Japanese Government reiterated its intention to develop new modes of software protection, while "noting the need for international harmony."

II. Implementation of commitments

At present, the rights of computer software developers in Japan are adequately protected by Japanese copyright laws. A proposal to change the basis for the legal protection of software remains under consideration within the Japanese Government.

III. Applicability to U.S. interests

Adequate protection of computer software is of profound importance to the competitive and financial positions of U.S. companies in the world information industry. The United States believes that only legislation which would base computer software protection on Japanese copyright laws, can adequately protect the rights of computer software program developers.

Legislation under consideration within the Japanese Government would establish a sui generis form of protection for computer software, based on patent concepts. This proposal raises issues of substantial concern to the United States.

First, the United States is firmly committed to the protection of software as a work of authorship under copyright norms. The proposed legislation would undercut the fragile international consensus on this issue, and provide the developing countries with support for proposals that would sharply curtail the rights of software program developers. The United States would probably consider any legislation to remove computer software from copyright protection a violation of Japan's international obligations under the Universal Copyright and Berne Conventions.

Second, the specifics of the proposal greatly diminish protection for software developers.

1. *Compulsory systems*: The Japanese Government, upon request, would have the authority to grant a compulsory license. Licensees could then distribute programs to users at minimal expense. As a result, software developers would lose control over the distribution of their programs and be unable to recover development costs. Japanese Government assertions that developers would receive fair compensation do not assuage U.S. concerns.

2. *Reduced protection period*: Under current Japanese copyright law, the term is 50 years following the death of the copyright holder. The proposal would shorten the term of protection to two to fifteen years. U.S. copyright laws covering software extend protection for 50 to 100 years.

3. *Registration*: The proposal would require the registration of software, which would entail submission of actual programs by their developers. The United States is concerned that confidentiality would not be preserved.

The United States has made it clear to the Japanese Government that passage of a bill removing computer software from copyright protection would disrupt bilateral trade in high technology. Passage of such legislation could have the following effects:

The United States would consider instituting the "role of the shorter term," reducing the protection available to Japanese computer software developers in the United States.

U.S. computer suppliers would consider curtailing the software support which they provide to Japanese customers.

U.S. companies could cease computer software development activities in Japan.

Imports of Japanese products embodying disputed software could be enmeshed in a web of private lawsuits.

To the extent that such an action undermined the international consensus in support of copyright protection for computer software, Japanese and U.S. firms could find their software subject to reduced protection in developing countries.

DIRECT INVESTMENT

I. Japanese market opening commitments

Trade Initiative of October 21, 1983

This initiative included a Japanese Government commitment to undertake measures to encourage capital inflow. Specifically, the Japanese Government promised a review of the "designated company system." This system consisted of foreign ownership limitations in eleven specific Japanese industries.

This commitment was followed in November by a joint statement of Japanese Foreign Minister Takeshita and Treasury Secretary Regan, in which the Japanese Government made a commitment to submit a bill to the Diet to reform the designated company system.

Trade Initiative of April 27, 1984

This initiative included a commitment to four specific steps to promote international investment:

(1) an improved system of information dissemination under the Japan External Trade Organization (JETRO) "Headquarters for Promotion of Industrial Cooperation;"

(2) strengthening the Office of Trade Ombudsman (OTO) to deal with investment as well as trade complaints;

(3) support for investment promotion missions; and

(4) procedural improvements to further expedite the notification processing period for foreign direct investment in Japan.

In addition, the Japanese Government indicated it would introduce legislation to remove foreign ownership restrictions in value-added network telecommunications services (VANS) enterprises.

The commitments in this initiative were followed by a Ministry of Finance announcement in the May 29 "Yen-Dollar Report" of a new policy that will allow licensed foreign banks to participate in trust banking in Japan by either establishing their own trust banks or entering into joint venture with Japanese trust banks. However, partnerships with non-licensed Japanese firms (e.g., securities firms) are not permitted.

II. Implementation of commitments

On May 18, 1984 the Diet passed a bill eliminating the designated company system.

On VANS, the Japanese Government has introduced several telecommunications reform bills to the diet which would permit foreign ownership of most VANS enterprises The bills are expected to pass later this year. Implementing regulations for telecommunications services are expected to be in place by the spring of 1985.

JETRO has established the Headquarters for Promotion of Industrial Cooperation. This group held its first meeting on July 5, 1984 and is currently in the process of determining methods of improving information dissemination activities.

The OTO's mandate has been expanded to include investment complaints. The Japanese Government's support for investment promotion missions has traditionally been very good and is expected to continue.

Implementing regulations permitting foreign participation in trust banking are expected to be in place by the spring of 1985.

The Japanese Government has stated that the processing period under their investment notification system will not, in practice, exceed two weeks. In addition, Japanese officials have indicated that the Japanese Foreign Investment Council will meet to consider further shortening of the time period.

III. Applicability to U.S. interests

The U.S. goal has been to facilitate greater bilateral investment flows with Japan in accord with market forces. In particular, the United States has sought to reduce government barriers to investment and to improve administrative procedures governing new and established investment.

Over the past year the Japanese have eliminated the designated company system and allowed for foreign entry into telecommunication services and trust banking as of 1985. In addition, the Japanese Government has taken steps to promote increased foreign investment in Japan, although it still maintains a two-week pre-notification system for foreign investment.

The U.S. Government believes that the following additional steps by the Japanese Government would encourage additional bilateral investment:

Issuing a joint investment policy statement with the United States at an appropriate time;

Sponsoring a private sector review of U.S. and Japanese investment climates;

Considering methods of reconciling U.S. and Japanese bilateral investment statistics; and

Further bilateral discussions focused on standards for treatment of established investors in both the United States and Japan.

Further U.S. direct investment in Japan should serve to improve U.S. exports to Japan. In addition, continued bilateral discussions, encouraging greater Japanese investment in the United States, should result in such benefits as job creation and technology transfer. The U.S. objective in these discussions is to reinforce our general commitment to foreign investment based on market forces.

LEGAL SERVICES

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

The Japanese Government noted that the Japan Federation of Bar Associations (JFBA) is "making further efforts to come to a domestically and internationally appropriate solution" on the question of foreign lawyers' activities in Japan. The government made a commitment to "work to have an appropriate solution materialize as early as possible."

II. Implementation of commitments

There has been little progress since the April announcement. The Japanese Government has placed particular significance on the formation of a Special Committee on Foreign Lawyers by the JFBA, and noted that this committee was working for an appropriate solution. The Japanese Government has yet to inform us of the Committee's recommendations.

III. Applicability to U.S. interests

American attorneys have been prohibited from giving advice on U.S. and international law to clients in Japan since 1955. Over the past thirty years, demand for U.S. legal talent in Tokyo (as evidenced by the hiring of U.S. lawyers as "legal trainees" by Japanese law firms) has grown dramatically, with the increasing internationalization of Japanese capital markets and Japanese corporations. In discussions with Japanese officials, the U.S. objective has been to make it legal for U.S. law firms to provide advice in Japan on U.S. and international law.

Japanese law and the JFBA rules on practice of law prohibit attorneys who are not members of the Japanese bar from acting as lawyers (giving any legal advice in any field of law) in Japan. The efforts of the Japanese Government on this issue have not produced changes in JFBA rules so far.

The JFBA appears to have realized that it will not be able to maintain its current, restrictive rules indefinitely. Japanese officials have informed us that negotiations are now underway within the JFBA over language for a potential amendment to the Lawyers' Law. An agreement is possible by fall. Should such an agreement be reached, the amendments could be submitted for Diet approval in the spring.

The major U.S. concern regarding the proposed changes is that they are likely to include a reciprocity clause. Such a clause would make access to the Japanese market in legal services conditional on access for Japanese lawyers to practice in some minimum number of U.S. States. Currently, only New York and Massachusetts have provisions permitting foreign lawyers to practice law on a limited basis without passing the bar examination. The Japanese would also like to obtain such provisions in the District of Columbia, Illinois and California. Japanese lawyers already have access to these states, since they are already permitted to take the bar examinations and they would become eligible to practice upon passing the exam. This option is essentially closed to any foreigner in Japan. Admission to the Japanese bar is contingent upon admission to the Legal Research Institute, which admits only the four hundred or so applicants with the highest scores on its admission examination out of the thousands who take the test each year. Foreign applicants, obviously, have virtually no reasonable expectation of being admitted to the bar under such a system. In light of these facts, the United States does not consider a reciprocity provision appropriate.

ENERGY

I. Japanese market opening commitments

Trade Initiative of April 27, 1984

In the April 1984 package, the Japanese undertook to follow up on the Reagan-Nakasone Joint Statement on Energy Cooperation, issued in November 1983. Specifically, the Japanese promised to send a private sector coal mission to the U.S. and to encourage feasibility studies on energy resource development, a more limited agenda than set forth in the Joint Statement.

Implementation: The private coal mission visited Washington in May but was discouraging regarding early opportunities for increased coal exports to Japan. The discussions, however, resulted in the establishment of a private Standing Technical Committee (STC) to explore ways to implement the Joint Statement. This committee met in Tokyo for the first time in September. The Japanese were no more encouraging than in May, but the talks will continue. On a positive note, Japanese and U.S. companies have recently announced plans for prefeasibility studies on the possible development of Alaskan coal and North Slope natural gas to export to Japan.

Applicability to U.S. Interests: We hope these discussions and studies, primarily a result of the Reagan-Nakasone Joint Statement, will lead to expanded U.S. energy exports to Japan. While the prospects are not favorable in the short term, it is important to continue this process for the medium and long term.

The November 1983 Joint Statement gives the governments of both countries a clear framework in which to encourage their respective private sectors to find ways to increase energy trade. It calls on the private sectors of both countries to explore joint development of U.S. energy resources and possible steps to increase use of secure U.S. fuels as a subsititute for less secure oil imports. We created forums where governments and private businesses can talk frankly, and the talks have been frank, especially on coal. U.S.-Japan coal trade has stagnated and the U.S. remains the swing coal supplier to Japan. This problem will require sustained high-level attention by both governments. Still, however, without the Joint Statement and the U.S.-Japan Energy Working Group, U.S.-Japan coal trade might well have declined even more severely than has been the case. We have kept U.S., coal and gas in Japan's energy picture and given U.S. suppliers a better chance to compete for a larger piece of the Japanese energy market in the years ahead.

IMPORT PROMOTION MEASURES

I. Japanese market opening commitments

Trade Initiative of January 10, 1982

The Japanese Government announced the establishment of an Office of Trade Ombudsman (OTO), with a mandate to respond to foreign complaints of inadequate access to the Japanese market. Commitment made that there would be no delays and that action would be forthcoming.

Trade Initiative of May 28, 1982

While continuing to use the OTO to respond to foreign complaints, the Japanese Government will explore ways to improve it.

The Committee for Manufactured Goods Import Measures will investigate specific problems which arise from the distribution system and business practices and take steps to correct them where possible.

Japan will continue to implement the foreign currency lending scheme for emergency imports aimed at promoting imports of "important" goods to ease trade frictions.

Under the Commerce Promotion System to be established, such organizations as JETRO and the Japan Trade Council will maintain a roster of private business consultants to whom foreign exporters can be referred, as necessary, for advice on exporting to Japan.

Trade Initiative of January 13, 1983

To strengthen the role of OTO in resolving foreign trade complaints, a high-level Advisory Council will be established to give it more political clout, filing of proxy complaints will be permitted, and procedures for processing complaints will be improved.

Further efforts to expand imports of manufactures will be made in the light of information developed by the Committee for Manufactured Goods Import Measures, including foreign comments about shortfalls in the Japanese distribution system and its business practices.

Greater use of the business consultant service system will be made to resolve trade differences.

The Japanese Government will lend its support to the Import Promotion Council of the Japan Foreign Trade Council in its efforts to encourage private sector initiatives to promote increased imports.

Trade Initiative of October 21, 1983

Further efforts will be made to enhance the effectiveness of OTO in removing barriers to selling in Japan.

Low interest financing of manufactured imports will become available from the Japan Export-Import Bank and other steps to facilitate import financing will be considered as needed.

Information about the Japanese distribution system will be publicized, and efforts made to improve the system for imports.

The Japanese Government will designate an import promotion month, send import promotion missions abroad, and encourage import promotion efforts by exporters.

Trade Initiative of April 27, 1984

To promote imports of manufactures, the Japanese Government will implement programs which assist in penetrating the Japanese market for specific foreign manufactured goods, and support the staging of exhibits for these products.

II. Implementation of commitments

Office of Trade Ombudsman: The effect of subsequent procedural changes in increasing the effectiveness of OTO has been questionable, since changes have not changed OTO's status; OTO still functions as a clearing-house, and not as a true ombudsman, that is, with the authority to resolve problems by overruling decisions made within individual ministries. In 1984, the mandate of the OTO was expanded to cover investment issues.

Manufactured Imports Promotion Committee: The Committee has not been given a broad mandate to consider private sector trade barriers, e.g., buy national attitudes, as envisioned in the May 1982 initiative.

System of Business Consultants: The system has been implemented, in accordance with the commitment in the May 1983 initiative. The consultants are based on Japanese trading company offices in New York, Chicago, Houston, Los Angeles and San Francisco. However, JETRO has declined to provide the names of these consultants to U.S. Government officials, stating that JETRO wished to pre-screen to the U.S. companies seeking the consultants' services.

Import Promotion Missions: The Japanese Government has conducted a number of seminars and trade missions in the United States. Over the past year, these have included: a JETRO-sponsored medical import promotion visit to Los Angeles, Houston, Chicago and New York; a JETRO-sponsored U.S. States Trade Fair in Tokyo; a seminar on U.S.-Japan trade problems in New York; a U.S.-Japan trade seminar in Birmingham, Alabama; and a Trade Week seminar in San Francisco.

III. Applicability to U.S. interests

The recommendation for the creation of an Office of Trade Ombudsman was originally included in a 1981 Japan-U.S. Economic Relations Group Report. The report recommended that this office not be attached to any single government ministry, but have the authority to intervene in the administrative processes of all ministries dealing with trade and investment issues and to review policy decisions having trade significance made by domestically-oriented ministries.

While OTO has been a valuable tool in tracing trade problems to their roots, it is basically a clearing-house, receiving complaints and channeling them to the relevant ministries, and then reporting the results of the ministries' investigation to the complainant. OTO's impact could be improved if it could exert pressure on the ministries to revise their regulations and practices to facilitate imports. Moreover it does not provide an effective mechanism for appealing rulings that do not provide relief to the complainant. The U.S. would like to see OTO function as an active problem solving entity with an effective system for appealing adverse rulings.

The system of business consultants was established at Japanese Government initiative, rather than in response to a U.S. request. As such, it exceeds U.S. objectives and expectations.

Japanese Government sponsored trade missions, studies of the Japanese distribution system, and high-level statements encouraging the purchase of goods manufactured abroad, while welcome, are difficult to evaluate as effective market opening measures, because they have never been accompanied by any yardsticks with which to evaluate their success.

APPENDIX: JAPANESE "COMPREHENSIVE ECONOMIC MEASURES"

The Japanese Government has announced five broad sets of market liberalizing measures over the past four years. These measures were meant to fulfill Japan's commitment to a market open to international trade.

Trade initiative of December 16, 1981, and January 10, 1982

The first trade initiative, announced in December 1981, accelerated the timing of traffic cuts agreed to in the Multilateral Tariff Negotiations, and established a Japanese Government committee to study opportunities for imports in the Japanese market. One of the results of this group's work was the announcement in January 1982 of a list of measures which would be implemented to alleviate non-tariff barriers in the standards and customs areas. In January, the Japanese Government also announced the establishment of an Office of Trade Ombudsman, which would be charged with responding to foreign complaints regarding barriers to market entry.

Trade initiative of May 28, 1982

The second trade initiative included tariff eliminations or reductions on a wide variety of products, among which those on photographic film, cut diamonds and several others were of interest to the United States. It also contained a commitment by the Japanese Government to undertake a series of "generic" remedies in such areas as customs procedures, and foreign access to participation in the formulation of industry standards.

Trade initiative of December 25, 1982, and January 13, 1983

The third trade initiative was announced by the Government of Japan in December 1982 and January 1983. In December, tariff reductions were announced on chocolate, tobacco products and paper. In January, the Japanese Government announced a commitment to undertake a high-level review of Japanese standards and certification procedures. This review eventually led to the passage of some sixteen laws which, as they are implemented at the administrative level, could represent the most significant and wide-ranging removal of foreign barriers to the Japanese market since the conclusion of the Multilateral Trade Negotiations in 1979.

Also included in the January announcement were commitments to expand the number of retail outlets permitted to distribute foreign cigarettes, undertake a study of the possible liberalization of Japan's distribution system for tobacco products, and ensure the participation of foreign firms in NTT procurement.

Trade Initiative of October 21, 1983

The fourth trade initiative included tariff reductions on 44 items. Also included was a one-year acceleration of rates committed to in the Multilateral Trade Negotiations on some 1200 items.

The October announcement also promised "steady implementation" of improvements in Japanese standards and certification procedures, further efforts to promote procurement by Japanese Government agencies from foreign firms, and a review of the "designated company" system, which limited foreign investment in eleven Japanese industries.

Trade Initiative of April 27, 1984

This initiative included cuts on sixty-five tariff classifications covering wine, paper products, color photo paper, black-and-white film, hay balers and a wide range of agricultural products. Also included was a commitment to eliminate or liberalize quotas on thirteen agricultural categories.

The statement referred to pending legislation to liberalize the Japanese tobacco and telecommunications markets. Statements in the initiative also promised improvements in standards and certification procedures. Other commitments included in the April initiative were an expansion of the mandate of the Office of Trade Ombudsman to cover investment restrictions, and Japanese Government efforts to resolve legal services issues. Also included in the April announcement were a policy statement covering procurement by Japanese Government agencies and NTT of foreign satellites, and a commitment to postpone the introduction into the on-going Diet of a proposal to remove computer software from copyright protection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Speaker, I rise in support of House Concurrent Resolution 107, a resolution submitted by the House Committee on Ways and Means which expresses the sense of the Congress that the President take action to reduce the growing U.S. merchandise trade deficit and that he take action to respond to unfair international trade practices of Japan. However, I do so with some reluctance. I would have preferred much stronger action by the House of Representatives on this issue. I would have preferred action on the resolution offered today by Representative DINGELL and BROOMFIELD, of which I was a cosponsor; or action similar to that which the Senate took last week when it passed S. 774, a resolution which called on the President to recommend legislative changes in the trade policy of the United States with respect to Japan, including denial of most favored nation treatment, should the Japanese Government persist in its unfair trade practices. Instead, this resolution, while it does express our grave concern about Japan's predatory trade practices, merely calls on the President to work within existing, inadequate U.S. trade laws.

Several weeks ago the President announced that there would be no request on the part of the United States for an extension of the voluntary restraints on the shipment of Japanese automobiles into the United States. That announcement came immediately following the release of the trade statistics for 1984. The 1984 trade numbers showed that the United States ran a bilateral deficit with Japan of approximately $37 billion. The estimates of the effect of limiting the voluntary restraints on automobile imports are that this will mean an increased level of Japanese auto sales in the United States of somewhere between $4 billion on up.

Mr. Speaker, for years, the United States has attempted to practice so-

called free-trade policies while Japan has played by a different set of rules. The result of this has been an overall trade deficit of $123 billion in 1984—a deficit which would well exceed $170 billion by the end of 1985. In the case of Japan, the United States trade deficit has grown from $10 billion in 1980 to $37 billion in 1984.

The United States opens its doors wide; the Japanese barely crack theirs. The U.S. automotive trade deficit since 1981 has more than doubled—from $11 billion to $27 billion. The trade deficit in telecommunications equipment has grown from $516 million in 1979 to $1.9 billion in 1984. Japan's barriers to other U.S. exports such as pharmaceuticals, medical equipment, wood products, agriculture produce, and other good and services have become intolerable.

Our negotiators in the Office of the U.S. Trade Representative have knocked on every door, met with every official, and used every argument and means of friendly persuasion in the effort to open the Japanese market to our exports. First, we were told that U.S. companies just were not competitive. Then it was a question of changing the regulations and turning the Japanese economy more toward private sector control. And as these excuses have worn themselves out, we are now informed that, despite Prime Minister Nakasone's best efforts, the career bureaucrats who run the Japanese Government just listen politely and then ignore instructions of their political superiors.

Mr. Speaker, this Congress and the American people can no longer tolerate lame excuses from the Japanese Government.

No nation has contributed more to our trade deficit than has Japan. And few U.S. industries have been harder hit by foreign imports than has our domestic automobile industry. Of the $37 billion trade deficit we had with Japan last year, Japanese automotive products caused over half. Japan exported more than 1.9 million cars into the United States last year while we exported less than 4,000 of our autos to Japan.

Mr. Speaker, I will support the resolution offered by the Ways and Means Committee. But I cannot help but feel it is not a strong enough statement to the Japanese Government of our intolerance for their unfair use of our market. In the coming months, I hope this body will take up stronger legislation, such as H.R. 1050, the Made in America Act introduced by Representative JOHN DINGELL and cosponsored by 45 of our colleagues. Instead of relying on voluntary actions by the U.S. President or the Government of Japan, this legislation would legally limit foreign auto imports to a fixed, reduced percentage of the domestic market.

I hope my colleagues will join with me and, in the coming weeks, support more far-reaching legislation. This matter is urgent. The time has come for the United States to take more decisive action on the U.S. trade deficit with Japan.

□ 1910

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as he may consume to the gentleman from New Jersey [Mr. FLORIO].

Mr. FLORIO. Mr. Speaker, I rise in support of the resolution and commend the chairman of the committee for bringing this important matter to the floor.

Our trade problems have gone from bad to worse. For the third straight year, our trade deficit has reached a recordbreaking high. Last year's $123 billion deficit is expected to be topped this year by a deficit that will exceed $150 billion.

The greatly overvalued dollar has made foreign imports too cheap for Americans to resist. As a result, foreign firms have captured large shares of even those domestic markets in which American companies are highly competitive: Telecommunications pharmaceuticals, medical equipment and machinery, aircraft equipment, and a growing list of others.

But, another equally important cause of our trade decline is the fact that many foreign markets remain closed to U.S. goods and services. As a result, U.S. exports have increased only marginally while imports have risen much more sharply.

This imbalance in trade opportunities has become so severe that industries in which American companies have a comparative advantage cannot penetrate many world markets. On the other hand, industries in which foreign firms have a comparative advantage have won a large share of our domestic markets.

This imbalance is fundamentally unfair, and, if allowed to persist, will destroy the competitiveness of even our most technologically advanced industries. Telecommunications is one such industry that is of great concern to me and my committee.

Strong action must be taken against foreign firms in our market, if we are to convince our trade partners that we are serious when we demand open access and meaningful market opportunities for telecommunications and other American industries. Under legislation my committee developed last year, the President was given important new authorities to take action against any foreign firms, including foreign telecommunications firms. It is now time for the President to use these and other powers to retaliate against Japan and other countries for their unfair trade practices against our companies.

In the past, the President has often complained that such retaliation would start a trade war and destroy our free trade system. To this I say, there is no free trade in too many sectors of world today.

Thus, failure to retaliate does not preserve free trade. Instead, it lets our trade partners believe they can continue to discriminate against our firms without suffering any penalty for their action.

Until our trade partners become convinced of the seriousness of our resolve, our trade deficit, and our economic fortune with it, will continue to decline. By adopting this resolution today, we take perhaps that first important step in demonstrating the strength of our will in the trade area.

I urge my colleagues to vote for this resolution.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Ms. KAPTUR].

Ms. KAPTUR. Mr. Speaker, I rise in strong support of House Concurrent Resolution 107 which expresses the sense of the Congress that the President take action to reduce unfair Japanese trade practices.

The U.S. merchandise trade deficit with the world has reached historic heights, over $123 billion in 1984. One-third of that total deficit is solely with Japan and exceeded $37 billion in 1984, with motor vehicles alone exceeding $19 billion. In fact, between 1983 and 1984, there was a 7-percent increase in the trade deficit with Japan.

The trade deficit with Japan has continued to grow progressively regardless of fluctuations in the yen-dollar exchange rate over the same period. At the same time, Japanese markets, as well as those of certain other nations, have remained restricted to many U.S. products in key merchandise areas.

The economy of this Nation is seriously jeopardized by the continued deepening of this imbalance in international trade and its implication for further job losses in the United States. It is estimated 3 million jobs in the United States have been lost since 1981 due to the trade deficit.

Because of the particular severity of our trade imbalance with Japan, and its implications for retention of key manufactures in the United States, immediate attention should be given to the causes of, and the means for redressing, that imbalance, especially in view of the fact that although the President recently lifted and the voluntary restraints on motor vehicles, the Japanese gave no commensurate concessions with respect to the closure of their markets to American telecommuncations, steel, textiles, agriculture, timber, finished wood, pharmaceuti-

cals, medical equipment, and financial services. In fact, the Japanese Government has already announced it would increase its auto exports by 25 percent more in 1985, bringing just the Japanese U.S. market share in automobiles to over 25 percent of the entire U.S. auto market.

Though Congress must take strong additional steps to bring back fair trade, this resolution calls on the President who has sufficient authority to undertake immediate action and use his full authority to do so.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, this resolution tells it like it is, and it is not a good message. Our problems are deep, and they must be solved; and perhaps this resolution is the beginning of it.

Yes, we have trade problems with Japan; yes, the Japanese market is not as open as we would like it to be; if it were fully open, we would eliminate some of our trade deficit.

And if other markets were fully open, we would eliminate some of our trade deficit. But the real problem, the real problem that this resolution talks about, is our economic policy. Our economic policy is a disaster. It is rapidly decapitalizing the farms and factories of America. You cannot run the kind of fiscal deficit that we are running in this country and expect anything to happen other than what is happening today.

Our dollar is not overvalued; it is just highly inflated. We are drawing in money from all over the world to pay for the interest on our national debt. We are living on borrowed capital. We are really enjoying ourselves. It is a serious problem, and unless we face up to that, flailing a foreigner is not going to do anything to cure the basic problems of America. I do not condone for 1 minute the tactics that I find our Japanese trading partners following as far as closing their markets is concerned. But let us not kid ourselves: If they open their markets wide open, it would not solve the American problem. It would help, but it would not solve it. That is our serious problem.

There are some other serious problems.

We need to reexamine the General Agreement on Tariffs and Trade and look at some of the basic provisions that we agreed to in 1947. The world has changed fundamentally since then.

At that time, we were trying to save Europe and Japan from communism. We did. We granted them major concessions, and I believe it may be time to reexamine some of those concessions.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. GLICKMAN] for a unanimous consent request.

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that in the matter just preceding, in H.R. 1869, the following statement be inserted at the appropriate place in the committee report thereon:

We feel the IRS regulations may not reflect reasonable valuations both in the case of personal use of business aircraft and in the case of "empty seat" travel on business flights. Among other factors, these valuations may need to be adjusted to take into account differences in fares on commercial airlines on high-density as compared to low-density routes and the fact that for many routes on which business aircraft travel, there are no comparable commercial air fares. As a result, SIFL may not accurately reflect the realities of various markets.

Likewise, the present valuation scheme may fail to take into account the wide variations in types of business aircraft and the nature of the travel they provide.

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

Mr. FRENZEL. Mr. Speaker, reserving the right to object, the gentleman read a statement that purported to be the feelings of the committee on which the committee has taken no action nor come to any conclusion.

The SPEAKER pro tempore. The Chair would state to the gentleman from Minnesota that the gentleman [Mr. GLICKMAN] may extend his remarks, but he should not ask to amend the committee report.

Mr. FRENZEL. I thank the Chair.

Mr. Speaker, I withdraw my reservations of objection.

PARLIAMENTARY INQUIRY

Mr. GLICKMAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GLICKMAN. Mr. Speaker, I do not understand the ruling of the Chair.

The purpose of my remarks was to attempt to amend the committee report of the prior bill that was just passed.

The SPEAKER pro tempore. The gentleman may make the statement as far as the debate, but the House should not change the committee report.

Mr. GLICKMAN. I appreciate the ruling of the Chair.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GAYDOS].

Mr. GAYDOS. I want to thank the chairman. At the outset I want to express my feeling on this matter that I will support the resolution but do it most reluctantly. The reason for that reluctant support is the fact that in the resolution again we are practicing self-flagellation, as usual, and that is making reference to the strong dollar and the fiscal deficit of this country.

I want to remind my colleagues, and I respond primarily to the gentleman from Minnesota when he made mention of the other body's resolution, I read that resolution and that resolution is concise, to the point, and does not mince any words.

Our resolution, which I will support, is all over the lot. It talks about so many different reasons.

Again it practices and places, primarily, the responsibility for the problem that we have on this country.

I want to point out to my colleagues it is not this country which in the past and at present has been accused and found guilty internationally of dumping or subsidizing. That has never happened to this country, either in an international court or a court in this country, although we find example after example of all the countries, particularly Japan and the common bloc countries and Brazil and Taiwan and South Korea, all of them at one time or another found guilty of dumping or found guilty of other infraction of the international agreement on trade which we call the tariff business.

Now I point this out: If we are going to talk about passing a resolution I would have supported one much more affirmatively if that resolution would state these affirmative facts and not, again, go back and accuse this country as if we started the international trade war. It is not true. The facts do not justify it. The committee well knows it.

I want to close by saying that this country over the years has been asking, through this body and through other private enterprises, the AISI, has been asking, to no avail, for legislation and for a resolution, many, many years ago. It is about time this resolution has been presented.

Mr. FRENZEL. Mr. Speaker, I yield 7 minutes to the distinguished gentleman from Pennsylvania [Mr. SCHULZE], a member of the Trade Subcommittee.

Mr. SCHULZE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I take the well this evening disappointed. I am disappointed at the way this measure was brought before us today without time for due deliberation and disappointed that it is here on the floor tonight when there are those who wish to leave, and I am disappointed at the content of this legislation. The other body at the other end of the Hall in its deliberations passed a resolution which was, as the gentleman from Pennsylvania stated, fairly concise and fairly tough. In the news media this week we saw it had an impact and it had an impression.

So what should the great people's body, the House of Representatives—what should we do? Should we go along and add to that? No, indeed. What we are going to do is pass two different versions of a resolution.

Do you know what that means? There is no conference committee. That means, like a ping-pong ball, this resolution will go from one body to the other, back and forth: "You take this part, I will take that part."

If we wanted to send a weaker message across the seas, we could not do that except for what we are doing tonight.

In our resolution it says that we are to blame, that we are to blame; we have done it, please forgive us.

If I were the Japanese Trade Minister, I would write a resolution the way we have written it and the way we are passing it tonight.

So, Mr. Speaker, I am sorely disappointed at what we do here.

□ 1920

The chairman of our committee, whom I respect and admire says, "This is the beginning." This is the beginning. I have been on the Trade Subcommittee for 8 years. Eight years. Our trade deficits have been soaring; they are enormous. For every dollar of trade deficit, it means somebody who is not working.

Comparative advantage. This resolution is so feckless, so weak, in committee today I said that it was like a young man who saw a magnificent woman on a television set and gave her a big kiss. It is just about as exciting. I will tell you, that CRT was probably made in Japan. Because, when you talk about comparative advantage, the comparative advantage stops at the water's edge. Their markets are not open.

My distinguished ranking member on the Trade Subcommittee said that our hands are not clean, that we do not open our markets at all places.

Let me tell you something: International trade is like a balloon filled with water or air, and when you squeeze one place, it goes out another. When the Japanese or other major countries deny access to their markets, we are the major dumping ground for that excess capacity. We are the ones who bear the brunt of that kind of closed markets; even though they may be closed to us, they are also closed to other countries, and we are the ones that bear the burden of that.

I am disappointed that this is a resolution. This should be legislation. It should be very strong legislation.

We have heard in this well tonight that the strong dollar is to blame for this deficit. Let me give you a few facts. Although, in my opinion, the growth in the bilateral trade deficit can be attributed partially to that imbalance, there is no explanation, for example, for the fact that the yen has appreciated 36 percent against the German mark since 1981, and yet German exports to Japan have barely grown by one-half of 1 percent per year.

The yen has appreciated 48 percent against the Korean chon since 1981 with a bare 2 percent per year increase in Korean exports to Japan.

Remember what I said: When these other markets—when this market is blocked to these other countries, we are the ones who end up as the dumping ground.

Now while the yen depreciated by about 30 percent against the dollar since 1980, it has appreciated by 80 percent against the French franc and 75 percent against the British pound without substantial increases in exports from those countries to Japan.

The dollar imbalance is not the main culprit in this issue.

Since my time is growing short, I want to share with you a letter which I received from a gentleman in London, and I will close with this. It is about another bill that I have, but you will find it relates.

He says:

My reason for writing is to applaud you for introducing your bill for a surcharge of 20% on imports. I simply can't imagine how total lack of action on the part of somebody is going to solve anything at all. It never will. It'll get worse.

Incredible as it may seem, it appears as if nobody in authority in the United States understands that when the Japanese attend negotiation sessions, they have absolutely no intention of negotiating or even concluding anything resembling an agreement. Every Japanese negotiation team has one aim in mind which is to "stall" long enough till they can pass their hot seat on to the next guy who then starts off on a different tack with the same aim in mind. The Japs even have a word for it called HARAGE (pronounced Ha-Rah-Gay) which basically means saying one thing when you really mean the opposite.

This gentleman goes on to explain that on an airplane flight one day he found himself sitting next to a very high official in the Ministry of Trade. He says:

Having been born and raised in that country we naturally lapsed into Japanese, and after a few drinks I asked him point blank how Japan can justify putting all those blocks on imports when they have free access to the American market.

His reply was simplicity itself. He said, just because they're crazy doesn't mean we have to be as well. How about that for fairness?

Mr. Speaker, it is time that we passed legislation, not resolutions; it is time that we said we mean business. We are not going to roll over and play dead and open our markets until we get some reciprocity.

I urge a "no" vote on this resolution to send a strong message.

Mr. GAYDOS. Will the gentleman yield?

Mr. SCHULZE. I would be happy to yield.

Mr. GAYDOS. For a point of emphasis and information, I ask the gentleman: In the resolution, two items have been cited as cause of our problem. No. 1, the deficit; and the strong dollar.

What is the gentleman's opinion?

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Thank you, Mr. Chairman.

I would like to commend the chairman of the Committee on Ways and Means for bringing this resolution to the floor, but I think it must be made clear that we are not here tonight because we have just discovered that the Japanese are taking advantage of us.

We are here tonight, and the other body considered legislation last week because of the President's decision to suspend the automobile import quotas. That is why we are here.

That decision was reached, that major trade concession was given to the Japanese without any requirement that there be reciprocity on their part. At the time when we were arguing in this body over the plight of the American farmer, we gave this major trade concession to the Japanese despite the fact that they systematically exclude our citrus, our beef, our soybean products, and our wood products.

At a time when this country is still haunted with dislocated workers from the last recession, we gave away a major trade concession to a country which systematically excludes our manufactured products.

The purpose of this resolution is to tell the Japanese and the President that enough is enough. The President and the Japanese will get that message loud and clear with this resolution.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota [Mr. DORGAN].

Mr. DORGAN of North Dakota. I thank the gentleman for yielding, and I will be brief.

Mr. Speaker, I come from a State where free trade is important. We need markets for our wheat and our barley and corn, and we understand that the ability to market those around the world is critical to agriculture in this country.

But I do not agree with those who say that we are hasty when we stand up here in the U.S. Congress and by resolution say to the Japanese that this is not the 1950's; this is not the late forties and early fifties. You are a strong, tough competitor, and you expect to serve our markets? We want you to open yours; when beef from North Dakota or Iowa tries to move into Japan, it finds all kinds of restraints. And yet, when the Japanese want to move products in here, they want a willing country and a willing consumer.

I guess all I am interested in saying today is that resolutions of this type are bargaining chips in many respects.

They are bargaining chips for our negotiators who say to the Japanese, "We really want fair trade." I do not want to get involved in a sense of economic nationalism here that says, We want to fire the first salvo in a trade war; the worst thing in the world that could happen to this country is any kind of a trade war.

The most important thing that can happen to us, in my judgment, is for us to say to the Japanese and other trading partners that we expect reciprocity; we expect you to open your markets; we expect fair trade.

There is a lot of talk about free trade; there is some talk about fair trade. We expect it; we would begin to demand it from the rest of the countries in the world.

Now I would like to just respond briefly to a comment made by the gentleman from Pennsylvania about whether or not the American dollar is overpriced. Yes it is overpriced. It is overpriced vis-a-vis the guilder, the mark, the pound, the yen. Yes, indeed, the dollar is overpriced and one of the root causes of that is fiscal policy and monetary policy in this country.

This resolution asks the President to begin developing a plan. What is the plan to deal with the trade deficit? That trade deficit hurts this country. What is the plan to deal with budget deficits that help create that trade deficit? What is the plan?

Well, there is no plan at this point. This kind of resolution says, we want to see a plan. This resolution, I think, is a signal to the Japanese, a bargaining chip for our negotiators that says, we expect that kind of plan.

Mr. DAUB. Will the gentleman yield?

Mr. DORGAN of North Dakota. I am glad to yield to the gentleman from the committee.

Mr. DAUB. While not wanting specifically to comment on the bill itself, I would point out that we have made some progress on beef and citrus, and that they import about $2 billion of our ag products, in an island country, which is something I think we should acknowledge.

Mr. DORGAN of North Dakota. If I might reclaim my time, let me say that the progress made on beef is painfully slow progress, and woefully inadequate, and this kind of thing simply gives our negotiators the ability to say to the Japanese, "We have got a lot of folks back home that want your markets open to our producers, just as markets are open to yours." That is fair trade, and by God, it makes good sense for both of us.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the distinguished minority leader, from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Speaker, I commend the Ways and Means Committee for bringing this resolution to the floor.

In February, I introduced a resolution similar to the Danforth resolution that passed the other body last week.

The resolutions from both Houses of our Congress send a message to both our Government and the Japanese Government that stronger steps must be taken to turn around the massive trade imbalance between our two nations.

The decision by the Japanese Government to allow the import of 450,000 more automobiles into this country and their intransigence in opening up other markets, will lead to an even further worsening of the $37 billion trade deficit we had with Japan last year.

As long as the Japanese don't give the same access to our products that we give to theirs, then an erosion of our relations is inevitable. As long as the Japanese fail to do what they can to help rectify the dollar/yen imbalance as they have promised to do, then an erosion of our relations is inevitable.

This message is as much for the ears of our own administration as it is for the Japanese. I don't like the course we are on. It is not a course for more and freer trade. It is a course that, in my judgment, spells further trouble down the road.

Mr. FRENZEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Wisconsin [Mr. ROTH], a member of the International Economic Policy Subcommittee of the Foreign Affairs Committee.

Mr. ROTH. I thank the gentleman from Minnesota for yielding.

Mr. Speaker, this is a very serious matter. We are suffering a trade deficit this year of $120 billion. A Milwaukee newspaper, 2 days ago, said, "Japanese yawn at American protests."

There is no teeth in a resolution like this. The Japanese are laughing at us. Look at the facts. Sixty percent of all TV's sold in this country come from Japan; 20 percent of all the cars; 90 percent of all the motorcycles; 20 percent of all the machine tools. When the Japanese wanted to come into American banking, they bought the Bank of California. When we got 4.5 percent of the pharmaceutical markets of Japan, there was a hue and cry like we have never heard out of Japan. No, we are not declaring a trade war on Japan. They are declaring a war on us, and we are hoisting the white flag.

Mr. FRENZEL. Mr. Speaker, I yield myself such time as I have remaining.

The SPEAKER pro tempore. The gentleman from Minnesota [Mr. FRENZEL] is recognized for 1 minute.

Mr. FRENZEL. Mr. Speaker, I have already praised the committee for improving on the Senate's work in presenting to this body a better resolution. Nevertheless, I think at a time when our President and the Prime Minister of Japan are engaged in crucial negotiations, and they seem to be going rather well, my preference would be not to move swiftly with a resolution that would tend to perhaps confuse the signals that are now emanating from both sides of the Pacific Ocean and being received with different perceptions on each side of that ocean.

So my preference would be that this resolution not be approved.

On the other hand, I know the pressures that brought it forth. I respect those. I think the committee has done a splendid job and has presented to this House the best resolution it could.

● Mr. BIAGGI. Mr. Speaker, I rise in full support of this resolution calling on President Reagan to retaliate against Japan's unfair and discriminatory trade policy—a trade policy that reeks of greed.

Simply put, America has been too generous for too long. As the United States continues to keep its doors wide open to Japanese products, the Japanese have slammed their trade doors closed and turned the key. The numbers tell the story. While the U.S. trade deficit with Japan swelled to $37 billion in 1984, Japan's trade surplus with the United States reached $4.2 billion in February—the highest level since last July's $4.7 billion gap. The result: Japanese businesses get rich and American workers lose their jobs, by the thousands.

In January, there was optimistic news from the White House. President Reagan and Japanese Prime Minister Yasuhiro Nakasone had apparently agreed that Japan should open its markets to competitive American products. A cause for celebration? Hardly.

As a good-faith gesture, President Reagan lifted a voluntary restraint agreement on Japanese auto imports shortly after his January meeting with Nakasone. In turn, the Japanese proceeded to increase its auto shipments to the United States by a whopping 25 percent, rationalizing that this would represent a 2.3-million unit "limit." Knowledgeable observers tell us that this so-called "limit" is actually Japan's full productive capacity. So much for good-faith gestures.

To add insult to injury, Commerce Department officials tell us that Japan has agreed to only two of nine U.S. objectives designed to assure U.S. access in Japan's telecommunications market, and negotiations to open Japan's markets in three other areas—sophisticated electronics; wood and paper products; and pharmaceuticals and medical equipment—have yet to begin.

Mr. Speaker, today we are considering a nonbinding resolution that sends a strong signal to the President that retaliatory measures are necessary to force the Japanese to end their unfair

and totally unacceptable trade practices. The passage of this legislation is clearly action worth taking. Yet, for the sake of the American work force, whose jobs are at stake, I believe we must go further by acting soon on legislation to mandate trade retaliation measures against Japan. It seems that anything less is simply not enough.●

● Mr. BROOMFIELD. Mr. Speaker, earlier today, Congressman JOHN DINGELL and I introduced a resolution expressing the deep frustration and impatience of the House of Representatives with the trade policies of Japan—a policy that effectively closes their markets to our businessmen while fully exploiting our own markets.

Our resolution was similar to that which unanimously passed the Senate last week and carried an effective message to Japan, Inc.

However, what is important is that the Japanese fully appreciate the depth of feelings about our trade problems, and not whose resolution is finally accepted.

They must understand that we have long passed the period when we will be mollified by smiles and promises. This is now the time for positive action, for we are headed in a collision course that will seriously and permanently damage a relationship marked by mutual cooperation and friendship.

Earlier, I warned of a possible full-blown trade war if the Japanese do not change course in their trade practices. Hopefully, the Japanese will heed our warnings and be sensitive to our concerns to help prevent such a trade war by finally opening their markets to fair competition.

Mr. Speaker, I urge my colleagues to provide a clear and resounding voice to our concern and our outrage at the current state of our trade relations with Japan by fully supporting this resolution before us today.

● Mr. MARKEY. Mr. Speaker, it is with great reluctance that I rise to support this resolution.

Ever since I came to Congress in 1976, there has been talk that the Japanese have enjoyed free access to our Nation's markets, but that American firms could not crack the Japanese wall of trade barriers. For the past 8 years, we have seen many high level talks, and very little concrete action.

Today, we consider a resolution that I would have termed "extreme" a few years ago. Now, however, I do not view this resolution as extreme, but instead I find this proposal a reasoned response to the tremendous obstacles American firms face in Japan.

When I talk with firms in my district, firms who have spent millions of dollars and years of effort to get into the Japanese market, they are frustrated. They are disappointed. They see nothing good on the horizon unless and until our country forces Japan to be fair.

And that is what this resolution offers us today: A statement that the United States seeks fair trade with the world. This resolution states that we can no longer tolerate the one-way street, a street running from Japan directly into American markets, that have characterized past Japanese-American trade relations. This resolution seeks fair trade; fair trade means goods and services must move down both sides of a two-way street.

I support this resolution as a statement of the House's intent to deal seriously and resolutely with the Japanese trade situation. We can no longer accept promises of further high-level talks; we can only accept specific, concrete alterations in Japan's trade barriers.

Absent such specific, detailed action by the Japanese, then I believe we should not hesitate to step forward with continued pressure on the Japanese to open up their markets. American firms cannot continue to watch ships come in with goods marked "made in Japan," and sent back filled with "promises, made by Japan." I urge my colleagues to support this resolution as a measure of this House's commitment to free trade.●

● Mr. SMITH of New Jersey. Mr. Speaker, I rise to urge passage of House Concurrent Resolution 107, a concurrent resolution expressing the sense of the Congress that the President should develop a plan for correcting the U.S. trade deficit and directing him to take certain actions to reduce the trade imbalance between the United States and Japan.

Mr. Speaker, we have watched with great alarm as our trade deficit with Japan has grown over the past several years. Our trade deficit with Japan is the largest single slice of our current $123 billion trade deficit. In fact, Mr. Speaker, the U.S. trade deficit with Japan has grown from $10 billion in 1980 to $37 billion in 1984. At least $20 billion of that amount is a direct result of auto imports. In addition, the U.S. Trade Commission has estimated that the removal of the import cap on autos will result in a $4 to $5 billion increase in Japanese cars flooding our market. That is totally unacceptable and will do irreparable damage to our domestic auto industry. It will hurt American auto workers.

Mr. Speaker, while the strong dollar has no doubt contributed greatly to the size of our trade deficit, lack of U.S. access to the Japanese market must share the blame. It would seem that the President hoped that Japan would respond to the lifting of a voluntary restraint agreement by opening up their market for U.S. goods and services. But this has not been the case, nor will it be. It would appear that we are about to be had—again.

Mr. Speaker, the Japanese have responded to the President's action with a 25-percent increase in automobile shipments and a continuation of its closed door policy to U.S. exports. For too long, Japan has benefited from free trade without bearing any of the responsibilities that the free trade system imposes on trading partners, namely, reciprocity. American producers, particularly in the fields of medical equipment, porcelain china, telecommunications, agricultural products and pharmaceuticals, have been unable to penetrate Japanese markets. They are in a word—locked out.

While I continue hope that trade negotiations with Japan will result in the opening of Japanese markets to American goods, I would suggest we have waited too long. It is time that the President made it clear that this Nation will no longer tolerate Japan's unfair and discriminatory trading practices. Japanese industry has been permitted to expand at the expense of our own workers and that must change.

It is estimated, Mr. Speaker, that 3 million jobs in the United States have been lost since 1981 due to the trade deficit. The immense trade deficit with Japan must bear the lion's share of the blame for this situation. The American worker must be protected whatever it takes.

The resolution which we consider today will send a clear message to Japan that stronger steps must be taken to address our massive trade imbalance.

Mr. Speaker, let me conclude by saying that this is only a step. I believe the Congress must pass into law reciprocity legislation and a comprehensive domestic content bill. The time for small talk is over. The time for meaningful action has arrived.●

● Mr. LENT. Mr. Speaker, I speak today in support of House Concurrent Resolution 107, dealing with our trade problems, especially those we have with Japan. I have long supported measures designed to assure open markets, a free flow of goods and a strong international trading system. I have opposed actions which would threaten that system.

My vote today is consistent with that position. The United States, and particularly the Reagan administration, has been patiently but consistently pressing Japan for years to make tangible trade concessions that will end Japan's dependence on domestically produced goods of all types. Like all protectionism, Japanese trade barriers have been an expensive, counterproductive burden to the Japanese people.

Our country has also sought to assure the integrity of our international commitments and the fairness and due process inherent in our trade laws.

Unfortunately, Japan was one of the first nations to take advantage, often unfair advantage, of that system. Now, of course, many other nations have followed the Japanese lead and subsidized their industries or condoned dumping and other unfair trade practices.

Now, more so than at any point in the past, these problems with Japan have reached massive proportions. The resolution cites our $37 billion trade deficit with Japan, and some of its causes.

Yet, in the face of this long and unfortunate record, and the current economic threat of our trade deficit, Japan has not sought to strengthen but to weaken our world trading system.

The lack of Japanese commitment to carry out its recent agreements with respect to financial measures, and telecommunications purchases, is one sign of this problem. Japan's uncooperative attitude in current telecommunications negotiations is another. Japan's outright refusal to purchase lumber and electronic goods is another. Japan's continuing record of unfair trade practices—patent infringement, dumping, and subsidies—is one more. Finally, in the face of U.S. trust in Japan's good judgment with respect to auto imports, Japan has announced a massive increase.

I am convinced that we must press for strong measures to demonstrate to Japan that America will insist on positive, tangible commitments to free trade. The resolution sets up a process by which the President is pressed to take steps that will show Japan that its current attitude must not prevail. All these actions will be within existing law.

I urge my colleagues to join me in voting in favor of this resolution.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 107.

The question was taken.

Mr. SCHULZE. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Debate has been concluded on all motions to suspend the rules.

Pursuant to the provisions of clause 5, rule I, the Chair will now put the question on each motion on which further proceedings were postponed in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 1373, de novo;

H.R. 1869, by the yeas and nays; and

House Concurrent Resolution 107, by the yeas and nays.

The Chair will reduce to 5 minutes the time for any electronic votes after the first such vote in this series.

DESIGNATING POINT REYES NATIONAL SEASHORE WILDERNESS AS THE PHILLIP BURTON WILDERNESS AREA

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1373, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Minnesota [Mr. VENTO] that the House suspend the rules and pass the bill, H.R. 1373, as amended.

The question was taken.

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

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 342, nays 69, not voting 21, as follows:

[Roll No. 43]

YEAS—342

Ackerman	Bustamante	Durbin
Addabbo	Byron	Dwyer
Akaka	Callahan	Dymally
Alexander	Campbell	Dyson
Anderson	Carney	Early
Andrews	Carper	Eckart (OH)
Annunzio	Carr	Edgar
Anthony	Chandler	Edwards (CA)
Applegate	Chappell	Edwards (OK)
Atkins	Clay	Emerson
Badham	Clinger	English
Barnard	Coelho	Erdreich
Barnes	Coleman (MO)	Evans (IA)
Bateman	Coleman (TX)	Evans (IL)
Bates	Collins	Fazio
Bedell	Combest	Feighan
Bellenson	Conte	Fish
Bennett	Conyers	Flippo
Bentley	Cooper	Florio
Bereuter	Courter	Foglietta
Berman	Coyne	Foley
Bevill	Craig	Ford (MI)
Biaggi	Daniel	Ford (TN)
Bilirakis	Darden	Fowler
Boehlert	Daschle	Frank
Boland	Daub	Franklin
Boner (TN)	Davis	Frost
Bonior (MI)	de la Garza	Fuqua
Borski	Dellums	Gallo
Bosco	Derrick	Garcia
Boucher	Dickinson	Gaydos
Boxer	Dicks	Gejdenson
Breaux	Dingell	Gekas
Brooks	DioGuardi	Gibbons
Brown (CA)	Dixon	Gilman
Brown (CO)	Donnelly	Glickman
Broyhill	Dorgan (ND)	Gonzalez
Bruce	Dowdy	Goodling
Bryant	Downey	Gordon
Burton (CA)	Duncan	Gradison
Gray (IL)	Martinez	Savage
Gray (PA)	Matsui	Saxton
Green	Mavroules	Schaefer
Guarini	Mazzoli	Scheuer
Gunderson	McCain	Schneider
Hall (OH)	McCandless	Schroeder
Hall, Ralph	McCollum	Schulze
Hall, Sam	McCurdy	Schumer
Hamilton	McDade	Seiberling
Hammerschmidt	McGrath	Sharp
Hansen	McHugh	Shaw
Hatcher	McKernan	Shelby
Hawkins	McKinney	Shuster
Hayes	Meyers	Sikorski
Hefner	Mica	Siljander
Heftel	Mikulski	Sisisky
Hendon	Miller (CA)	Skeen
Henry	Miller (OH)	Skelton
Hertel	Miller (WA)	Slattery
Hillis	Mineta	Smith (FL)
Holt	Mitchell	Smith (IA)
Hopkins	Moakley	Smith (NE)
Horton	Molinari	Smith (NJ)
Howard	Mollohan	Snowe
Hoyer	Montgomery	Snyder
Hubbard	Moody	Spence
Huckaby	Moore	Spratt
Hughes	Moorhead	St Germain
Hunter	Morrison (WA)	Staggers
Hutto	Mrazek	Stallings
Hyde	Murphy	Stangeland
Ireland	Murtha	Stenholm
Jacobs	Myers	Stokes
Jeffords	Natcher	Stratton
Jenkins	Neal	Studds
Johnson	Nelson	Swift
Jones (NC)	Nichols	Synar
Jones (OK)	Nowak	Tallon
Kaptur	O'Brien	Tauke
Kasich	Oakar	Taylor
Kastenmeier	Oberstar	Thomas (CA)
Kemp	Obey	Thomas (GA)
Kennelly	Owens	Torres
Kildee	Panetta	Torricelli
Kleczka	Pashayan	Towns
Kolter	Pease	Traficant
Kostmayer	Penny	Traxler
Kramer	Perkins	Udall
LaFalce	Petri	Valentine
Lagomarsino	Pickle	Vento
Lantos	Porter	Visclosky
Leach (IA)	Price	Volkmer
Leath (TX)	Pursell	Vucanovich
Lehman (CA)	Quillen	Walgren
Lehman (FL)	Rahall	Watkins
Leland	Rangel	Waxman
Lent	Ray	Weaver
Levin (MI)	Regula	Weiss
Levine (CA)	Reid	Wheat
Lewis (CA)	Richardson	Whitehurst
Lewis (FL)	Rinaldo	Whitley
Lipinski	Roberts	Whitten
Lloyd	Robinson	Williams
Loeffler	Rodino	Wilson
Lott	Roe	Wirth
Lowery (CA)	Roemer	Wise
Lowry (WA)	Rose	Wolf
Lujan	Rostenkowski	Wright
Luken	Roukema	Wyden
Lundine	Rowland (GA)	Wylie
MacKay	Roybal	Yatron
Manton	Rudd	Young (AK)
Markey	Russo	Young (FL)
Martin (NY)	Sabo	Young (MO)

NAYS—69

Archer	Eckert (NY)	McEwen
Armey	Fawell	McMillan
Bartlett	Fiedler	Michel
Barton	Fields	Monson
Bliley	Frenzel	Nielson
Boulter	Gingrich	Oxley
Broomfield	Gregg	Packard
Burton (IN)	Grotberg	Parris
Chappie	Hiler	Ridge
Cheney	Kindness	Ritter
Coats	Kolbe	Rogers
Cobey	Latta	Roth
Coble	Lightfoot	Rowland (CT)
Crane	Livingston	Schuette
Dannemeyer	Lungren	Sensenbrenner
DeLay	Mack	Shumway
DeWine	Madigan	Slaughter
Dornan (CA)	Marlenee	Smith (NH)
Dreier	Martin (IL)	Smith, Denny

Smith, Robert	Sundquist	Weber
Solomon	Sweeney	Whittaker
Strang	Swindall	Wortley
Stump	Walker	Zschau

NOT VOTING—21

Aspin	Gephardt	Pepper
AuCoin	Hartnett	Solarz
Boggs	Jones (TN)	Stark
Bonker	Kanjorski	Tauzin
Coughlin	Morrison (CT)	Vander Jagt
Crockett	Olin	Wolpe
Fascell	Ortiz	Yates

□ 1950

The Clerk announced the following pair:

On this vote:

Mr. Jones of Tennessee and Mr. Ortiz for, with Mr. Hartnett against.

Messrs. SWINDALL, WHITTAKER, ROWLAND of Connecticut, and CHENEY, and Ms. FIEDLER changed their votes from "yea" to "nay."

Mr. RALPH M. HALL changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. KANJORSKI. Mr. Speaker, on rollcall No. 43 on consideration of H.R. 1373, the wilderness bill, the bell did not sound in the House caucus room, the Cannon caucus room, and my pager did not sound.

Had I been present in the Chamber I would have recorded my vote in the affirmative.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will reduce to a minimum of 5 minutes the period of time in which a vote by electronic device may be taken on all the additional motions to suspend the rules on which the Chair has postponed further proceedings.

REPEALING CONTEMPORANEOUS RECORDKEEPING REQUIREMENTS ADDED BY TAX REFORM ACT OF 1984

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1869, on which the yeas and nays were ordered.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and pass the bill, H.R. 1869.

The vote was taken by electronic device, and there were—yeas 412, nays 1, not voting 19, as follows:

[Roll No. 44]

YEAS—412

Ackerman	Donnelly	Kanjorski
Addabbo	Dorgan (ND)	Kaptur
Akaka	Dornan (CA)	Kasich
Alexander	Dowdy	Kastenmeier
Anderson	Downey	Kemp
Andrews	Dreier	Kennelly
Annunzio	Duncan	Kildee
Anthony	Durbin	Kleczka
Applegate	Dwyer	Kolbe
Archer	Dymally	Kolter
Armey	Dyson	Kostmayer
Atkins	Early	Kramer
AuCoin	Eckart (OH)	LaFalce
Badham	Eckert (NY)	Lagomarsino
Barnard	Edgar	Lantos
Barnes	Edwards (CA)	Latta
Bartlett	Edwards (OK)	Leach (IA)
Barton	Emerson	Leath (TX)
Bateman	English	Lehman (CA)
Bates	Erdreich	Lehman (FL)
Bedell	Evans (IA)	Leland
Beilenson	Evans (IL)	Lent
Bennett	Fawell	Levin (MI)
Bentley	Fazio	Levine (CA)
Bereuter	Feighan	Lewis (CA)
Berman	Fiedler	Lewis (FL)
Bevill	Fields	Lightfoot
Biaggi	Fish	Lipinski
Bilirakis	Flippo	Livingston
Bliley	Florio	Lloyd
Boehlert	Foglietta	Loeffler
Boland	Foley	Lott
Boner (TN)	Ford (MI)	Lowery (CA)
Bonior (MI)	Ford (TN)	Lowry (WA)
Borski	Fowler	Lujan
Bosco	Franklin	Luken
Boucher	Frenzel	Lundine
Boulter	Frost	Lungren
Boxer	Fuqua	Mack
Breaux	Gallo	MacKay
Brooks	Garcia	Madigan
Broomfield	Gaydos	Manton
Brown (CA)	Gejdenson	Markey
Brown (CO)	Gekas	Marlenee
Broyhill	Gibbons	Martin (IL)
Bruce	Gilman	Martin (NY)
Bryant	Gingrich	Martinez
Burton (CA)	Glickman	Matsui
Burton (IN)	Gonzalez	Mavroules
Bustamante	Goodling	Mazzoli
Byron	Gordon	McCain
Callahan	Gradison	McCandless
Campbell	Gray (IL)	McCollum
Carney	Gray (PA)	McCurdy
Carper	Green	McDade
Carr	Gregg	McEwen
Chandler	Grotberg	McGrath
Chappell	Guarini	McHugh
Chappie	Gunderson	McKernan
Cheney	Hall (OH)	McKinney
Clay	Hall, Ralph	McMillan
Clinger	Hall, Sam	Meyers
Coats	Hamilton	Mica
Cobey	Hammerschmidt	Michel
Coble	Hansen	Mikulski
Coelho	Hatcher	Miller (CA)
Coleman (MO)	Hawkins	Miller (OH)
Coleman (TX)	Hayes	Miller (WA)
Collins	Hefner	Mineta
Combest	Heftel	Mitchell
Conte	Hendon	Moakley
Conyers	Henry	Molinari
Cooper	Hertel	Mollohan
Courter	Hiler	Monson
Coyne	Hillis	Montgomery
Craig	Holt	Moody
Crane	Hopkins	Moore
Daniel	Horton	Moorhead
Dannemeyer	Howard	Morrison (WA)
Darden	Hoyer	Mrazek
Daschle	Hubbard	Murphy
Daub	Huckaby	Murtha
Davis	Hughes	Myers
de la Garza	Hunter	Natcher
DeLay	Hutto	Neal
Dellums	Hyde	Nelson
Derrick	Ireland	Nichols
DeWine	Jacobs	Nielson
Dickinson	Jeffords	Nowak
Dicks	Jenkins	O'Brien
Dingell	Johnson	Oakar
DioGuardi	Jones (NC)	Oberstar
Dixon	Jones (OK)	Obey
Owens	Schroeder	Synar
Oxley	Schuette	Tallon
Packard	Schulze	Tauke
Panetta	Schumer	Taylor
Parris	Seiberling	Thomas (CA)
Pashayan	Sensenbrenner	Thomas (GA)
Pease	Sharp	Torres
Penny	Shaw	Torricelli
Perkins	Shelby	Towns
Petri	Shumway	Traficant
Pickle	Shuster	Traxler
Porter	Sikorski	Udall
Price	Siljander	Valentine
Pursell	Sisisky	Vento
Quillen	Skeen	Visclosky
Rahall	Skelton	Volkmer
Rangel	Slattery	Vucanovich
Ray	Slaughter	Walgren
Regula	Smith (FL)	Walker
Reid	Smith (IA)	Watkins
Richardson	Smith (NE)	Waxman
Ridge	Smith (NH)	Weaver
Rinaldo	Smith (NJ)	Weber
Ritter	Smith, Denny	Weiss
Roberts	Smith, Robert	Wheat
Robinson	Snowe	Whitehurst
Rodino	Snyder	Whitley
Roe	Solomon	Whittaker
Roemer	Spence	Whitten
Rogers	Spratt	Williams
Rose	St Germain	Wilson
Rostenkowski	Staggers	Wirth
Roth	Stallings	Wise
Roukema	Stangeland	Wolf
Rowland (CT)	Stark	Wortley
Rowland (GA)	Stenholm	Wright
Roybal	Stokes	Wyden
Rudd	Strang	Wylie
Russo	Stratton	Yatron
Sabo	Studds	Young (AK)
Savage	Stump	Young (FL)
Saxton	Sundquist	Young (MO)
Schaefer	Sweeney	Zschau
Scheuer	Swift	
Schneider	Swindall	

NAYS—1

Frank

NOT VOTING—19

Aspin	Hartnett	Solarz
Boggs	Jones (TN)	Tauzin
Bonker	Kindness	Vander Jagt
Coughlin	Morrison (CT)	Wolpe
Crockett	Olin	Yates
Fascell	Ortiz	
Gephardt	Pepper	

□ 2000

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

● Mr. JONES of Tennessee. Mr. Speaker, due to illness in my family, I unavoidably missed the vote on the motion to suspend the rules and pass H.R. 1869, recordkeeping with regard to mixed-use vehicles. I support this legislation and would have voted "aye" on its passage.●

PERSONAL EXPLANATION

Mr. TAUZIN. Mr. Speaker, I rise to explain my absence from the Chamber.

Mr. Speaker, when H.R. 1373, rollcall 43 and H.R. 1869, rollcall 44, occurred, I was inadvertently away from

the Chamber and, therefore, missed these votes.

Had I been here, I would have voted in the affirmative on both issues, and I wish this statement to appear in the RECORD.

EXPRESSING SENSE OF CONGRESS THAT THE PRESIDENT TAKE ACTION RELATING TO TRADE DEFICIT AND UNFAIR TRADE PRACTICES OF JAPAN

The SPEAKER pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, House Concurrent Resolution 107.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 107, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 394, nays 19, not voting 19, as follows:

[Roll No. 45]

YEAS—394

Ackerman	Chappell	Evans (IA)
Addabbo	Chappie	Evans (IL)
Akaka	Cheney	Fawell
Alexander	Clay	Fazio
Anderson	Clinger	Feighan
Andrews	Coats	Fiedler
Annunzio	Cobey	Fields
Anthony	Coble	Fish
Applegate	Coelho	Flippo
Archer	Coleman (MO)	Florio
Atkins	Coleman (TX)	Foglietta
AuCoin	Collins	Foley
Barnard	Combest	Ford (MI)
Barnes	Conte	Ford (TN)
Bartlett	Conyers	Fowler
Bateman	Cooper	Frank
Bates	Courter	Franklin
Bedell	Coyne	Frost
Beilenson	Craig	Fuqua
Bennett	Daniel	Gallo
Bentley	Dannemeyer	Garcia
Bereuter	Darden	Gaydos
Berman	Daschle	Gejdenson
Bevill	Daub	Gekas
Biaggi	Davis	Gibbons
Bilirakis	de la Garza	Gilman
Bliley	Dellums	Gingrich
Boehlert	Derrick	Glickman
Boland	DeWine	Gonzalez
Boner (TN)	Dickinson	Goodling
Bonior (MI)	Dicks	Gordon
Borski	Dingell	Gradison
Bosco	DioGuardi	Gray (IL)
Boucher	Dixon	Gray (PA)
Boulter	Donnelly	Green
Boxer	Dorgan (ND)	Gregg
Breaux	Dornan (CA)	Grotberg
Brooks	Dowdy	Guarini
Broomfield	Downey	Gunderson
Brown (CA)	Dreier	Hall (OH)
Brown (CO)	Duncan	Hall, Ralph
Bruce	Durbin	Hall, Sam
Bryant	Dwyer	Hamilton
Burton (CA)	Dymally	Hammerschmidt
Burton (IN)	Dyson	Hansen
Bustamante	Early	Hatcher
Byron	Eckart (OH)	Hawkins
Callahan	Edgar	Hayes
Campbell	Edwards (CA)	Hefner
Carney	Edwards (OK)	Heftel
Carper	Emerson	Hendon
Carr	English	Henry
Chandler	Erdreich	Hertel
Hiler	Mica	Sharp
Hillis	Michel	Shaw
Holt	Mikulski	Shelby
Hopkins	Miller (CA)	Shuster
Horton	Miller (OH)	Sikorski
Howard	Mineta	Siljander
Hoyer	Mitchell	Sisisky
Hubbard	Moakley	Skeen
Hughes	Molinari	Skelton
Hunter	Mollohan	Slattery
Hutto	Monson	Slaughter
Hyde	Montgomery	Smith (FL)
Ireland	Moody	Smith (IA)
Jacobs	Moore	Smith (NE)
Jeffords	Morrison (WA)	Smith (NH)
Jenkins	Mrazek	Smith (NJ)
Johnson	Murphy	Smith, Denny
Jones (NC)	Murtha	Smith, Robert
Jones (OK)	Myers	Snowe
Jones (TN)	Natcher	Snyder
Kanjorski	Neal	Solomon
Kaptur	Nelson	Spence
Kasich	Nichols	Spratt
Kastenmeier	Nielson	St Germain
Kennelly	Nowak	Staggers
Kildee	O'Brien	Stallings
Kindness	Oakar	Stangeland
Kleczka	Oberstar	Stark
Kolbe	Obey	Stenholm
Kolter	Owens	Stokes
Kostmayer	Oxley	Stratton
Kramer	Packard	Studds
LaFalce	Panetta	Sundquist
Lagomarsino	Parris	Sweeney
Lantos	Pashayan	Swift
Latta	Pease	Swindall
Leach (IA)	Penny	Synar
Leath (TX)	Perkins	Tallon
Lehman (CA)	Petri	Tauke
Lehman (FL)	Pickle	Tauzin
Leland	Porter	Taylor
Lent	Price	Thomas (CA)
Levin (MI)	Pursell	Thomas (GA)
Levine (CA)	Quillen	Torricelli
Lewis (CA)	Rahall	Towns
Lewis (FL)	Rangel	Traficant
Lightfoot	Ray	Traxler
Lipinski	Regula	Udall
Livingston	Reid	Valentine
Lloyd	Richardson	Vento
Loeffler	Ridge	Visclosky
Lott	Rinaldo	Volkmer
Lowery (CA)	Ritter	Vucanovich
Lujan	Roberts	Walgren
Luken	Robinson	Watkins
Lundine	Rodino	Waxman
MacKay	Roe	Weaver
Madigan	Roemer	Weiss
Manton	Rogers	Wheat
Markey	Rose	Whitehurst
Marlenee	Rostenkowski	Whitley
Martin (IL)	Roth	Whittaker
Martin (NY)	Roukema	Whitten
Martinez	Rowland (CT)	Williams
Matsui	Rowland (GA)	Wilson
Mavroules	Roybal	Wirth
Mazzoli	Rudd	Wise
McCain	Russo	Wolf
McCandless	Sabo	Wortley
McCollum	Savage	Wright
McCurdy	Saxton	Wyden
McDade	Schaefer	Wylie
McEwen	Scheuer	Yatron
McGrath	Schneider	Young (AK)
McHugh	Schroeder	Young (FL)
McKernan	Schuette	Young (MO)
McKinney	Schumer	Zschau
McMillan	Seiberling	
Meyers	Sensenbrenner	

NAYS—19

Armey	Kemp	Strang
Badham	Lowry (WA)	Stump
Barton	Lungren	Torres
Crane	Mack	Walker
DeLay	Miller (WA)	Weber
Eckert (NY)	Schulze	
Frenzel	Shumway	

NOT VOTING—19

Aspin	Gephardt	Pepper
Boggs	Hartnett	Solarz
Bonker	Huckaby	Vander Jagt
Broyhill	Moorhead	Wolpe
Coughlin	Morrison (CT)	Yates
Crockett	Olin	
Fascell	Ortiz	

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

BIOMASS ENERGY AND ALCOHOL FUELS ACT OF 1980 AMENDMENTS

Mr. MARKEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill, S. 781 to amend the Biomass Energy and Alcohol Fuels Act of 1980 to clarify the intention of section 221 of the act.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 781

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of section 221 of the Biomass Energy and Alcohol Fuels Act of 1980 is amended by inserting before the period at the end thereof the following: ", except that all conditional commitments for loan guarantees under this subtitle which were in existence on September 30, 1984, are hereby extended through September 30, 1985".

(b) Enactment of this Act shall not be interpreted as indicating congressional approval with respect to any pending conditional commitments under this Act.

The SPEAKER pro tempore. The gentleman from Massachusetts [Mr. MARKEY] is recognized for 1 hour.

Mr. MARKEY. Mr. Speaker, this bill makes a technical clarification of the Biomass Energy and Alcohol Fuels Act of 1980. That act permitted the Department of Energy to enter into loan guarantees with respect to ethanol plants. The authority to enter into loan guarantees expired on September 30, 1984.

□ 2010

The Energy Department has entered into four conditional commitments called loan guarantees. However, because of the complexities of the commitment and other related issues, the Department was not in a position to finalize the loan guarantees by September 30, 1984.

This bill permits the Department to continue its negotiations over these loan guarantees until September 30, 1985.

The projects involved here committed 4 years to finalization of their commitments and they deserve an opportunity to see them through. The bill provides no new authority and no new spending. The Department must still judge each project on its merits

and the Department retains its full discretion.

The bill makes clear that its passage should not be interpreted as indicating congressional approval.

We have consulted with the minority and majority committees of jurisdiction and other interested parties, and we know of no objection to this matter, and I urge its immediate passage.

Mr. DAUB. Will the gentleman yield?

Mr. MARKEY. I will be happy to yield.

Mr. DAUB. Mr. Speaker, I extend my thanks to the chairman of the committee and the ranking member for bringing these technical amendments to the floor, as well as to the gentleman from Ohio [Mr. BEDELL], especially for the work that he has done. I appreciate the efforts that everyone has made.

Mr. Speaker, the technical amendment we are considering clarifies the intention of Congress with regard to the Biomass Energy and Alcohol Fuels Act of 1980. The amendment involves no new authority or spending but allows the four remaining fuel ethanol projects under the Office of Alcohol Fuels to finalize their conditional commitments.

This legislation was passed by the House on February 27 as an amendment to the Emergency Credit Act. The Senate passed the measure last Thursday.

To repeat, the bill involves no new commitments under the Alcohol Fuels Act but strictly extends to September 30 of this year four commitments that were first made in 1981.

In response to Government solicitations made at that time, these four projects have in good faith committed nearly 4 years of effort and millions of their own dollars to finalize their conditional commitments. It is only right that they now be provided the opportunity to see those efforts through and that in the process we establish a clear and definite termination date for the program.

The legislation—while simple—is absolutely necessary to allow the continued progress toward finalization of the conditional commitments. This is due to an unintended technicality in the original law that failed to distinguish between existing conditional commitments entered into well before the program expiration date of September 30, 1984, and new commitments after that date. The bill will not open the process to new commitments but rather allow the four remaining projects the opportunity to finalize by September 30, 1985.

The ethanol industry brings with it positive public benefits. For our troubled farm economy, it will generate immense demand for stockpiled grain and corn. Environmentally, the plants are pollution free; they recycle their byproducts; and they produce a gasoline substitute that moves us toward our national goal of removing lead from gasoline. Additionally, they enhance our energy independence.

I urge the support of my colleagues for this clarification of Congressional intent with regard to the Biomass Energy and Alcohol Fuels Act of 1980.

● Ms. SNOWE. Mr. Speaker, I rise in support of this legislation offered by the gentleman from Nebraska. This bill makes a technical correction to the Biomass Energy and Alcohol Fuels Act of 1980 to allow four ethanol projects from Louisiana, Maine, Minnesota, and Nebraska—under the review of the Department of Energy's Office of Alcohol Fuels—to utilize their conditional commitments obtained before the statutory expiration date last September 30 for 1 year. These projects, now caught on a technicality, would gain an extension through the end of this fiscal year through passage of this bill.

By not closing the door on these approved projects, Department of Energy loan guarantees will still be made available. No new or uncommitted projects would be eligible—only the four projects which had commitments before last September. The four projects that depend on an extension of this expiration date have already met the Government's cost requirements and the test of time.

Allow me to reiterate that Congress never intended back in 1980 to cut off projects that received commitments before the expiration date. With that in mind, these four ethanol projects can be completed with an extension of the loan guarantee applicability through this September. It makes no sense to cut off economically sound, Government-approved projects under the authority of this act. Each of these four projects remain in place after millions of dollars have been spent to meet Federal requirements to obtain their conditional commitments. Passage of this simple extension would be a fair and logical step to take.

Ethanol production is a practical objective for several reasons: In the first place, ethanol is used to enhance fuel octane, and it will very adequately replace lead as an additive. The Environmental Protection Agency has recently moved to phase out the use of lead in gasoline, and this legislation will serve as a catalyst to enhance the availability of ethanol as a substitute for lead. Second, ethanol is produced through the distillation of feed grains. These four ethanol projects will serve as a significant market outlet for feed grain, approximately 40 million bushels per year.

Given all of these certainties about the benefits achieved by completing these projects, the simple fact of the matter remains that these four projects need their authority clarified through the end of this fiscal year to complete negotiations. This extension allows no new obligations, and I commend the gentleman from Nebraska for his efforts on behalf of this simple, clarifying legislation.

I strongly support passage of this bill.●

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WORLD HEALTH WEEK AND WORLD HEALTH DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 50) to designate the week of April 1, 1985, through April 7, 1985, as "World Health Week," and to designate April 7, 1985, as "World Health Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

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

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object but would simply like to inform the House that the minority has no objection to the legislation being considered.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 50

Whereas the health of a nation depends upon the health of its people;

Whereas improvement of the health of the people of our Nation contributes to world health, and world health contributes to the health of our Nation—a principle enunciated in the Constitution of the World Health Organization and accepted by the United States;

Whereas the United States is an active member of the World Health Organization and has both benefited from and contributed to the achievements of the Organization;

Whereas the countries of the world, acting through the World Health Organization, are committed to the goal of "Health for All by the Year 2000";

Whereas primary health care is recognized as a key to the attainment of "Health for All by the Year 2000";

Whereas health education and health awareness, prevention, and treatment of common diseases and illnesses, basic sanitation and adequate nutrition are essential elements of primary health care;

Whereas the World Health Organization has established April 7 of each year as World Health Day to call attention to what individuals and governments can do to fur-

ther the health of human beings everywhere, and the American Association of World Health has sponsored and assisted in this endeavor; and

Whereas it has been the custom for the President to call attention to World Health Day each year in the form of a public message: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of April 1, 1985, through April 7, 1985, is designated as "World Health Week" and April 7, 1985, is designated as "World Health Day" and the President is authorized and requested to issue a proclamation calling upon the people of the United States to oberve such week with appropriate programs, ceremonies, and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMMEMORATING 25TH ANNIVERSARY OF U.S. WEATHER SATELLITES

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from the further consideration of the Senate joint resolution (S.J. Res. 62) commemorating the 25th anniversary of U.S. weather satellites, and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

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

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object. I would simply like to inform the House that the minority has no objection to the legislation being considered.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 62

Whereas United States' weather satellites have tracked the Earth's weather since April 1, 1960, and have brought unique benefits to the American people and to the world;

Whereas weather satellites have proven exceptionally valuable in detecting, monitoring, and giving early warning of hurricanes, severe storms, flash floods, and other life-threatening natural hazards, on a local, national and international basis;

Whereas the international weather satellite search-and-rescue program has saved over three hundred lives since 1982;

Whereas the achievements of the scientific and aerospace communities in developing weather satellites have contributed significantly to the United States leadership in satellite technology, international cooperation in space, and an integrated global weather forecasting system;

Whereas television and radio weather forecasters have made major contributions to public health, safety, and welfare through the use and general dissemination of weather satellite information;

Whereas weather satellites have evolved into environmental satellites that also monitor snow and ice cover, frost damage, vegetation, forest fires, volcanic eruptions, sea surface temperatures, and ocean currents;

Whereas environmental satellite data are used for research and for commerical purposes in meteorology, hydrology, agriculture, oceanography, forestry, and fisheries;

Whereas the United States international prestige is enhanced by the direct dissemination of environmental satellite data to more than one hundred and twenty countries;

Whereas the National Aeronautics and Space Administration has been the world leader in the development of experimental and prototypical weather and environmental satellites; and

Whereas the National Oceanic and Atmospheric Administration of the Department of Commerce has demonstrated outstanding leadership in the management of operational weather and environmental satellite systems and programs: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of March 31 to April 6, 1985, is hereby designated as "National Weather Satellite Week" in recognition of the twenty-fifth anniversary of weather satellites and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies.

● Mr. LUJAN. Mr. Speaker, I lend my full support to this resolution which commemorates the 25th anniversary of our Nation's weather satellites.

At first glance, it might seem that the weather satellites are not really all that important to our daily lives. Well, that might have been true when the idea was still on the drawing board over 25 years ago, but it certainly is not the case today.

Today, information provided by the weather satellites operated by the National Oceanic and Atmospheric Administration has direct economic and social benefits for all of us. This information affects many different industries: wholesale and retail marketing, construction, the fishing industry, travel, shipping, and agriculture. Based on weather patterns, for example, a farmer may decide when to plant new crops or harvest the ones he has in the ground.

When the going gets rough, in the face of severe and violent weather, our satellite early warning system has sharply reduced the numbers of lives lost to hurricanes, tornadoes, severe storms, and other violent weather patterns.

Early frost warnings can save citrus growers millions of dollars per day on the cost of heating their groves, as well as warning them when the weather might be severe enough to put them out of business altogether.

Satellite ice monitoring also helps to extend shipping on the Great Lakes well into winter months. This in turn generates extra economic activity for Middle America and neighboring provinces in Canada.

In addition to improving the quality of our daily lives, our weather satellites form one of our key tools for international cooperation in space.

Today, more than 120 countries make regular use of U.S. weather satellite information and products. Nine countries are, in fact, active partners with the United States in the actual operation of the weather satellites. From their very inception, the weather satellites have provided data to the entire world.

The weather satellites also carry equipment on board used for another very important international program, the Search and Rescue Program. On October 5, 1984, the United States signed an agreement in Leningrad with Canada, France, and the U.S.S.R. to provide an operational worldwide satellite-aided Search and Rescue System for downed aircraft and ships in distress. This program, known as SARSAT, began as an experimental effort under NASA, with active participants of the Air Force and Coast Guard; it is now an operational NOAA program.

SARSAT is already a proven success, and has saved over 350 lives in a little more than 2 years. Right now, countries all over the world are beginning to develop ground stations to receive this data so that they may become part of the international search and rescue network. This program is an ideal example of international space cooperation at its very best.

I am glad that we are celebrating the 25th anniversary of our Nation's weather satellites—certainly, this program has earned its silver anniversary celebration. I urge my colleagues to support this Senate Joint Resolution 62 and the program whose anniversary it commemorates.●

● Mr. SCHEUER. Mr. Speaker, I rise in support of the resolution.

Senate Joint Resolution 62 provides for the commemoration of the 25th anniversary of the U.S. Weather Satellites Program by designating the week of March 31 to April 6, 1985, as "National Weather Satellite Week" and by directing the President to issue a proclamation in observance of the event.

The civilian meteorological satellite [METSAT] system, comprised of two orbiting and two stationary satellites, has become one of the most valuable elements of our national space program.

Metsats are critically important in the National Weather Service's ability to provide early warning of hurricanes, severe storms, flash floods, and other life-threatening natural hazards.

Weather satellites also carry search-and-rescue equipment—which has

saved over 300 lives in the past 2 years—and provide information which is of great commercial value to farmers, foresters, and fishermen throughout the United States.

In addition, the U.S. international prestige has been, and continues to be, enhanced by the direct dissemination of weather satellite data to more than 120 countries.

The development and utilization of weather satellite technology over the past 25 years has spawned tremendous accomplishments which have benefited not only the American people but people the world over.

I urge my colleagues to help commemorate these accomplishments and the people who made them possible.●

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL ORGAN DONATION AWARENESS WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 35) to authorize and request the President to issue a proclamation designating April 21 through April 27, 1985, as "National Organ Donation Awareness Week", and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

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

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not, however, object. I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. MORRISON of Washington. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. Mr. Speaker, under my reservation I would like to yield to the gentleman from Washington [Mr. MORRISON], who is the chief sponsor of House Joint Resolution 123, the National Organ Donation Awareness Week.

Mr. MORRISON of Washington. Mr. Speaker, I would first like to take this opportunity to thank the subcommittee chairman, BOB GARCIA, and the ranking Republican, JIM HANSEN, for their assistance.

On January 31, I introduced House Joint Resolution 123 to designate the week of April 21 through 27 as "National Organ Donation Awareness Week." Two dozen of my colleagues were principal cosponsors. Since that time, the number of cosponsors has reached 227.

The reason for having a week set aside to draw attention to organ donation, is graphically illustrated by the fact that in an average year, only 1 person out of the 10,000 persons needing a donated organ actually receives this second chance at life.

The United States has many generous folks who have not signed donor cards. I believe that the only reason that more people haven't, is because they either don't know they can, or don't know how easy it really is, to make this beautiful lifesaving gift. And, for those Members of the House who have not had the chance to make this pledge, they will be able to sign a donor card on April 24 in the Capitol.

Mr. Speaker, the senior Senator from the State of Washington, SLADE GORTON, introduced the companion legislation in that body, which I report has now been passed. So at this time, I encourage my colleagues in the House to do no less, and vote for passage of this legislation proclaiming April 21 through 27, 1985, as "National Organ Donation Awareness Week."

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 35

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 April 21 through April 27, 1985, as "National Organ Donation Awareness Week".

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FAIR HOUSING MONTH

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 79) to designate April 1985, as "Fair Housing Month," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

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

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but would simply like to inform the House that the minority has no objection to the legislation being considered.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 79

Whereas the year 1985 marks the seventeenth anniversary of the passage of title VIII of the Civil Rights Act of 1968 as amended (commonly referred to as the "Federal Fair Housing Act"), declaring a national policy to provide for fair housing throughout the United States;

Whereas the Federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, sex, or national origin;

Whereas fairness is the foundation of our way of life and reflects the best of our traditional American values;

Whereas invidious discriminatory housing practices undermine the strength and vitality of America and her people; and

Whereas in this seventeenth year since the passage of the Federal Fair Housing Act, we must work to strengthen enforcement of fair housing laws for all Americans so as to make the ideal of fair housing a reality: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the month of April 1985, is designated "Fair Housing Month". The President is authorized and requested to issue a proclamation designating April as "Fair Housing Month" and to invite the Governors of the several States, the chief officials of local governments and the people of the United States to observe that month with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate joint resolutions just passed.

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

There was no objection.

TRIBUTE TO COL. GEORGE H. HALLANAN (RETIRED)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. MARTIN] is recognized for 5 minutes.

Mr. MARTIN of New York. I thank the Speaker.

Mr. Speaker, a devoted and valued member of my staff, Col. George H. Hallanan, retired, is leaving Capitol Hill after 40 years of exemplary service to our Nation.

Colonel Hallanan rose in rank from private to colonel in the U.S. Army during a career spanning three major conflicts. Upon completion of his active military service, he joined the staff of my immediate predecessor, former Congressman Robert C. McEwen, for 6 years; he has served

ably and loyally on my staff for the past 4 years.

During World War II, Colonel Hallanan, then a captain, commanded the first tank company organized in the 1st Cavalry Division. He received the Purple Heart and the Silver Star for his combat efforts in the Pacific. He was in the first contingent to march into Tokyo the day the surrender was signed ending World War II.

Later in his career, Colonel Hallanan served our Nation in Korea and Vietnam. He also served in the Office of the Deputy Chief of Staff for Operations in the Department of the Army, as Director of Mass Communications in the Army Combat Developments Command and as Deputy Installation Commander of Fort Dix, NJ.

In addition to the Silver Star and Purple Heart, Colonel Hallanan's decorations include the Legion of Merit with Oak Leaf Cluster, the Meritorious Service Medal, the Army Commendation Medal with Oak Leaf Cluster, the Philippine Presidential Liberation Medal, and Vietnamese Minister of Defense's Psychological Warfare Medal.

An assignment which was one of the highlights of Colonel Hallanan's career, and which was to influence his later work, was command of an armored battalion which he first organized. While training his battalion at Fort Drum, NY, in my congressional district, he came to realize that this was an outstanding training area which would allow the preparation of combat units for immediate commitment anywhere in the world.

When he later joined the staff of former Congressman McEwen, then ranking Republican on the Military Construction Appropriations Subcommittee, Colonel Hallanan shared with my predecessor and many others the conviction that Fort Drum's 107,000 acres, used only for summer training of Reserve component units, were greatly underutilized. He developed briefings for Congressman McEwen showing the many advantages of this outstanding post, and these were presented to the Adjutants General of the nine States of the Northeast, to Members of Congress and to Department of Defense, and Department of the Army military and civilian officials. He extolled the virtues of Fort Drum to all who would listen.

Colonel Hallanan recently had the great satisfaction of seeing the 10th Mountain Division activated at Fort Drum for permanent stationing there. Having been most helpful in achieving that goal, he is leaving my staff to seek new challenges.

Throughout his career, Colonel Hallanan has had tremendous support from his wife, Alice, particularly in her outstanding job of caring for six fine children while duty called her husband far from home. I wish George and Alice Hallanan happiness and success in all their future endeavors.

INTRODUCTION OF THE "BUREAU OF INDIAN AFFAIRS FISCAL ACCOUNTABILITY ACT OF 1985"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona [Mr. UDALL] is recognized for 5 minutes.

● Mr. UDALL. Mr. Speaker, today I am introducing, on behalf of myself and Messrs. MCCAIN and RICHARDSON, a bill to provide for fiscal accountability in the allocation and expenditure of funds appropriated to the Bureau of Indian Affairs.

HISTORY OF THE BUREAU OF INDIAN AFFAIRS

The Bureau of Indian Affairs is the principal Federal agency charged with carrying out the government-to-government relationship between the United States and the Indian tribes; implementing the trust and fiduciary responsibility of the United States for the Indian tribes and their lands and resources; and providing or funding various educational, social, economic, and governmental programs to meet legal, moral, and historical obligations of the United States.

The Bureau was created as an agency of the War Department on March 11, 1824, by order of the Secretary of War Calhoun. By the act of July 9, 1832 (4 Stat. 564; 25 U.S.C. 1-2), Congress authorized the President to appoint a Commissioner of Indian Affairs who was to have "* * * the direction and management of all Indian affairs, and of all matters arising out of Indian relations * * *." He was under the direction of the Secretary of War and subject to the regulations prescribed by the President.

Two years later, the act of June 30, 1834 (4 Stat. 735) was passed "* * * to provide for the organization of the department of Indian affairs." This constituted, in effect, a reorganization of the field force of the War Department having charge of Indian Affairs and has been considered to be the organic law of the Bureau of Indian Affairs.

In 1849, under section 5 of the act of March 3, 1849 (9 Stat. 395), by which the Department of the Interior was established, the Bureau of Indian Affairs passed from military to civil control. The act provided "That the Secretary of the Interior shall exercise supervisory and appellate powers now exercised by the Secretary of the War Department, in relation to all acts of the Commissioner of Indian Affairs."

The Bureau continued in the Department of the Interior, with major statutory authorities in the field of Indian affairs vested in the Commissioner of Indian Affairs subject to the supervisory and appellate powers of the Secretary. Then, in 1950, pursuant to the Reorganization Plan of 1950, all existing functions and authorities of the Commissioner were transferred to the Secretary with power to delegate. In practice, through delegations from the Secretary, the Commissioner continued in effective control of the Bureau.

Finally, in 1977, the Bureau was placed under the leadership of an Assistant Secretary for Indian Affairs by order of Secretary Andrus. The position of Commissioner has essentially been left vacant since that order.

APPROPRIATIONS PROCESS

Beginning in 1865, when the Committee on Appropriations was established, until 1885, all general appropriation bills in the House of Representatives were within the jurisdiction of, and referred to, the Committee on Appropriations. In 1885, the rules of the House were changed to permit some general appropriation bills to be referred to other committees. Finally, in 1920, the rules were again changed to revest the Committee on Appropriations with jurisdiction over all appropriations measures.

The current rules of the House continue the separation of the authorization and appropriation process. The legislative committees have jurisdiction over any bills authorizing the appropriations of money for any purpose within their substantive jurisdiction. Legislative committees may not report any bill containing an appropriation. Any such bill is subject to a point of order on the floor.

Conversely, as noted, the Committee on Appropriations has jurisdiction over all appropriation bills, but, in general, may not report a bill containing appropriations for a purpose not authorized by existing law and may not report a bill containing legislative matter. Again, such a bill would be subject to a point of order on the floor.

During the period between 1885 and 1920, the House Committee on Indian Affairs had jurisdiction over both legislative and appropriation bills relating to the Indian Department or Bureau of Indian Affairs. The Appropriations Acts reported by the Indian Affairs Committee were entitled "An Act making appropriations for the current and contingent expenses of the Indian Department, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending ——." In fact, these acts generally contained both appropriation and substantive legislative provisions.

After the revesting of all appropriation jurisdiction in the Appropriations Committee in 1920, Members began to raise points of order against bills making appropriations for Indian purposes on the grounds that there was no law authorizing appropriations for such purposes. In response to this

practice, the Committee on Indian Affairs reported legislation which was enacted as the act of November 21, 1921 (42 Stat. 208; 25 U.S.C. 13) to provide authority for the appropriaton of funds for the Bureau of Indian Affairs.

THE SNYDER ACT

That act, commonly known as the Snyder Act, provides extemely broad authority for the appropriation of funds for Indian purposes and has no monetary or fiscal year limitation. Its brief provisions are as follows:

The Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, shall direct, supervise, and expend such money as Congress may from time to time appropriate for the benefit, care, and assistance of the Indians throughout the United States for the following purposes:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the supression of traffic in intoxicating liquor and deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

The Snyder Act, in effect, says that such sums as are deemed necessary are authorized to be appropriated for such purposes as are deemed necessary to carry out the responsibilities of the United States in the field of Indian affairs for as long as may deemed necessary. The Snyder Act is the basic law authorizing the various programs funded by the Congress and administered by the Bureau of Indian Affairs.

Since the Snyder Act has no fiscal year or monetary limitation, there is no need for the periodic enactment of reauthorization legislation to continue the programs and functions of the Bureau of Indian Affairs as is the case with most Federal agencies and programs. As a consequence, the Snyder Act is considered by the Indian tribes to be the centerpiece of this Nation's commitment to its legal, moral, and historical obligations to the Indian tribes. They would be strongly opposed to any effort to repeal, suspend, or substantially modify the act.

Since the Snyder Act is an extremely broad authorization statute, it has the needed flexibility to permit the administration and the Appropriations Committees to periodically fashion and fund new programs or efforts to meet the changing needs and problems in Indian affairs. Almost all of the programs and efforts of the Bureau—and of the Indian Health Service in the Department of Health and Human Services—were developed through the appropriation process under the broad umbrella of the Snyder Act. The legislative committees are able to maintain some degree of involvement in this process through their legislative and oversight jurisdiction and through the congressional budget process.

BIA APPROPRIATIONS

The very features of the Snyder Act which establish the permanency of the Bureau and the Nation's commitment to Indian tribes and which gives the Bureau and the Appropriations Committees the needed flexibility to craft and fund programs to meet changing needs also give rise to the potential for administrative abuse in the apportionment or diversion of appropriations and to a lack of accountability for appropriation apportionment and expenditure.

Appropriations for the Bureau are included in the annual Appropriation Act for the Department of the Interior and related agencies. Because of the broad language of the Snyder Act and, in part, because the various programs of the Bureau are primarily developed through the appropriation process and not through specific legislative authority, the BIA appropriation language is in the form of three lump-sum appropriations: Operation of Indian programs; construction; and road construction. Appropriations relating to Indian trust funds and to direct or guaranteed loans are not relevant and not considered. While there may be specific appropriation language on line-items, set-asides or limitations relating to these lump-sum appropriations, they are not additions to the lump-sums.

These three lump-sum appropriation figures are based upon the breakdowns contained in the BIA budget justification submitted to the Congress for each fiscal year. The budget justification allots the requested lump-sum amount among the various activities, subactivities, and program elements within the appropriation. For instance, under the operation of Indian programs appropriation, there are the following activities: Education, Indian services, Economic Development/Employment Programs, natural resources development, trust responsibilities, facilities management, and general administration.

Each activity has two or more subactivities and each subactivity is further broken down into its constituent program elements. In each case, the justification shows the proposed allotment of the requested funds and personnel positions among the activities, subactivities, and program elements. In addition, it shows how the Bureau proposes to distribute the total allotment of each subactivity to the tribe/agency level, the area level, and the central office level.

The justification is submitted to support the Bureau's request for the lump-sum appropriations and also represents their intention to allot whatever funds are appropriated among the various activities, subactivities, and program elements. In general, the justification is used by the Appropriations Committees to accept, increase, or decrease the lump-sum requests based upon their decisions to accept, increase, or decrease proposed funding in the subdivisions within the appropriation.

After the appropriation process is completed and the Interior Appropriation Act is passed, it is expected that the Bureau would allot and expend or obligate funds appropriated to it as stated in the budget justification subject to the express language of the Appropriation Act and the directives of the Appropriations Committees as found in the reports of such committees, including any conference committee report.

However, since the statutory language of the Bureau's appropriation is on a lump-sum basis subject to any limitations within the language, there does not appear to any independent legal prohibition, except for the reprogramming procedure, to prevent the Bureau from transferring or diverting funds allotted to any particular activity, subactivity, or program element to another activity, subactivity, or program element within the same appropriation. While to be found doing so may subject Bureau officials to the wrath of the two Appropriations Committees, there does not appear to be clear legal penalty in existing law, including chapter 15 of title 31, United States Code, for doing so. In short, there is general lack of a legal requirement that the Bureau account for how it allots its appropriations among the various programs and how it, in fact, expends or obligates funds within those programs.

The legislation I am introducing today will establish a legal requirement that the BIA clearly set forth its allotment of appropriated funds based upon the budget justification as modified by appropriation language and directives of the Appropriations Committees; that, subject to certain exceptions, it must actually allot and expend or obligate those funds as set forth; and that the Bureau account for how it, in fact, did expend or obligate the funds.

EL SALVADOR ELECTION

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Oklahoma [Mr. JONES] is recognized for 5 minutes.

● Mr. JONES of Oklahoma. Mr. Speaker, it was my great privilege to be appointed by the President to lead the official American observer delegation to the legislative and municipal elections held Sunday in El Salvador.

In addition to my distinguished colleague, the gentleman from Arizona [Mr. KOLBE], our group included former Ambassador to El Salvador Angier Biddle Duke, Mr. Howard K. Smith, Mr. Maurice Sonnenberg, Dr. Howard Penniman, Rabbi Morton Rosenthal, and Mr. Max Singer.

Ours was a diverse group, from different political parties and different lines of work, but we all agreed on one thing: the election was free, open, and fair.

I commend to my colleagues' attention the following official statement which was unanimously adopted by the observer delegation:

STATEMENT OF THE OBSERVER DELEGATION OF THE UNITED STATES OF AMERICA TO THE EL SALVADOR ELECTIONS, APRIL 1, 1985

Yesterday we witnessed El Salvador's third national election in less than a year. The unanimous conclusion of this bipartisan observer delegation of elected officials and private citizens is that the election was fair, that the election machinery was conducted efficiency, and that it represents a most encouraging symbol for the future of democratic institutions in El Salvador.

In all, this small delegation visited nearly thirty towns in most parts of the country. We spoke with election officials, candidates, and most important, voters of all parties.

This election differed in several ways from those held last year. First, since this was not a vote for a nationwide candidate, voters were required to cast ballots in their home towns. Further, the penalty for not voting had been lifted. Other mechanical changes were implemented as the country fine-tuned its voting procedures.

The delegation notes that the Salvadoran military took obvious pains to remain impartial in the contest. They were stationed well away from the polls, and refused to be drawn into political disputes.

Disagreements at the polls were, for the most part, inconsequential, and generally settled on the spot by representatives of the various parties. These disputes centered on mechanics and procedures of the elections, and we saw no evidence of intimidation or coercion that would raise a question of the fundamental fairness of the vote.

The mechanics of the election ran without serious incident. The Central Election Council deserves particular praise for its fine coordination of the process.

Guerrilla threats and attacks comprised the most serious challenge to voting. This delegation notes the inconsistency between the guerrillas' initial posture that the elections were meaningless, and their subsequent attempts to thwart the electoral process through violent intimidation. In spite of their attempts at intimidation, more municipalities were able to participate this year than last. Whereas 42 towns were unable to vote last time in the Presidential elections because of terrorist intimidation, only about half that number were denied the privilege of voting Sunday.

The election itself, then, must be hailed as a free, open, and fair contest, and we expect all parties to respect the results.

El Salvador now has in place its Presidential, legislative, and municipal leadership for the next three years. This delegation recognizes the need for continued American support for El Salvador as she addresses her continuing economic and military problems through her democratic institutions.

The delegation was struck by the rather consistent answer we got to the frequently asked question, "Why are you voting?" The vast majority of voters' answers centered on the hope for peace, and the desire to live in tranquility.

In our meeting with President Duarte after the polls closed, he confirmed his commitment to peace by building confidence among his people, through judicial reform, agrarian reform, and economic development. In addition, he reaffirmed his commitment to make every effort to bring the guerrillas to the peace table, and to put an end to the random violence which has so torn this nation.

This delegation commends the great strides made in this nation. Nowhere are they more evident than in this election. We look forward to working with the people of El Salvador to build on this election, further nurturing her democratic institutions, and we call on all factions, regardless of ideology, to join in that process.

We would be remiss if we did not mention the outstanding job performed by outgoing Ambassador Tom Pickering. He clearly has performed his duties in El Salvador in the highest tradition of American diplomacy. We know that he will continue to make a positive contribution to U.S. foreign policy.

Our delegation unanimously agreed that this election could be described as routine even by the historical standards of elections in the United States. That speaks volumes of how successfully the recently planted democratic institutions in El Salvador have taken root.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington [Mr. BONKER] is recognized for 5 minutes.

● Mr. BONKER. Mr. Speaker, due to a longstanding commitment to be in my district today to host the Southwest Washington Economic Summit, I missed the vote of the conference report on H.R. 1239, providing supplemental appropriations for famine relief and recovery in Africa. For personal as well as professional reasons, I wanted to make clear that had I been here, I would have voted "aye" in favor of making the appropriations.●

□ 2020

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will ask that all Members who wish to exhibit pictures to address the Chair and avoid direct references to the television audience.

GENERAL LEAVE

Mr. EDWARDS of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members participating in my special order this evening may have 5 days in which to revise and extend their remarks on the subject of my special order.

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

There was no objection.

MISSING CHILDREN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma [Mr. EDWARDS] is recognized for 60 minutes.

Mr. EDWARDS of Oklahoma. Mr. Speaker, last summer I began a project to use the televised proceedings of the House of Representatives to help find some of the 160,000 children who each year are reported kidnaped either by strangers or by a parent who does not have custody.

□ 2030

At that time, I discussed the cases of two young girls from Oklahoma City. One is Cinda Leann Pallett, shown here, and the other is Charlotte J. Kinsey, shown here. These two teenaged girls were reported kidnaped from the State Fair of Oklahoma in 1981, and they were both 13 years old when they disappeared from the fair, and were last seen leaving the area in a truck, and they have not been seen since that time.

The federally funded National Center for Missing and Exploited Children which has provided information on these and other cases to my office has asked that anyone having information about their whereabouts or the whereabouts of any of the other missing children you will hear about, call 1-800-843-5678.

I very much regret that after all this time, these two children have not yet been found, but the search goes on, and their parents and friends continue to hope and pray.

Mr. Speaker, I wish it were possible to predict that all of these cases will have happy endings. I am afraid that we cannot do that. When I first organized this special order for tonight, I had planned to discuss the case of 3-year-old Chris Gayner of Ponca City, OK, who disappeared from his home last February 24, and I am sad to report that his body was found in a pond near his home last week, and at last report, the authorities still did not know if he had met with foul play.

I know that all of my colleagues join me in sending our heartfelt condolences to Chris' family.

As we all know, television is one of the most effective methods of communication, and I hope it will prove to be

an effective tool in helping us to find these missing children. That is why I am going to continue to use the televised proceedings of the House to help find as many of them as possible, and I am pleased that so many of my colleagues have joined with me today in this very important effort.

When will we begin to solve the problem of missing children? Not until we strengthen the laws to punish those who kidnap our children; not until we punish those who abuse our children, and not until those who recognize the young men and women in these pictures begin to help us to return these children.

Mr. Speaker, I would now like to recognize a number of my colleagues who have asked to participate in this. Several have stated to me the need to go on fairly early, and I am going to try to proceed in the best order I can and would ask, because there is such a great interest here in doing this, that each Member limit his remarks or her remarks to 1 or 2 minutes so that we can have the opportunity to discuss as many of these cases as possible.

I would first like to recognize my colleague from Minnesota, Mr. STANGELAND.

Mr. STANGELAND. Mr. Speaker, I have been informed by the federally funded National Center for Missing and Exploited Children that a child of JoAnn Ayotte—a-ot—a constitutent, has been kidnaped. It is my hope that by participating in this special order, he or any of the other children mentioned here today will soon be found.

Kevin Jay Ayotte, age 5, of Bemidji, MN, was last seen playing in the upstairs of Mrs. Ayotte's cottage, September 30, 1982. Kevin has blue eyes, light brown hair, and when last seen, was 3 feet 2 inches tall and weighed approximately 60 pounds. He has an identifying scar on the right side of his chin.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Kevin call 1-800-843-5678, or contact Sergeants Leach, Bergstrom, or Cross of the Bemidji Police Department at 218-751-9111.

Mr. Speaker, I would like to take this time to commend the recent private sector initiatives aimed at finding kidnaped and missing children. As many of us know, certain businesses have begun placing photos of such youngsters on mediums like grocery shopping bags and milk cartons. Last week, this led to the discovery of two girls in Washington State. While I realize the extensive role of Government in helping to rectify this unfortunate and tragic problem, I am pleased to see private citizens and business making great contributions for their fellow Americans.

Mr. EDWARDS of Oklahoma. I thank the gentleman from Minnesota.

I would like to now recognize the gentleman from Texas [Mr. BRYANT].

Mr. BRYANT. Mr. Speaker, each year between a half million and 2 million American children disappear. Christi Lynn Meeks, a youngster from my district in Mesquite, TX, is one of them.

Tonight, we do our small part toward fulfilling our obligation as representatives of a caring society to do everything possible to see that children like Christi Meeks are found and returned to their families.

Christi Meeks, whom police believe to be a victim of the child kidnaping that has become almost epidemic throughout the country, was only 5 years old when she was last seen playing with other children outside her east Dallas County home on January 19.

Christi's sixth birthday has come and gone in the weeks since her disappearance.

Christi is 3 feet 6 inches tall, weighs 40 to 50 pounds, has medium length brown hair, and has a missing lower front tooth.

Sadly, this young girl is just one tiny symbol of a national problem that has grown large and tragic.

Of the literally hundreds of thousands of children who disappear each year, some are abducted by strangers, some by family members or acquaintances. Some run away from and others are thrown out of their homes. And some are just lost or the victims of an accident and simply unable to find help.

Although many cases end happily with the safe return of a lost child, there are more than 50,000 unsolved child disappearance cases every year—almost equal to the 57,000 American lives lost in the 16 years of the Vietnam war. And every year there are hundreds upon hundreds of heartwrenching cases that end in tragedy.

I was proud to be a part of the last Congress response to the devastating problem that has touched the families of Christi Meeks and so many other children. As a cosponsor of the Missing Children's Act that established a national system to help trace and identify missing children, I am hopeful that we can further increase public awareness of the tragedy of missing children and help conduct coordinated searches that will restore lost children like Christi Meeks to their loved ones.

Mr. Speaker, the Mesquite, TX, Police Department and the National Center for Missing and Exploited Children ask that anyone who has information about this child of our community, Christi Lynn Meeks, or any other missing children, call the toll-free Missing Children Hotline: 1-800-843-5678.

Mr. EDWARDS of Oklahoma. I thank the gentleman.

I would like to recognize the gentleman from Florida [Mr. SHAW].

Mr. SHAW. I, too, would like to compliment the gentleman from Oklahoma for bringing this most important hour before this House.

Mr. Speaker, I have been informed by the National Center for Missing and Exploited Children that one of my young constituents has been kidnaped. I am participating in this special order, because I want to know that I have done everything necessary to call attention not only to this case, but to the tragedy of the other missing children that will be represented here tonight, in hopes that one or more of them will be found.

Maurice Jefferson, the young man whose photograph appears next to me, age 17 of Fort Lauderdale, FL, was last seen on November 28, 1983, when he left home to go to basketball practice. He never made it to practice.

He is a black male, 5 feet 11 inches tall, with brown eyes and black hair, and weighed 158 pounds at the time of his disappearance.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Maurice Jefferson call 1-800-843-5678. That same number applies to most of these children you will be seeing photographs of this evening.

The problem of missing children, Mr. Speaker, unfortunately, is not a new one. In 1982, in response to a tragedy in my home district regarding Adam Walsh, a missing child later discovered murdered, I introduced the Missing Children's Act, which became law and provided for a National Computer Network for storing information regarding missing children.

I am pleased to see the National Center for Missing Children continuing its efforts in this cause and am pleased to have the opportunity to participate today, in hopes that our efforts will help locate some of these children.

Mr. EDWARDS of Oklahoma. I would like to recognize now the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. Mr. Speaker, once again I want to commend the gentleman from Oklahoma for his excellent work and commitment to this crucial issue. And, once again, I want to tell him that if just one solid lead comes out of this presentation and others like it, they are well worth our time.

And, unfortunately, Mr. Speaker, once again I am here to call attention to the case of Kevin Collins of San Francisco. I held up this photo of Kevin last year and I am sad to say that, as of this date, Kevin is still missing.

Kevin Collins, age 11, has been missing since February 10, 1984. Kevin, who is 4 feet 10 inches tall, weights 70 pounds, has brown hair and gray/

green eyes, left for school on the morning of the 10th as usual. He had basketball practice after school; therefore, he was not expected home until 6:30 p.m. Kevin left the St. Agnes Church gym in the Haight-Ashbury section of San Francisco at 6 p.m. to take the bus home. He was last seen at a bus stop, 1 block from the church.

That night, the police conducted an immediate search of the neighborhood. Later, scores of volunteers canvassed the area, going door to door and searching every inch of the surrounding parks and lots. These searchers yielded nothing; not then, and not since, although every lead is checked. Even Kevin's picture on milk cartons, grocery bags, and the cover of Newsweek has so far led to nothing, but we are still trying.

The Kevin Collins family and other concerned citizens have formed a foundation—the Kevin Collins Foundation—which is actively involved in both search and rescue operations and in changing policy procedures to effectuate a speedy return of missing children. They are also working with legislators to enact legislation and are developing briefing material for distribution to parents, teachers, child care providers, and children. So far the foundation has worked with 27 families in 11 States who face the trauma of the loss of their children.

We in Congress must continue our efforts to alleviate the pain and suffering of families like the Collins. Today's program is an important step. If we are successful in finding just one child, our efforts have been worthwhile. Kevin could be anywhere. He could be in the East, the West, the South, or the North. That is why this is so important. Again, I want to commend the gentleman from Oklahoma.

Anyone having any information about Kevin should contact the Kevin Collins Foundation at (415) 863-6333 or toll free (800) 272-0012.

□ 2040

Mr. EDWARDS of Oklahoma. I thank the gentlewoman from California.

Mr. Speaker, I would only point out, before I call on the next Member, that of the four people I have called on so far, two are Republican, two are Democrat, and it emphasizes to the whole country that this is an issue that knows no political dimensions. It is a concern that the whole country ought to share and to feel very deeply.

I yield to the gentleman from Colorado [Mr. KRAMER].

Mr. KRAMER. Mr. Speaker, we owe the gentleman from Oklahoma a real vote of thanks for his work on this tragic national problem.

More children are reported missing each day than lives were lost on Korean Airlines flight 007. We must commit ourselves to stopping this horrible exploitation of America's next generation.

The National Center for Missing and Exploited Children has a Colorado girl on its list of children missing and believed kidnapped.

Elizabeth Ann—Beth—Miller was last seen on August 16, 1983, walking past a friend's house near her home in Idaho Springs, CO. She is 15 years old, 5 feet 4 inches tall, 105 pounds, with blond hair and blue eyes. When she disappeared, Beth had no money or extra clothing with her. Foul play is suspected.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone with information about Beth Miller call 1-800-843-5678.

President Reagan recently highlighted the need to help find this Nation's missing children. In his remarks, the President mentioned another young missing Coloradan, Jonelle Matthews of Greeley, and I'd like to join President Reagan and my distinguished colleague from Colorado, Mr. BROWN, in urging people with information about Jonelle Matthews to call the National Center for Missing and Exploited Children at 1-800-843-5678.

Parents seeking help in finding missing children can also call the National Center for Missing and Exploited Children at the same number.

These two young people from Colorado are only the tip of the iceberg. About 1.8 million children were reported missing last year, and of that number 50,000 will probably never be found. Mr. Speaker, this needless exploitation of our Nation's most precious natural resource—our children—must be stopped.

Mr. EDWARDS of Oklahoma. I thank the gentleman for his comments.

Mr. Speaker, I yield to the gentleman from New York [Mr. MOLINARI].

Mr. MOLINARI. I thank the gentleman for yielding.

Mr. Speaker, I have been informed by the federally-funded National Center for Missing and Exploited Children that one of my young constituents, Holly Ann Hughes, is believed to have been abducted. I am joining my colleagues in participating in this special order because I want to do everything I can to help call attention to her case, in the hope that she might be found.

According to a fact sheet provided to me by the Center, Holly Ann Hughes, born January 23, 1974, of Staten Island, NY, was last seen July 15, 1981, at Park Avenue and Richmond Terrace, in Staten Island, NY. Holly, now 11 years old, has very blue colored eyes with long lashes, brown hair, and a very faint burn mark on her right forearm which is best seen when bathing or swimming.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Holly Ann Hughes call 1-800-843-5678.

I am hopeful that our efforts today on behalf of missing children like Holly Ann, will be helpful in locating these innocent children. I thank my colleague, Mr. MICKEY EDWARDS, for taking this special order.

Mr. EDWARDS of Oklahoma. I thank the gentleman for his comments.

Mr. Speaker, I yield to the gentleman from Oregon [Mr. WYDEN].

Mr. WYDEN. I thank the gentleman and, like all of our colleagues, I want to tell him how much I appreciate his taking out this special order today.

Mr. Speaker, I rise today to bring attention to the case of a young boy who is missing from my district in Portland, OR. It is my hope that this special order may help to locate him.

His name is Luke Aaron Treadway. Luke is a white male; age 10; with brown eyes and blond/dark hair. He weighs 70 lbs. and is 4 feet tall. He was last seen on May 23, 1984, in Portland, OR.

Mr. Speaker, the National Center for Missing and Exploited Children and the Portland Police Department have asked that anyone having information about Luke Treadway call 1-800-843-5678.

I want to commend the National Center for Missing Children for their excellent work. Recently, John Walsh from the Center visited my district and discussed ways to increase public awareness to prevent the kidnaping and exploitation of children. In addition, I have been working with the Portland Public Schools and the police department to establish Project Safe Child—a cooperative effort to protect children in the Portland area.

I hope that these efforts will help to locate Luke Treadway and other missing children and will protect other young people from kidnaping or exploitation.

All of us are saddened to hear about youngsters who are missing. Let's work hard in the days ahead to make sure we hear more about youngsters who are found, safe, secure, and happy.

Mr. EDWARDS of California. I thank the gentleman from Oregon.

Mr. Speaker, I yield to the gentleman from California [Mr. LOWERY].

Mr. LOWERY of California. Mr. Speaker, each year hundreds of thousands of children disappear. Many of these innocent children are kidnaped.

While many return home safely, thousands are exposed to serious danger, exploitation, and even death. The criminal and sexual exploitation of children is a growing epidemic confronting families, communities, and

the agencies of our criminal justice system.

Mr. Speaker, no one is certain of the exact magnitude of the problem, but the National Center for Missing and Exploited Children estimates that at least 1,500,000 children are missing from their homes each year.

Additional estimates of the number of children who are the victims of noncustodial parental kidnaping vary from 25,000 to 500,000.

The estimated number of children abducted by unknown individuals ranges from 4,000 to 20,000.

Finally, between 20,000 and 50,000 children disappear each year whose cases remain unsolved.

Mr. Speaker, I have been informed by the California Center for Missing and Exploited Children that one of these victims is my constituent. I want to do everything I can to help call attention to the case, in the hope that he might be found.

According to a factsheet provided to me by the center, 6-year-old Adam David Falk of San Diego, CA, was taken from San Diego by his father who does not have legal custody, just 3 weeks before Christmas, on December 5, 1984. They are believed to be in the Sonora, CA, area. Adam has brown hair, brown eyes, and a pox scar beneath his right eye. Adam's birthday is December 30, 1978.

The California Center for Missing and Exploited Children has asked that anyone having information about Adam Falk call 235-4434 in San Diego or the national toll free line of the National Center for Missing and Exploited Children at 1-800-843-5678.

Mr. Speaker, recent studies show that 85 percent of the children who were criminally or sexually exploited were missing from their homes at the time they were abused.

Unbelievably, although the number of kidnapers convicted in U.S. courts increased 57 percent from 1983 to 1984, the percentage of those imprisoned actually decreased 36 percent. Furthermore, the average sentence in 1984 was only 14 years.

Mr. Speaker, legislation I have introduced, the Kidnaping Reform Act, H.R. 1318, addresses this grave and tragic situation by substantially reforming the Federal statutes with respect to the kidnaping of minors.

H.R. 1318 makes two major changes in Federal criminal kidnaping statutes. First, it requires mandatory minimum 10-year sentences without probation for those adults convicted of kidnaping children that are not related to them or who are not in their legal custody.

Second, the bill requires a mandatory life sentence for those who kidnap and seriously abuse the child victim. According to the measure, if the convicted kidnaper sells the child, sexually abuses the child, uses the child for pornography, intentionally denies the child food or medical care to a life-threatening extent, intentionally harms the child to a life-threatening extent, or causes the child to be subjected to any of these activities by another person, then the bill will require a mandatory life sentence without probation.

Again, any parent, grandparent, brother, sister, aunt, uncle, or legal guardian of the victim will not be affected by these mandatory minimum sentences. If any of these individuals are convicted of kidnaping in a U.S. court, current law will apply—providing for any sentence of years up to and including life.

Clearly, Mr. Speaker, this legislation is only a small first step toward addressing America's growing epidemic of child abduction. However, I am sure you will agree that it is a necessary first step to restore justice. I am sure my colleagues agree that those who sexually abuse or otherwise harm children should not go free. I encourage my colleagues to join me in supporting the Kidnaping Reform Act. Mr. Speaker I commend my colleague Mr. EDWARDS of Oklahoma for requesting this special order and allowing Members of Congres to participate in this very personal way in the battle to reunite children with their parents.

□ 2050

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Colorado [Mr. BROWN].

Mr. BROWN of Colorado. I thank the gentleman for yielding to me.

Mr. Speaker, on December 20, 1984, 12-year-old Jonelle Matthews performed in a school choir concert and returned to her Greeley, CO, home for the evening. That was the last day her family saw her. She disappeared from her home that night, and it is feared that she was kidnaped.

Jonelle is 5 feet, 3 inches and weighs 115 pounds. She has brown hair and brown eyes, a full set of braces on her teeth and a scar under her chin. Jonelle and her family would have celebrated her 13th birthday in February. Information about Jonelle Matthews should be reported to local police or the Greeley, CO, police at 303-353-6123.

We should acknowledge the role of Eileen Huff, who has taken the lead in uniting concerned citizens in Greeley in helping to find Jonelle and other missing children throughout Colorado. Mrs. Huff's efforts to find Jonelle have included organizing a letter writing campaign to President Reagan, which prompted him in an address to the National Newspaper Association to ask for help in publicizing Jonelle's disappearance. She has also been active in contacting the news media, disseminating posters of Jonelle nationwide, initiating a countywide search for any clues of Jonelle's whereabouts and starting a fingerprinting program for children in Greeley.

What makes Jonelle Matthews' situation even more tragic is that Jonelle is only one of thousands of innocent American children who are abducted each year. The National Center for Missing and Exploited Children is established to help publicize and find missing children such as Jonelle. But, more efforts must be made to stop the exploitation of our country's most valuable resource—our children.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Idaho [Mr. CRAIG].

Mr. CRAIG. I thank the gentleman for yielding to me.

Mr. Speaker, Jason Amini of Sagle, ID, was kidnaped by his father February 25, 1982

Jason and his father, Parviz Amini, were last seen at Los Angeles International Airport in California. At the time Jason had blond hair, brown eyes, weighed 75 pounds and was 4 feet 6 inches tall.

The whereabouts of the two is not known but speculation is that they are in the Silicon Valley of California or in France or Iran where the kidnaper father has relatives.

Jason will be 11 years old May 14th.

The real tragedy of Jason's story is that it is too common. The National Center for Missing and Exploited Children reports that every year there are at least one and a half million children missing from their homes. Of those, 1 million are thought to be runaways, only about 20,000 are abducted by strangers. As many as 500,000 are victims of parental kidnaping.

Just because these 500,000 victims of parental kidnaping are with a parent does not mean they are well. Many of the children kidnaped by parents are physically and sexually abused.

I hope this information will inspire all law enforcement officials and American citizens to view the kidnaping of a child by a parent just as they would view the kidnaping of a child by a stranger.

Whereever Jason is we hope that he will come home soon. We hope that all children victimized by kidnapers will find safety where there is danger, love where there is hate, and happiness where there is sadness.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Iowa [Mr. SMITH].

Mr. SMITH of Iowa. I thank the gentleman for yielding to me.

Mr. Speaker, I want to mention in this instance two boys specifically. One is Eugene Martin, who is 15 years of age. The West Des Moines Police Department could be called at the number of 515-283-4864.

The other one is John Gosch, and in that case, the Des Moines Police Department, he is aged 14, could be called at 515-246-9988.

However, I also want to mention this: In Iowa, there are almost 300 missing children. There is not just one or two. In neither one of these cases is it a parental abduction. As far as they know, they did not run away from home; they disappeared on paper routes, and the chances are very great that they did not run away.

But we know this: That 300 in the State of Iowa alone are missing, and that means that more people, whenever they see anything suspicious, should get ahold of the Center for Missing Children. We passed that last year, as some of you will remember, as part of the continuing resolution. It was funded in a bill that I handled prior to that time in anticipation that it would be passed.

They need to know all the information they can get to put into that computer.

□ 2100

Also, the FBI Director was before our subcommittee this morning and said that they are willing to take any calls if anybody has any trouble getting their information in to a local police department or in to a computer locally. Call the FBI and they will take care of it.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I would like to yield to the gentleman from Colorado [Mr. SCHAEFER] and would like to again urge my colleagues to try to keep their remarks to a minute or a minute and a half. We are going to use up our 60 minutes and not have time for everybody to participate.

Mr. SCHAEFER. I thank the gentleman for yielding, and I would certainly like to thank my colleague from Oklahoma, Mr. EDWARDS, for holding this special order tonight. It is indeed important to all of us.

Mr. Speaker, child kidnaping has become an American epidemic, with 160,000 children abducted each year. In my home State of Colorado, over 11,000 children are listed as having been abducted.

One of those children is Jerritt Jeramy Pace, or "J.J.," who was abducted from his home in Lakewood, CO, on March 3, 1981. Information provided to me by the Jefferson County, CO, Sheriff's Department and Mrs. Van Pace, his mother, reveal that he is of average height and weight, and has sandy brown hair and dark brown eyes. Jerritt is now 4½ years old, and has been missing for 3 years.

Mr. Speaker, the authorities have asked that anyone having information about Jerritt Pace call their local law enforcement agency or the National Center for Missing and Exploited Children's hotline at 1-800-843-5678.

While serving in the Colorado State Legislature I was very active in promoting legislation to prevent the abuse of children. This issue remains a top priority for me here in the House of Representatives. I support the National Center for Missing and Exploited Children and other Federal efforts to address this tremendous problem.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentlewoman from Colorado [Mrs. SCHROEDER].

Mrs. SCHROEDER. I thank the gentleman for yielding, and I thank the gentleman from Oklahoma and all my colleagues for taking this time to deal with this very, very, very emotional and touching subject.

Mr. Speaker, I am joining my colleagues today to talk about the painful issue of missing children. It is important that we air this issue as broadly as possible so that people are aware of the number of missing children and the difficulties of finding them. I hope, as more people become aware of the severity of this problem, that they will watch out for the children in their neighborhoods and keep an extra close watch on their own children.

I have been informed by the National Center for Missing and Exploited Children that Jennifer Anne Douglas has been missing from her home in Denver, CO, since July 16, 1984. She is 17 years old, white, with gray/blue eyes and blond, curly hair that is shoulder length. She is 5 feet tall and petite, weighing about 87 pounds. She was last seen riding her bicycle in a Denver suburb. The bicycle is a black Univega, 12-speed with red wrapped handle bars.

The center has asked that anyone having information about Jennifer call 1-800-843-5678.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Florida [Mr. BILIRAKIS].

Mr. BILIRAKIS. I thank the gentleman for yielding.

Mr. Speaker, the problem of missing children is an increasingly growing concern for every individual, parent or otherwise, in our society today. The unfortunate fact is that over 1.5 million children are missing from their homes each year. While many of these children are found and safely returned home, many others, approximately 50,000 each year, remain unsolved cases. I am very concerned about this problem and am, consequently, participating in this special order to help call attention to it.

I have been informed by the federally funded National Center for Missing and Exploited Children that one of my young constituents has become one of these unsolved cases. According to a fact sheet provided me by the center, Jennifer Sophia Marteliz of Tampa, FL, age 9, was last seen on November 15, 1982, at approximately 3 p.m. about one block from her home after leaving school. Jennifer Marteliz is a white-Latin female, with dark brown eyes and black hair. On the date last seen, she was 4 feet tall and weighed 60 pounds. She was wearing an orange-pink dress with yellow flowers at the time of her disappearance; she had on maroon shoes, a hair comb with ribbons and flowers; and heart gold post earrings. She has pierced ears and three beauty marks located at the top bridge of her nose near the right eye, on her upper chest, and her collar bone. Since her disappearance, Jennifer Marteliz has been sighted once in Chantilly, VA, during April 1983. She was reportedly with a white female, age 25-30, who was approximately 5 feet, 5 inches tall and weighed 150 pounds.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Jennifer Sophia Marteliz call 1-800-843-5678.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Florida [Mr. LEWIS].

Mr. LEWIS of Florida. I thank the gentleman for yielding and think this is a very worthwhile program of the gentleman from Oklahoma.

Mr. Speaker, last May, 8-year-old Christy Luna innocently walked to her neighborhood general market in Greenacres, FL. Tragically, this beautiful brown-haired child has not been seen since that time. Local law enforcement officials in Greenacres believe Christy was the victim of foul play.

For the past 10 months, Christy's parents have agonized—waiting for word that their child is safe. She has brown hair, hazel eyes, weighs approximately 60 pounds, and is 4 feet tall. I ask that anyone with information about Christy call the National Center for Missing and Exploited Children at 1-800-843-5678.

Unfortunately, Christy Luna is only one of approximately 1 million-plus children who disappeared during 1984. The majority of these children are runaways. However, an untold number of these children were abducted. Shockingly enough, up to 50,000 of these children remain missing, and there is little information available to law enforcement to use in locating them. Clearly, this program is much too serious to ignore. We no longer can afford to be passive in protecting our children and simply hope that the problems of child abduction, sexual, and physical abuse will disappear.

Therefore, Mr. Speaker, I have introduced legislation which is a positive step we as Members of Congress can take to protect our children.

My bill, H.R. 604, provides matching grant funds for States to establish statewide missing children clearinghouses to operate within State law en-

forcement agencies alone or in cooperation with other State agencies. My bill encourages these State clearinghouses to educate parents, children, community agencies, and private organizations in ways to prevent abductions, to provide information to assist in locating and returning missing children, and to establish an in-State toll-free WATS line to report a missing child as quickly as possible.

I believe it is essential that there be a link between all levels of law enforcement—local, State, and national. After all, when a parent loses a child, they first go to the local police. Therefore, we should do all that we can to ensure that the police are experts in knowing how to handle this kind of situation.

These State clearinghouses can work hand in hand with the National Center for Missing and Exploited Children to ensure that everything is being done at every level to help locate and protect our children.

In addition, I have introduced House Joint Resolution 33, which designates April 29 to May 5 as National Child Safety Week. This special week will allow Members of Congress, community organizations, and local law enforcement officials the opportunity to work together to secure a child's safety.

For example—last year I helped to organize a Child Safety Weekend in my district, Members of my staff and volunteers from the community teamed up to help compile statistics for parents on their young children. Should one of these children later be reported missing, law enforcement will be armed with the kind of information that is critical for their search. Over 1,000 children participated in this event!

With the help of this booklet which is published by the ACTION agency, you too can help plan and participate in a Child Safety Day in your district.

Mr. Speaker, ensuring the safety of our children is no doubt one of the most important issues facing us as public servants today. Many private and community organizations are already working as a team to help solve the problems of missing children.

Let me express my appreciation to those colleagues who joined with me in cosponsoring House Joint Resolution 33 and I encourage all of you to cosponsor H.R. 604, to set up the much needed State clearinghouses.

In closing, I want to thank my colleague from Oklahoma, Congressman EDWARDS, for requesting this worthwhile special order, and once again, I encourage anyone who has information regarding Christy Luna, please call 1-800-843-5678, tonight.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. I thank the gentleman for yielding, and I thank my good friend and colleague, the gentleman from Oklahoma, for his public service this evening. It is the essence of what responsible membership in this body is all about.

We have heard the data, we have heard the statistics. There is no point in repeating it. I think it is important that we focus on the hard-core 50,000 who are lost for over a year each year, people who in some cases are never found and we know there are hundreds of children each year found but not identified, buried in John and Jane Doe graves around the country.

The horrifying statistics have motivated many parents, many community activists, and Congress got the message and in the enactment of the Missing Children's Act and the creation of the National Clearinghouse made our contribution to the solution of some of these problems.

I would simply like to mention and pay tribute to Senator PAULA HAWKINS of Florida and Senator and former Congressman PAUL SIMON of Illinois, who led the fight in the House of Representatives for that entity. It was PAUL who pointed out that we spent more time and money in our society computerizing and tracking lost vehicles than lost children. He set about to change that, and succeeded.

No community in this country is free of this frustrating dilemma. In my own congressional district, in the city of Fairfield, some 45 miles northeast of San Francisco, we have lost Clark "Toshiro" Handa, age 4. He was last seen August 23, 1984. An unknown suspect entered the Handa's residence, took Toshiro, and left a ransom note. Toshiro is of Asian descent and approximately 3 feet 2 inches in height.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Toshiro Clark Handa call the familiar number, 1-800-843-5678, or contact the Fairfield City Police Department at 1-707-426-5505. Any assistance would be greatly appreciated by the parents of this young fellow who have not heard from him or seen him for almost a year now. Let us not let him become one of those unidentified bodies. Let us see whether or not the attention that you give tonight to this special order will produce the breakthrough that the Handa family needs.

□ 2110

Mr. EDWARDS of Oklahoma. I would like to again remind my colleagues that we have about eight more Members who have said they want to participate and our hour is running short, so make it as brief as you can.

Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Speaker, I thank the gentleman for yielding. I thank him for his excellent and impassionate work on this very important issue. I wish I did not have to be here tonight to show these beautiful, but tragic pictures, but I do welcome the opportunity to play some role to help parents locate their missing children.

I hope that, after hearing about the plight of these children, my colleagues will join me and other interested Members in holding child safety programs to fingerprint, photograph, and hold safety training courses. Let me assure my colleagues and all parents that these efforts will not result in any invasion of privacy. They are voluntary and all documents, such as fingerprints and photographs, are turned over to the parents to keep in case their child is ever taken. We can provide help so that parents and police can work quickly together to identify and recover missing children.

I have been informed by the National Center for Missing and Exploited Children and Children's Rights of Pennsylvania that 3 young children from my district have been taken. This is tragic. Indeed, it's criminal.

Mr. Speaker, the first child is Louis Mackerly. He is now 8 years old. He was born on February 15, 1977, and was last seen in Allentown, PA, on June 7, 1984. He has not been seen or heard from since. He had four front teeth missing, blonde hair, blue eyes, weighed about 44 pounds and is about 4 feet 1 inch. He uses medication in the form of Ritalin, which must be administered twice daily and without medication may have memory lapses. He is reported to be very friendly and uninhibited. He likes to be near the water, and likes to fish. He usually stands and converses with both or one hand on his hips. He walks with a slow gait, head down and leans forward.

Mr. Speaker, the second and third children are brother and sister. They are James Karl and Jessica Laura Watts. They were last seen on May 9, 1982, in Allentown, PA. Jessie was born on November 22, 1975, and is 9 years old. She has light brown hair and brown eyes. Jimmy was born on March 13, 1978, and is 7 years old. He has blonde hair and blue eyes.

The question has been asked: "Am I my brother's keeper?" Mr. Speaker, I want to asure my colleagues that we, the parents and adults are the keepers of the children. No parent can be with their children 24 hours a day. We send them off to school, off to play, and entrust them at times to the care of other adults. The children of this world and of our country occupy a special place. There is a trust amongst adults that children are to be cared for and not abused, stolen, or exploited. In the case of Louis Mackerly, and

Jimmy and Jessie Watts, that sacred trust has been broken.

Anyone who has information related to these three children should please call 1-800-843-5678.

I want to thank my colleague, the gentleman from Oklahoma [Mr. EDWARDS], for arranging this special order for us today. His leadership on this issue, is deeply appreciated by his colleagues and the thousands of families nationwide who wait for news of their child.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from New Hampshire [Mr. SMITH].

Mr. SMITH of New Hampshire. Mr. Speaker, I thank my colleague from Oklahoma and all the individuals who have participated in this special order today.

Mr. Speaker, one of my young constituents has been missing since November 13, 1984. I am participating in this special order because I want to do everything I can to help call attention to the case, in the hope that she might be found.

Her name is Tammy Belanger. She is from Exeter, NH. She is 8 years old, has long brown hair and brown eyes. She is 4 feet 6 inches tall, and slender. Like thousands of children, Tammy started off to school that morning of November 13 and has not been seen by her parents since. The National Center for Missing and Exploited Children assist parents and local enforcement officers in finding missing children.

I ask that anyone having information about Tammy Belanger call their number 1-800-843-5678, toll free.

Mr. Speaker, Exeter is a small New Hampshire town of 11,000. Child abuse and kidnaping, as we all know, has encompassed all areas of the Nation. It is not limited exclusively to metropolitan cities. It has raised its ugly head in smalltown America as well. Something must be done. The FBI reports that sexual offenders have the highest rate of repeat offenses. Seventy to ninety percent will be released to repeat their crimes. Reports on missing children are equally staggering. Child kidnaping by strangers ranges from low estimates of 5,000 to as high as 20,000 yearly. Those of us in Congress must make a bipartisan effort to enact strong legislation confronting this frightening and repulsive tragedy facing our families and especially our children.

I have cosponsored H.R. 605 which amends the criminal code to provide a mandatory life sentence for any nonparent who kidnaps an individual under the age of 18, and imposes the death penalty in cases where the victim dies as a result of the kidnaping. We have the power and the responsibility to keep these criminals away from our children. It is time to get on with that job.

Mr. Speaker, the hope of rehabilitating any 5, 10, 20, or even 50 time offenders is not worth risking the safety of one innocent child. We must get these despicable people off our streets and we must help their victims. Mr. Speaker, $3.9 million was spent last year for Government chaffeur driven limousines for low level government officials. How many children like Tammy may have been found with that money?

Mr. Speaker and my colleagues, please help us find Tammy Belanger and bring her home.

Thank you, Mr. Speaker.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. COYNE].

Mr. COYNE. Mr. Speaker, I thank my colleague, Mr. EDWARDS, for calling this special order. I am here today to call attention to the case of one of my young constituents, Nicole Lynn Bryner, who has been missing for 3 years.

According to the National Center for Missing and Exploited Children, Nicole was abducted on March 11, 1982, from a shopping cart in a southside Pittsburgh, PA, grocery store where she was shopping with her mother. This is a picture of Nicole taken shortly before her abduction. At the time she was 3 years old. She is a white female with brown hair and brown eyes and had her sixth birthday on March 11, 1985.

The National Center has asked that anyone having information about Nicole call 1-800-843-5678.

It is my hope that through the combined efforts of all concerned citizens Nicole and other missing children will be reunited with their families and through increased public awareness these tragic situations can be prevented in the future.

I want to thank the gentleman from Oklahoma for taking this time.

Mr. EDWARDS of Oklahoma. Mr. Speaker, I thank my colleague.

I told my colleagues that I have good reason to believe that the Speaker in his great kindness is going to see to it that we all do get to participate.

Mr. Speaker, I yield to the gentleman from Texas [Mr. COMBEST].

Mr. COMBEST. Mr. Speaker, as I am sure you are well aware, approximately 1.5 million children are reported missing each year. Many of these youngsters are subjected to great danger and exploitation. Others are never returned to their homes safely. This problem is escalating, and it is my belief that the 99th Congress must seriously consider legislation imposing stringent Federal penalties on kidnapers and child abusers.

The National Center for Missing and Exploited Children, which assists families and law enforcement agencies in these matters, has informed me that one of my constituents is missing. I am participating in this special order program in an effort to give his case public exposure. I hope that this publicity will help to bring the long search for this young man to an end.

According to the list of vital statistics that the center has provided me with, Chris Harvey of Andrews, TX was last seen on Wednesday, July 11, 1984 in Pagosa Springs, CO. Chris had been vacationing with his parents at their summer home in Colorado when he disappeared. On the morning of July 11, Chris packed his bags in preparation for the return trip to Texas. He went less than 100 yards from his parents' home to say goodbye to some friends, left the friends' home but never returned to his parents' house.

The National Center for Missing and Exploited Children tells me that Chris' parents have exhausted nearly every resource available in the search for their son. Chris has no history of running away, did not take any money and has not attempted to withdraw his money from the Andrews Texas Bank.

Chris Harvey is 15 years old, 5 feet 11 inches tall and weighs approximately 135 pounds. His hair is light brown and his eyes are hazel.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having any information about Chris call toll free, 1-800-843-5678. It is my sincere hope that someone, somewhere in the country will have information that would help Chris.

Because I find this case as well as the rising numbers of missing children so disturbing, I am cosponsoring legislation that would make two significant changes in Federal criminal kidnaping statutes. The first provision of H.R. 1318, Congressman BILL LOWERY'S Kidnaping Reform Act, requires a mandatory minimum 10-year sentence for those adults who kidnap, but do not harm, children who are unrelated to them or who are not in their custody. Second, H.R. 1318 would require a mandatory life sentence for those adults who kidnap and abuse a child that is unrelated to them or not in their custody.

Mr. Speaker, I would like to urge my colleagues to cosponsor H.R. 1318. A bill such as this transcends partisan limitations, since the constitutional rights of our children are being seriously violated. As legislators, we must stiffen the Federal penalties in an effort to eliminate the terrible crimes being committed against young people like Chris Harvey.

Again, any persons having information about Chris Harvey should call the National Center for Missing and Exploited Chidren at 1-800-843-5678.

□ 2120

Mr. EDWARDS of Oklahoma. I now yield to the gentleman from Colorado [Mr. WIRTH].

Mr. WIRTH. I thank the gentleman from Oklahoma for this excellent service to families and children throughout the country.

Mr. Speaker, I am participating in this special order today to aid the National Center for Missing and Exploited Children in locating a constituent from my district. On the afternoon of August 16, 1983, Elizabeth Ann Miller of Idaho Springs, CO, decided to go jogging after school. She asked her younger sister to run with her, but her sister was not properly dressed and could not go. Elizabeth has not been seen since that day. She had no extra clothes or money and foul play is suspected.

Before her abduction, Elizabeth was 5 feet 4 inches, and weighed 105 pounds. She had long blond hair and hazel-green eyes. Elizabeth was to have celebrated her 15th birthday with her family this past summer.

We cannot possibly imagine the trauma and uncertainty that her parents have been through in this ordeal. Anyone having information on her whereabouts should report it to the National Center at 1-800-843-5678 or contact the Idaho Springs Police in Colorado at (303) 567-4421.

Mr. Speaker, Elizabeth's case is one of millions throughout Colorado and the Nation. Indeed, the pictures of two other Colorado children will be shown here today who have suffered similar fates as Elizabeth—Jonelle Matthews of Greely and Jennifer Douglas of Denver. More than 1.5 million children have been disappearing each year—this is a national problem we cannot ignore.

I join my colleagues in condemning this senseless abduction of American children. Through continued sessions like this in Congress, and increased funding and expansion of the National Center for Missing and Exploited Children, we can help increase the focus on this problem, and locate children like Elizabeth Ann Miller.

Thank you, Mr. Speaker.

Mr. EDWARDS of Oklahoma, I now yield to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. I thank my colleague from Oklahoma and congratulating him on his leadership in bringing this subject once more to the attention of our colleagues and to a saddened country.

I dare say there is not a single Member of Congress of the 535 Members of the House and the other body who do not have a missing child or missing children in their districts. In the case of my district, the Eighth District in New York, one of my constituents has been missing since last July 16, Antonella Mattina.

This beautiful, lovely girl is 12 years old, 5 feet tall, white, brown eyes, and weights 90 pounds. She was last seen as she walked to the Flushing Lindenvue Shopping Center, last July 16, as I said.

The National Center for Missing and Exploited Children, and the 109th Precinct in New York have asked that anybody having information about Antonella Mattina or her whereabouts will please call the National Center toll free at 800-843-5678. The plight of these missing and exploited children is one that should concern us all. It is not only the tragedy of the kids themselves, these beautiful children whose pictures you have seen one after the other, one more delightful and beautiful than the next, but it is the anguish and the heartache that besets the parents as well as the communities from whence they came.

I thank my colleague.

Mr. EDWARDS of Oklahoma. I now yield to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. I thank the gentleman from Oklahoma for yielding and for his efforts.

Mr. Speaker, child abduction is probably the most tragic crime committed in this country. Today, a number of my colleagues and I are joining in an effort to find some of these children and return them safely home. The federally funded National Center for Missing and Exploited Children has asked me to discuss a particular youngster from my district who has been kidnaped.

Russell John Mort was abducted from a fenced-in yard in Niagara Falls, NY, on May 5, 1982. According to information provided by the Center, the child has light brown hair, brown eyes, weighed 30 pounds, and was 3 feet tall when he was kidnaped, and is now 5 years old.

Possible suspects in this crime are a white female in her midtwenties with dark brown curly hair and a white male in his late twenties to early thirties with light brown hair and a mustache. They were seen driving a 1965 white Corvette with a black convertible top with a child in the area of Hyde Park Boulevard and Packard Road in Niagara Falls the afternoon that Russell was missing.

The National Center for Missing and Exploited Children has asked that anyone having information about Russell John Mort call 1-800-843-5678.

Much has been accomplished in the years since the disappearance of a child, Adam Walsh, focused national attention on the heinous crime of child abduction. As the result of a law which I coauthored in 1981, the Missing Children Act, names and descriptions of children reported missing are entered into a computer at the National Crime Information Center run by the FBI. Mandating that the FBI utilize its resources to assist in child abduction cases was a necessary first step, but much, much more needs to be done to coordinate State, local, and Federal agency efforts to locate missing children.

Mr. Speaker, as a parent I understand the anguish and personal suffering that must be endured by parents of kidnaped children. I will continue my efforts to locate children who are missing and to hopefully prevent any further tragedies. If today's undertaking results in the reunion of even one child with his or her parents, our efforts will not have been in vain.

Mr. EDWARDS of Oklahoma. I now yield to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. I would like to first thank my friend and colleague from Oklahoma [Mr. EDWARDS] for having sponsored this special order.

Mr. Speaker, in an effort to build an awareness across this land of the extent of the tragedy of missing children, today the House of Representatives is conducting a special order on missing children.

I commend our distinguished colleague from Oklahoma, MICKEY EDWARDS, for arranging this special order to give us the opportunity to bring to the people of the United States a special awareness of this tragedy touching all of our congressional districts; all of our lives.

Annually, nearly 2 million children disappear from their homes. Some are runaways. Many are taken by estranged parents. Some are abducted by strangers. This tragedy of missing children has touched my district in a most poignant and heart-rending way.

On June 1, 1983—almost 2 years ago—12-year-old Annya "Ann" Gottlib disappeared from the Bashford Manor Shopping Mall in Louisville. All Federal, State, and local law enforcement agencies and their personnel have cooperated and coordinated. Our community has come together like never before in support of efforts to locate Ann. But, unfortunately, Ann has not been found.

Ann was born May 5, 1971. She has auburn hair and grey eyes. Distinguishing marks include freckles, pierced ears, white eyelashes and eyebrows. Ann is a Russian Jewish emigree who speaks fluent English and Russian.

If anyone has information about Ann Gottlib, please contact the Louisville Office of the Federal Bureau of Investigation, at 502-583-3941, or call the missing children's toll free hotline: 1-800-342-0821.

The plight of families of missing children is anguishing. They deserve our prayers and our help.

● Mr. GARCIA. Mr. Speaker, I have been notified by the National Center for Missing and Exploited Children

that one of my young constituents has been kidnaped. I am participating in this special order because I want to do everything I can to help call attention to this case, in the hope that he might be found.

Kirk Quintons, from the Bronx, NY, is the tragic victim of abduction. At the tender age of 12 years old, this personal, loving child was cruelly removed from his home, family, and friends for no apparent reason on September 18, 1983. He is a black male, 4 feet 9 inches, weighs 70 pounds, with brown eyes and black hair. If anyone has any information about Kirk Quintons, please call the Center for Missing and Exploited Children at 1-800-843-5678.

Unfortunately, Kirk's case is not unique or an isolated incident. As many as 1.5 million cases of missing children are reported each year, 50,000 of which remain unsolved. Frequently, these children are victims of street crime and exploitation, and many become the tragic victims of homicide. Unfortunately, those children who survive abduction from their families usually return with lasting physical, emotional, and mental problems. As the problem has reached epidemic levels, I'm glad to see the Federal Government assisting citizen groups crack down on the sick people who would commit such crimes. The Government's participation is helping to alleviate the agony of the victims of this tragedy.

Prior to October 1982, when the President signed the Missing Children Act, which allowed parents access to a central computer file to help trace missing children, there had been no Federal initiative to help parents or law enforcement agencies in the search for missing children. By June 1984, the first nationwide center to assist parents in locating missing children was launched. The National Center for Missing and Exploited Children was established by a $3.3 million grant from the Department of Justice's Office of Juvenile Justice and Delinquency Prevention.

The Center's mission is to help parents like Mrs. Quintons alleviate the nightmare that strikes thousands of families each year. As a clearinghouse for data on missing and exploited children, it is able to distribute photos and descriptive information on missing children to the various media, in the hope that they will be found. While it provides a national clearinghouse of information on State and Federal legislation directed at the protection of children, its goal is toward a positive and permanent change.

The Center has already made significant progress in the area of prevention. By establishing a national conference it has brought together vast numbers of experienced professionals who are experts on the issue of missing children. By sharing their expertise with parents, law enforcement personnel, and community leaders, they are helping to deter the problem of missing children. The implementation of a coordinated, communitywide Child Safety Day Program is helping both parents and children tremendously in prevention efforts. By receiving safety tips from their parents, children understand that they are loved and learn how to become safety conscious. I would like to commend the efforts of the National Center for Missing and Exploited Children, and I'm praying for the success of its conscientious efforts to help return Kirk Quintons to his family.●

● Mr. STRANG. Mr. Speaker, last month President Reagan issued a plea to newspaper publishers, to help in the national effort to find missing children. The President cited as an example of the more than 1 million children who disappear from their homes each year, 13-year-old Jonelle Matthews, from Greeley, CO.

In my Third Congressional District of Colorado, 15-year-old Chris Harvey, disappeared from his parents summer home near Pagosa Springs, CO, in July last year. Chris has not been heard from since that time. Of course, there are other missing children from Colorado. It is a national tragedy.

The National Center for Missing and Exploited Children was opened last year as the first of its kind central locator system to help parents, the justice system and other organizations in locating, identifying, and returning missing children. The Center follows congressional action in 1982 which saw the passage of the Missing Children Act.

The plight of Jonelle Matthews and Chris Harvey, and the others, should encourage all citizens, volunteer organizations, and private industry leaders to participate in this national effort to address this very serious problem. I am pleased the President cited Jonelle's particular plight as a method of calling national attention to the need of all who have the ability and means to do so, to publicise the descriptions of the children who are missing. The effort that is being made today in the House of Representatives to give greater exposure to the problem and some of the children who are missing from around the Nation, allows us to get involved as well. Our efforts will continue.

I want to encourage people across the Nation, and especially our constituents in Colorado, to use the special toll-free hotline number that is available from the National Center for Missing Children: 1-800-843-5678, if they have any information they believe may be helpful in locating our missing children.

Thank you.●

● Mr. STANGELAND. Mr. Speaker, I have been informed by the federally funded National Center for Missing and Exploited Children that a child of JoAnn Ayotte, a constituent, has been kidnaped. It is my hope that by participating in this special order he or any of the other children mentioned here today will soon be found.

Kevin Jay Ayotte, age 5 of Bemidji, MN, was last seen playing in the upstairs of Mrs. Ayotte's cottage, September 30, 1982. Kevin has blue eyes, light brown hair, and when last seen was 3 feet 2 inches tall and weighed approximately 60 pounds. He has an identifying scar on the right side of his chin.

Mr. Speaker, the National Center for Missing and Exploited Children has asked that anyone having information about Kevin call 1-800-843-5678, or contact Sergeants Leach, Bergstrom, or Cross of the Bemidji Police Department at 218-751-9111.

Mr. Speaker, I would like to take this time to commend the recent private sector initiatives aimed at finding kidnaped and missing children. As many of us know, certain businesses have begun placing photos of such youngsters on mediums like grocery shopping bags and milk cartons. Last week, this led to the discovery of two girls in Washington State. While I realize the extensive role of Government in helping to rectify this unfortunate and tragic problem, I am pleased to see private citizens and business making great contributions for their fellow Americans.●

Mr. EDWARDS of Oklahoma. Mr. Speaker, I want to thank all of my colleagues who participated in this special order. I know that we speak for all of the Members of the House of Representatives in urging people to be aware of this very special problem, and help us locate these missing children.

I would close by simply repeating if you have information about any of the children that we have talked about, or any other children who are missing, if you would either contact your local police, contact your Congressman, or contact this toll free phone number: 1-800-843-5678. Then maybe together we can bring these children back home safely to be with their parents again.

I thank the Speaker.

□ 2130

FREEDOM OF HOUSE BROADCASTING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi [Mr. LOTT] is recognized for 60 minutes.

● Mr. LOTT. Mr. Speaker, today I am introducing the "Freedom of House

Broadcasting Resolution of 1985," a new House rule to ensure the complete, unedited, and uncensored broadcast coverage of all House proceedings.

Mr. Speaker, 6 years ago last month the House began providing live audio and visual broadcast coverage of its floor proceedings to all accredited stations, networks and cable systems. Since that time we have seen our exposure from that coverage expand considerably, especially with the growth of cable systems in this country and the gavel-to-gavel coverage of our proceedings by the Cable Satellite Public Affairs Network, more popularly known as C-SPAN.

As a result of this exposure, I think the American people have benefited immensely, both in terms of learning how their democratically elected Government operates, and of being informed on the important public policy issues of the day. The House did the right thing in opening the TV window on this Chamber to the American people. And the broadcast networks and stations, particularly C-SPAN, are to be commended on using this coverage and helping to bring our citizens that much closer to their elected Representatives and the decisionmaking process.

HISTORY OF THE BROADCAST RULE

Mr. Speaker, the present House broadcast rule, clause 9 of House Rule I, under "Duties of the Speaker," is taken from language developed by our late rules subcommittee chairman, Gillis Long, and introduced as House Resolution 821 in the 95th Congress. I was then, and still am the ranking Republican on that subcommittee, now known as the Subcommittee on the Legislative Process and now chaired by our colleague from South Carolina [Mr. DERRICK]. And in that Congress it was my substitute for the Long resolution that was reported by the Rules Committee as House Resolution 866 and adopted by the House.

I do not claim any particular pride in authorship because my resolution simply changed the Long resolution from a House rule to a tentative authorization for House broadcasting that conditioned the final go-ahead for going public on the completion of a further study of broadcast alternatives by the Rules Committee. It was my feeling, for instance, that the only choice up to that point was between a House-operated and a network pool-operated system. Insufficient consideration had been given, for instance, to having the Public Broadcasting Systems [PBS] provide the coverage of our proceedings as was being done in States such as Florida.

The House adopted my resolution on October 27, 1977, by a vote of 342-44. On February 15, 1978, the Rules Committee, again under the leadership of Chairman Long and his subcommittee, filed its final report entitled, "Broadcasting the Proceedings of the House: Alternative Methods of Providing Complete and Unedited Audio and Visual Broadcasting of the Proceedings of the House of Representatives." The central recommendation of that report was that, "House should operate its own broadcast coverage system, following the example and building on the experience of the Canadian Parliament." The report rejected the network pool in part because the networks "demand the right to move the cameras away from the principal and official action of the proceedings." The proposed House system, on the other hand, would focus only on the person speaking.

That final report also contained four separate sets of views, three of which, including my own, questioned the advisability of that alternative. Congressman Sisk of California said "the best interests of the House would be served by allowing professional broadcasters to cover the proceedings," and suggested that the public might view a House-owned system "as some form of censorship * * * that the House is trying to hide something."

Congressman Anderson of Illinois expressed support for the network pool alternative as the least expensive, most technically competent and most compatible with first amendment rights and considerations.

Finally, my own views in that report included the observation that, of overwhelming importance is the certainty that any in-House system will appear to be politically motivated—another benefit to incumbents with the taxpayers footing the bill. And I went on to say:

> I fail to perceive of any way to avoid this appearance under a House owned and operated production. Instead of improving our credibility with the public by installing our own system we may very well be contributing to our less than popular image.

While the filing of that report was the only authority needed by the Speaker to proceed with implementing a system and making it available to the public, the House was given an opportunity to choose between the House-operated and network pool alternatives in June of that year when amendments were offered to the legislative branch appropriations bill. The House-operated system was upheld on a vote of 235-150 as a substitute for a network pool amendment.

The language from House Resolution 866 was incorporated into House rules the following January when the 96th Congress convened, and 2 months later, on March 19, 1979, the first public transmission of our debates went out over the airwaves.

TODAY'S PROBLEMS

Mr. Speaker, I have offered this brief history of the House broadcast rule because I think it is important to have some sense of where we have been if we are to determine where we should be going. The central issue which ran throughout the years of debate on House broadcasting was, "Who should control the cameras?" It is an issue which is still with us today and which was particularly underscored in the last session when the Speaker suddenly instituted a new panning policy of showing wide-angle shots of the entire House Chamber during special order speeches at the end of the day. The policy was presumably designed to show the public that the Chamber is usually nearly empty during such special order speeches, though such a truth-in-broadcasting policy apparently does not apply when committee chairmen are managing legislation during the earlier part of a day. As was brought out during the Speaker's own defense of his new policy, he did not like what some Republican Members were saying about the Democrats, and therefore decided to show the people that no one was there to listen or respond to such charges.

No one should object to giving the American people a bird's-eye view of the entire House Chamber, and the extent of Member attendance at any debate, so long as it is on a uniform basis throughout the day. However, the fact that such a policy was being applied only during that part of the day which Republicans tend to then dominate with their speeches, gave understandable rise to the charge that the House TV system was being manipulated for partisan purposes. Our worst fears of partisan news management and censorship were being realized. Ironically, it was the Speaker who was now engaging in the type of panning the Rules Committee had feared the network pool would use to embarrass the House and distort its proceedings.

TIME FOR A CHANGE

Given this evolution of the House broadcast system, I think it is time to reassess its present operation and control with a view to assuring a more balanced and objective means of covering our proceedings. I am not proposing that we ressurect the network pool option, nor the public broadcast alternative that I thought was worth further exploration back in 1978. I think we must begin with the premise that we now have a House-owned system that is of high quality, both technically and professionally. There is no need to junk what we now have—to throw the cameras and crew out with the bathwater. Instead, we must seek ways to refine the system and properly insulate it from both the prospect and perception of partisan manipulation, control, and censorship.

The resolution which I am introducing today is entitled the "Freedom of House Broadcasting Resolution" be-

cause it is designed to both free the TV system from the potential for partisan manipulation and control, and to restore the First Amendment freedoms of broadcasters who should be entitled to cover this Chamber with their traditional tools, just as print journalists are permitted to record our proceedings with their tools, rather than being forced to rely on our doctored RECORD.

PROVISIONS OF RESOLUTION

Under my proposal, the Speaker would still retain ultimate authority and responsibility for the House broadcast system since under our precedents and rules, the Speaker has absolute authority over the Chamber and the galleries. However, to assist the Speaker in this responsibility, there would be created a completely bipartisan Broadcast Advisory Board consisting of the majority and minority leaders and two other Members from each party. At present the Speaker presumably has a broadcast advisory committee consisting of two Democrats and one Republican, but it was completely defunct for nearly 4 years, and has yet to meet since its reconstitution late last year.

The other important aspect of my resolution is the provision that turns the daily operation of the broadcast system over to the Executive Committee of the Radio and Televison Correspondents' Galleries—the group which represents all the professional broadcasters accredited to the Congress. The Executive Committee would have responsibility for the hiring and supervision of the broadcast system's personnel, and for establishing the daily camera coverage policies. The resolution does require, however, that coverage by gavel-to-gavel, including special orders, a view of the Chamber while Members are voting, and periodic views of the entire Chamber on a uniform basis throughout the day in conformance with acceptable standards of House dignity and decorum.

Finally, the resolution vests in the Clerk, again subject to the direction and control of the Speaker, responsibility for purchasing equipment for the system and paying its employees; and in the Library of Congress responsibility for maintaining the recording of our proceedings for viewing and research purposes.

CONCLUSION

Mr. Speaker, it is my hope that the Rules Committee will give my proposal serious consideration as it exercises its oversight responsibilities for the House broadcast rule and system. I think my resolution will restore credibility to the system by freeing it from political control and restoring the First Amendment freedoms of broadcasters. At the same time it will ensure that coverage will continue in a manner that does not detract from the dignity and decorum of our proceedings.

At this point in the RECORD I include a brief summary of the "Freedom of House Broadcasting Resolution." The summary follows:

BRIEF SUMMARY OF LOTT FREEDOM OF HOUSE BROADCASTING RESOLUTION

Sec. 1. Title.—"The Freedom of House Broadcasting Resolution of 1985."

Sec. 2. House Rules Amendments.—(a) House Rule I, clause 9, the current House broadcast rule, would be stricken in its entirety; (b) a new House Rule LI would be added, entitled, "Broadcast Coverage of House Floor Proceedings."

Clause 1. Establishment of System.—A House Broadcast System would be established to provide complete and unedited coverage of House proceedings while the House is in session, including coverage of voting, special orders, and periodic views of the entire Chamber on a uniform basis throughout the day.

Responsibility for the implementation of the broadcast system would be vested in the Speaker who would be assisted by a completely bipartisan, six-member Broadcast Advisory Board.

The responsibility for the daily operation of the system, including the designation and supervision of employees and formulation of camera coverage policies, would be vested in the Executive Committee of the Radio and Television Correspondence Galleries.

The Clerk would be responsible for the purchase of equipment and compensation of employees,

Clause 2. Access to Coverage.—All accredited broadcast stations, networks and systems would have access to live coverage, as would House members and congressional offices. Coverage or recordings could not be used for commercial or partisan political purposes.

Clause 3. Storage of Recordings.—The Library of Congress would be responsible for maintaining recordings of House proceedings for viewing and research purposes.●

HONORING ANN CHIESA PORTO OF SAN GABRIEL, CA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. MARTINEZ] is recognized for 30 minutes.

● Mr. MARTINEZ. Mr. Speaker, I rise to pay tribute to an outstanding woman from the 30th Congressional District of California, Ann Chiesa Porto. Ms. Chiesa Porto has performed significant work as a registered nurse with the Community Hospital of San Gabriel, and, also, in donating many hours to community service.

Her distinguished accomplishments in both areas prove numerous. At the Community Hospital she has been instrumental in organizing the Auxiliary and Candystriper Program, in designing the first portable supply cart for cardiac arrest patients, in helping to formulate the format for the Stroke Rehabilitation Nurse Program, in devising a program to assist patients and families to deal with grief, and in developing a community outreach program for the widowed.

Given her remarkable record at the hospital, Ms. Chiesa Porto has, suprisingly, found the time for service to the community. She is an active member of the San Gabriel Mission Church and teaches nurse aide classes at San Gabriel High School. She is the president of the Soroptimists, a member of the San Gabriel Chamber of Commerce, and on the board of directors of the Young Men's Christian Association, the Boys' Club of West San Gabriel Valley, and the Disabled Veterans' of Greater Los Angeles.

Our town has rightfully recognized her complete dedication and hard work by giving her many honors, including the Distinguished Service Award of the Community Hospital, the Century Club Award of the YMCA, and the San Gabriel Chamber of Commerce's Business Woman of the Year Award.

She has, in addition, won the admiration of all those, including myself, who are familiar with her work. It seems to me that she deserves the title of "Superwoman" for all her great, unselfish accomplishments. I am proud to call Ann Chieso Porto my constituent. I wish her continued success in future endeavors.●

THE TRUTH ABOUT THE POLYGRAPH TEST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut [Mr. MCKINNEY] is recognized for 15 minutes.

● Mr. MCKINNEY. Mr. Speaker, today I am introducing legislation to prohibit the use of polygraph—lie detector—tests in connection with applications for employment or as a condition of continued employment in private industry. There are many pressing issues presently before Congress—from the Federal deficit to taxation reform; from the plight of our farmers to the fight against nuclear war. In addition, there are many pressing issues affecting our country which have not yet gained national attention and which deserve serious consideration by the Congress of the United States. One of these matters is the use of the polygraph test in private industry. We, in Congress, and as a nation, cannot afford to ignore the frustration, humiliation, indignation, and injustice brought upon so many American citizens by the use of the polygraph.

Each year, hundreds of thousands of those seeking employment and those striving to remain employed are subjected to the polygraph test. This subjection is both an infringement upon one's constitutional right to privacy and an obstruction to the free flow of interstate commerce. These so-called lie detection tests supposedly are administered by companies to protect themselves from in-house pilferage

and other undesirable activities on the job. Instead, the polygraph, by systematically labeling innocent and honest people as liars, cause both the prevention of hiring and dismissal of reputable and productive personnel.

It is well known that the reliability of polygraph tests is extremely suspect. The polygraph machine itself cannot detect lies. The machine only measures simple physiological reactions such as heart and respiration rates and perspiration—reactions certainly not unique to being deceptive. A person's physiological reactions may be affected by a number of factors, including nervousness, mental condition, moral attitude toward lying, physical handicap, and the polygraph examiner.

Another crucial factor regarding polygraph reliability is that while the machine is the instrument which measures reactions, it is the polygraph examiner who interprets the physiological reactions and makes the final conclusions on who is and who is not lying. This allows for potential false readings of the test, further magnifying the problem of polygraph inaccuracy, and further increasing the likelihood of innocent people losing or being denied jobs. In addition, not only is the polygraph test unreliable in general, it discriminates in particular. Studies indicate that highly socialized people, concerned about their moral integrity, tend to fail polygraph tests more often than those who are poorly socialized or who are not as concerned about moral scruples. Also, because of the subjective factor of the polygraph, there is substantial evidence, brought out in a U.S. district court case in Illinois, that polygraph testing is biased toward minorities.

Studies analyzed by the Congressional Office of Technology Assessment indicate that the percentage of innocent people being found deceptive is as high as 50 percent. Polygraph examiners labeled innocent people as liars half the time. The conclusion reached by the Office of Technology Assessment in its study on the scientific validity of polygraph testing was "there is no scientific evidence to establish the validity of polygraph testing for screening a large number of people." This conclusion coincides with the President's Privacy Protection Study Commission which in 1977 stated that polygrapy use is "an unreasonable invasion of personal privacy that should be proscribed." Similar conclusions have been reached independently by two congressional committees.

Mr. Speaker, I believe it is time to pay heed to the facts which demonstrate the need for Federal legislation to prohibit the use of polygraph testing for employment purposes. Countries around the world have outlawed any sort of lie detector tests. In our own country, 20 states, including Connecticut, and the District of Columbia have led the way by passing laws prohibiting the use of polygraph testing by employers as a condition of employment.

Some of our States have placed restrictions on the use of the polygraph such as making illegal the asking of certain personal questions or guaranteeing the test-taker a copy of the test results. These sort of laws, however, only continue the barbaric use of lie detection devices by implicitly endorsing the use of the polygraph. We must insist upon an outright ban on this unscientific and unconstitutional method of job screening in private industry.

The truth about the polygraph is that it is inaccurate, unreliable, and intrusive—an unreasonable infringement on a person's right to privacy and ability to earn a living. It is ironic that despite all of the evidence produced and studies conducted that expose the polygraph as fraudulent, the use of lie detectors in private industry not only continues, but is increasing. Truly, we must work diligently to end this practice. Mr. Speaker, I wholeheartedly urge my fellow Members and citizens to endorse the Polygraph Control and Privacy Protection Act of 1985.●

THE WIC NUTRITION IMPROVEMENT ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New Jersey [Mrs. ROUKEMA] is recognized for 10 minutes.

● Mrs. ROUKEMA. Mr. Speaker, today I am introducing, on behalf of Mr. HAWKINS, Mr. JEFFORDS, Mr. LELAND, Mr. GOODLING, Mr. GEORGE MILLER, Mr. FAWELL, Mr. EMERSON, and Mr. PANETTA, a bill which will provide nutritional benefits to more than 16,000 additional women and children through the Special Supplemental Food Program for Women, Infants and Children [WIC] without any increase in budget outlays and at no cost to the Federal Government.

In these days of budgetary constraint, we must do everything in our power to ensure that our scarce national resources are used as effectively as possible. This bill, the WIC Nutrition Improvement Act of 1985, recognizes this reality. Under this act, States and localities will be prohibited from collecting sales taxes on food purchased with WIC vouchers as a condition for receiving Federal program funds. At present, every dollar collected in sales taxes is a dollar that is unavailable for direct food purchases. The consequence is that at least 16,000 women, infants, and children are denied program benefits while over $7.4 million go to State and local treasuries.

As a member of the Committee on Education and Labor and as ranking minority member of the select committee on Hunger, I have studied the WIC Program. Indeed, the select committee conducted field hearings last year to explore the benefits and the shortcomings of the program. Currently, WIC provides nutritious supplemental foods to low-income pregnant and postpartum women, and infants and children up to age 5 who are determined to be at nutritional risk. In addition to food supplementation, participants receive medical screening and nutrition education.

However, our study clearly demonstrated an area in need of reform.

There are 14 States and numerous local governments which collect sales taxes on WIC food purchases. These sales tax moneys are collected above and beyond the allowable 20 percent of WIC funds available to States and localities to cover administrative costs. There is no need for those governments to receive additional sales tax revenues to operate this program.

In essence, therefore, these State and local governments are making money on a federally funded program established to aid low-income women and children. Last year alone, over $7.4 million in Federal funds was diverted to State and local treasuries in this manner. Clearly, this is not intent of Congress.

More importantly, every dollar lost to sales tax is a dollar that is unavailable for the purchase of food. Stated differently, if sales tax adds to the price of a package of food, fewer people will be served. The loss of this revenue had the effect of denying WIC to at least 16,000 income eligible clients in these States.

Today, I offer this corrective legislation. It will allow more women, infants, and children to receive program benefits.

Although the WIC Program's authority was to expire in fiscal year 1984, it is currently authorized for this fiscal year under the fiscal year 1985 continuing resolution. Since reauthorization of the WIC Program will be considered this year, it is essential to focus on program needs now.

I urge my colleagues to support this effort to close the unintended loophole in the law that allows the diversion of WIC funds away from eligible women, infants, and children nationwide.

I thank you, Mr. Speaker.●

RULES OF SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES FOR THE 99TH CONGRESS

(Mr. MILLER of California asked and was given permission to extend his

remarks at this point in the RECORD and to include extraneous matter.)

● Mr. MILLER of California. Mr. Speaker, pursuant to rule XI, clause 2(a) of the Rules of the House of Representatives, I submit for printing in the CONGRESSIONAL RECORD the rules of the Select Committee on Children, Youth, and Families for the 99th Congress, adopted by the committee on March 28, 1985:

RULES OF THE SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

(Adopted March 28, 1985)

RULE 1.—MEETINGS

The regular meetings of the committee shall be held on the third Thursday of each month at 9:45 a.m., except when Congress has adjourned. The chairman is authorized to dispense with a regular meeting or to change the date thereof, and to call and convene additional meetings, when circumstances warrant. A special meeting of the committee may be requested by members of the committee in accordance with the provisions of House Rule XI, 2(c)(2). Every member of the committee, unless prevented by unusual circumstances, shall be provided with a memorandum at least three calendar days (excluding Saturdays, Sundays, and legal holidays) prior to each meeting or hearing explaining (1) the purpose of the meeting or hearing; and (2) the names, titles, background and reasons for appearance of any witnesses. The minority staff shall be responsible for providing the same information on witnesses whom the minority may request.

RULE 2.—QUORUMS

A majority of the members of the committee shall constitute a quorum, except that two members shall constitute a quorum for taking testimony and receiving evidence. Proxies shall not be used to establish a quorum. If the chairman is not present at any meeting of the committee, the ranking member of the majority party on the committee who is present shall preside at that meeting.

RULE 3.—COMMITTEE REPORTS

Every investigative report shall be approved by a majority vote of the committee at a meeting at which a quorum is present. Supplemental, minority, or additional views may be filed in accordance with House Rule XI, 2(l)(5). The time allowed for filing such views shall be three calendar days (excluding Saturdays, Sundays, and legal holidays) unless the committee agrees to a different time, but agreement on a shorter time shall require the concurrence of each member seeking to file such views. A proposed report shall not be considered in committee unless the proposed report has been avilable to the members of the committee for at least three calendar days (excluding Saturdays, Sundays, and legal holidays) prior to the consideration of such proposed report in the committee. If hearings have been held on the matter reported upon, every reasonable effort shall be made to have such hearings available to the members of the committee prior to the consideration of the proposed report in the committee.

RULE 4.—PROXY VOTES

A member may vote by proxy on any measure or matter before the committee and on any amendment or motion pertaining thereto. A proxy shall be in writing and be signed by the member granting the proxy; it shall show the date and time of day it was signed and the date for which it is given and the member to whom the proxy is given. Each proxy authorization shall state that the member is absent on official business or is otherwise unable to be present; shall be limited to the date and the specific measure or matter to which it applies; and, unless it states otherwise, shall apply to any amendments or motions pertaining to the measure or matter.

RULE 5.—ROLLCALLS

A rollcall of the members may be had upon the request of any member.

RULE 6.—RECORD OF COMMITTEE ACTIONS

The committee staff shall maintain in the committee offices a complete record of committee actions including a record of the rollcall votes taken at committee business meetings. The original records, or true copies thereof, as appropriate, shall be available for public inspection whenever the committee offices are open for public business. The staff shall assure that such original records are preserved with no unauthorized alteration, additions, or defacement.

RULE 7.—TASK FORCES

There shall be no more than three temporary task forces of the committee; the jurisdiction of each shall be established by the chairman of the committee. Each task force shall have eleven members, divided between majority and minority party members in the ratio of seven to four. The chairman and ranking minority member of the committee shall serve ex officio on each task force.

Members of the majority party shall have the right to bid for task force chairs in order of full committee seniority. No member elected as a task force chairperson may choose a second task force position before all other members of the majority party have selected one task force assignment in order of full committee seniority. After each member of the majority party has selected one task force assignment, each may bid, in order of full committee seniority, for a second task force assignment. No member may serve on more than two task forces.

The chairperson of each task force is authorized to appoint one staff member who shall serve at the pleasure of such chairperson, and to be approved by the chairman of the full committee. Such staff members shall be paid from funds provided for the appointment of committee staff pursuant to primary and additional expense resolutions.

RULE 8.—HEARING DATES AND WITNESSES

The chairman of the committee, after consultation with the ranking minority member of the committee, shall announce the date, place, and subject matter of all hearings at least one week prior to the commencement of any hearings, unless he, after consultation with that member, determines that there is good cause to begin such hearings at an earlier date. The minority members shall supply the names of witnesses they intend to call to the chairman of the committee at the earliest possible date. Witnesses appearing before the committee shall, so far as practicable, submit written statements at least 24 hours in advance of their appearance.

RULE 9.—OPEN MEETINGS

Meetings for the transaction of business and hearings of the committee shall be open to the public or closed in accordance with Rule XI of the House of Representatives.

RULE 10.—FIVE-MINUTE RULE

A committee member may question a witness only when recognized by the chairman for that purpose. In accordance with House Rule XI, 2(j)(2), each committee member may request up to five minutes to question a witness until each member who so desires has had such opportunity. Until all such requests have been satisfied, the chairman shall, so far as practicable, recognize alternately on the basis of seniority those majority and minority members present at the time the hearing was called to order and others on the basis of their arrival at the hearing. Thereafter, additional time may be extended at the direction of the chairman.

RULE 11.—INVESTIGATIVE HEARINGS; PROCEDURE

Investigative hearings shall be conducted according to the procedures in House Rule XI, 2(k). All questions put to witnesses before the committee shall be relevant to the subject matter before the committee for consideration, and the chairman shall rule on the relevance of any questions put to the witness.

RULE 12.—STENOGRAPHIC RECORD

A stenographic record of all testimony shall be kept of public hearings and shall be made available on such conditions as the chairman may prescribe.

RULE 13.—TV, RADIO, AND PHOTOGRAPHS

When approved by a majority vote, an open meeting or hearing of the committee may be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, by any of such methods of coverage, subject to the provisions of House Rule XI, 3. In order to enforce the provisions of said rule or to maintain an acceptable standard of dignity, propriety, and decorum, the chairman may order such alteration, curtailment or discontinuance of coverage as he determines necessary.

RULE 14.—STAFF

The chairman of the committee shall have the authority to hire and discharge employees of the professional and clerical staff of the committee. The authorization for the creation of new positions shall be approved by a majority vote of the committee, a quorum being present.

RULE 15.—STAFF DIRECTION

The staff of the committee shall be subject to the direction of the chairman of the committee and shall perform such duties as he may assign.

RULE 16.—AUTHORIZATION FOR TRAVEL

Travel to be paid from funds set aside for the full committee for an member or any staff member shall be paid only upon the prior authorization of the chairman. Travel may be authorized by the chairman for any member and any staff member in connection with the attendance of hearings conducted by the committee and meetings, conferences, and investigations which involve activities or subject matter under the general jurisdiction of the committee. Before such authorization is given there shall be submitted to the chairman in writing the following:

(1) The purpose of the travel;

(2) The dates during which travel is to be made and the date or dates of the event for which the travel is being made;

(3) The location of the event for which the travel is to be made;

(4) The names of members and staff seeking authorization.

RULE 17.—ADDITIONAL DUTIES OF CHAIRMAN

The chairman of the committee shall:

(1) make available to other committees the findings and recommendations resulting from the investigations of the committee as appropriate;

(2) prepare a budget for the committee and present such budget to the committee for its approval; and

(3) authorize and issue subpoenas as provided in House Rule XI, 2(m)(1), in the conduct of any investigation or activity or series of investigations or activities within the jurisdiction of the committee.

RULE 18.—AMENDMENT OF RULES

These rules may be modified, amended, or repealed by a majority vote of the committee, if at least two legislative days' written notice of the proposed change has been provided each member of the committee prior to the meeting date on which such changes are to be discussed and voted upon.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YATES (at the request of Mr. WRIGHT), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LIGHTFOOT) to revise and extend their remarks and include extraneous material:)

Mr. LOTT, for 60 minutes, today.

Mr. MARTIN of New York, for 5 minutes, today.

Mr. MCCOLLUM, for 30 minutes, today.

Mr. KOLBE, for 60 minutes, April 3.

Mr. MCKINNEY, for 15 minutes, today.

Mr. BROWN of Colorado, for 10 minutes, today.

Mr. GINGRICH, for 60 minutes, today.

Mr. GINGRICH, for 60 minutes, April 3.

Mr. WALKER, for 60 minutes, today.

Mr. COATS, for 60 minutes, April 17.

Mrs. ROUKEMA, for 10 minutes, today.

(The following Members (at the request of Mrs. BOXER) to revise and extend their remarks and include extraneous material:)

Mr. DE LA GARZA, for 5 minutes, today.

Mr. UDALL, for 5 minutes, today.

Mr. JONES, of Oklahoma, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. BONKER, for 5 minutes, today.

Mr. JONES of Tennessee, for 5 minutes, today.

Mr. MARTINEZ, for 30 minutes, today.

Mr. RAY, for 30 minutes, April 3.

Mr. FRANK, for 60 minutes, April 16.

Mr. PICKLE, for 60 minutes, May 7.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. LIGHTFOOT) and to include extraneous matter:)

Mr. CLINGER in two instances.

Mr. PORTER.

Mr. BROOMFIELD.

Mr. COURTER in two instances.

Mr. HUNTER.

Mr. SENSENBRENNER.

Mr. KINDNESS in two instances.

Mr. RUDD in four instances.

Mr. JEFFORDS.

Mrs. HOLT.

Mr. LIVINGSTON in two instances.

Mr. GILMAN in three instances.

Mr. BOEHLERT.

Mr. CONTE in three instances.

Mr. WHITEHURST.

Mr. STRANG.

Mr. MOORHEAD.

Mr. BILIRAKIS.

Mr. MOORE.

Mr. SCHAEFER.

Mr. LIGHTFOOT.

Mr. TAUKE.

Mr. BLILEY.

Mr. DREIER of California.

Mr. HORTON.

(The following Members (at the request of Mrs. BOXER) and to include extraneous matter:)

Mr. WHEAT.

Mr. BOLAND.

Mr. MANTON.

Mr. MAZZOLI.

Mr. HUCKABY.

Mr. HAMILTON in two instances.

Mr. TRAFICANT.

Mr. LELAND.

Mr. GUARINI.

Mr. ACKERMAN.

Mr. APPLEGATE.

Mr. FRANK.

Mr. GARCIA.

Mr. FORD of Michigan.

Mr. LEVINE of California.

Mr. RANGEL in two instances.

Mr. MONTGOMERY.

Mr. LEHMAN of Florida.

Mr. DOWNEY of New York in two instances.

Mr. EDGAR.

Mr. SMITH of Florida.

Mr. WAXMAN.

Mr. ROBINSON.

Mr. SCHUMER.

Mrs. SCHROEDER.

Mr. FEIGHAN in two instances.

Mrs. BOXER.

Mr. SKELTON.

Mr. MOAKLEY.

Mr. KOLTER.

Mr. LANTOS.

Mr. WILLIAMS.

Mr. WOLPE.

Mr. RODINO.

Mr. HEFTEL of Hawaii.

Mr. WYDEN.

Mr. STARK.

Mr. PEASE.

Mr. TORRICELLI.

Mr. MINETA.

Mr. CONYERS.

ADJOURNMENT

Mr. SIKORSKI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 31 minutes p.m.), the House adjourned until tomorrow, Wednesday, April 3, 1985, at 3 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

944. A letter from the Assistant Secretary of Defense for International Security Policy, transmitting a report on the funding of technology transfer control policy for the fiscal year 1984, pursuant to 10 U.S.C. 138(h) (96 Stat. 739); to the Committee on Armed Services.

945. A letter from the Executive Director, Civil Air Patrol, transmitting the 1985 Civil Air Patrol report to Congress, pursuant to the act of July 1, 1946, chapter 527, section 7; to the Committee on Armed Services.

946. A letter from the Secretary, Federal Trade Commission, transmitting the seventh annual report to Congress on the administration of the Fair Debt Collection Practices Act, pursuant to Public Law 90-321, section 815(a) (91 Stat. 882); to the Committee on Banking, Finance and Urban Affairs.

947. A letter from the Chairman, District of Columbia Retirement Board, transmitting comments on the enrolled actuary's report on the disability retirement rate for police officers and firemen, pursuant to Public Law 96-122, section 145(b)(1) (97 Stat. 727); to the Committee on the District of Columbia.

948. A letter from the Chairman, Railroad Retirement Board, transmitting a draft of proposed legislation to eliminate the December 1985 rail industry pension cost-of-living adjustment and to ensure that future indexed rail cost-of-living adjustments are consistently applied to all industry pensions, to the Committee on Energy and Commerce.

949. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to abolish the U.S. Travel and Tourism Administration, to repeal the International Travel Act of 1961, as amended; to the Committee on Energy and Commerce.

950. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Federal Railroad Safety Act of 1970; to the Committee on Energy and Commerce.

951. A letter from the Acting Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting Presidential Determination 85-9, determining that it is important to U.S. security interests to use FAA funds under the special authority of section 614 of the act, pursuant to 22 U.S.C. 2364(a)(1); to the Committee on Foreign Affairs.

952. A communication from the President of the United States, transmitting copies of international agreements transmitted to Congress after the deadline for their sub-

mission, with reasons, pursuant to 1 U.S.C. 112b(b); to the Committee on Foreign Affairs.

953. A letter from the Acting Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a copy of the original report of political contributions for Robert Dean Blackwell, of Maryland, for the rank of Ambassador, pursuant to Public Law 96-465, section 304(b)(2); to the Committee on Foreign Affairs.

954. A letter from the Head, Information Section, Copyright Office, Library of Congress, transmitting an evaluation of activities under the Freedom of Information Act, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

955. A letter from the State Cochairman and Federal Cochairman, Alaska Land Use Council, transmitting a study of the Kantishna Hills and Dunkle Mine areas, pursuant to Public Law 96-487, section 202(b); to the Committee on Interior and Insular Affairs.

956. A letter from the Chief Immigration Judge, Executive Office for Immigration Review, Department of Justice, transmitting reports of suspension of deportation of certain aliens of good character and with required residency when deportation causes hardship under section 244(a), Immigration and Nationality Act, pursuant to INA, section 244(c) (66 Stat. 214, 76 Stat. 1247); to the Committee on the Judiciary.

957. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title XII of the Merchant Marine Act, 1936; to the Committee on Merchant Marine and Fisheries.

958. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 23, United States Code; to the Committee on Public Works and Transportation.

959. A letter from the Administrator, Veterans' Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to extend the authority of the Veterans' Administration to conduct certain health care programs, to the Committee on Veterans' Affairs.

960. A letter from the Secretary of Health and Human Services, transmitting a report of the results of a study conducted by the Health Care Financing Administration with respect to the Medicare hospital wage index, pursuant to 42 U.S.C. 1395ww nt.; to the Committee on Ways and Means.

961. A letter from the Director, Office of Legislative Affairs, Agency for International Development, transmitting the report which includes allocations of the funds appropriated separately under functional development assistance for new nutrition activities, new health activities, and for the child survival fund, for which allocation decisions had not yet been made at the time of the original report, pursuant to 22 U.S.C. 2413(a); jointly, to the Committees on Foreign Affairs and Appropriations.

962. A letter from the Chairman and President, Gorgas Memorial Institute of Tropical and Prevention Medicine Inc., transmitting a report on the operation of the Gorgas Memorial Laboratory, including the unaudited financial statements, for the fiscal year ending September 30, 1984, pursuant to the act of May 7, 1928, chapter 505, section 3 (92 Stat. 991); jointly, to the Committees on Foreign Affairs and Energy and Commerce.

963. A letter from the Acting Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting the annual report of the status of the exercise of U.S. rights and responsibilities under the Panama Canal Treaty of 1977, pursuant to 22 U.S.C. 3871; jointly, to the Committees on Merchant Marine and Fisheries, Foreign Affairs, the Judiciary, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHEAT: Committee on Rules. House Resolution 119. Resolution providing for the consideration of H.R. 1714, a bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities; and research and program management, and for other purposes (Rept. No. 99-33). Referred to the House Calendar.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 1869 a bill to repeal the contemporaneous recordkeeping requirements added by the Tax Reform Act of 1984, and for other purposes (Rept. No. 99-34). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. House concurrent Resolution 107. Concurrent Resolutions to express the sense of the Congress that the President take action to reduce the growing U.S. merchandise trade deficit and that he take action to response to unfair International trade practices of Japan. (Rept. No. 99-35). Referred to the House Calendar

Mr. ROSTENKOWSKI: Committee on Ways and Means H.R. 1866 a bill to phase out the Federal supplemental compensation program (Rept. No. 99-36). Referred to the Committee on the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOLEY (for himself, Mr. CONTE, Mr. FISH, Mr. GLICKMAN, Mr. JEFFORDS, Mr. LEACH of Iowa, Mr. LEVINE of California, Mr. MARKEY, Mr. MCHUGH, Mr. MILLER of California, Ms. SNOWE, and Mr. WEISS):

H.R. 1865. A bill to limit the introduction of U.S. Armed Forces into El Salvador and Nicaragua for combat; to the Committee on Foreign Affairs.

By Mr. ROSTENKOWSKI (for himself, Mr. DUNCAN, Mr. FORD of Tennessee, Mr. CAMPBELL, Mr. PICKLE, Mr. RANGEL, Mr. STARK, Mr. JACOBS, Mr. JENKINS, Mr. GEPHARDT, Mr. PEASE, Mr. MATSUI, Mr. ARCHER, Mr. VANDER JAGT, Mr. CRANE, Mr. FRENZEL, Mr. GRADISON, Mr. MOORE, Mr. THOMAS of California, Mr. DAUB, and Mr. KILDEE):

H.R. 1866. A bill to phase out the Federal supplemental compensation program; to the Committee on Ways and Means.

By Mr. WIRTH:

H.R. 1867. A bill to authorize appropriations for the National Telecommunications and Information Administration for fiscal years 1986 and 1987, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MOORE (for himself, Mr. WAXMAN, Mr. STARK, Mr. GRADISON, Mr. RANGEL, Mr. PEPPER, Mr. GEPHARDT, Mr. WYDEN, Mr. MADIGAN, Mr. MCGRATH, Mr. DAUB, Mr. DOWNEY of New York, Ms. KAPTUR, Mr. SABO, Mr. CONYERS, Mr. BILIRAKIS, Mr. MRAZEK, and Mr. MILLER of California):

H.R. 1868. A bill to amend the Social Security Act to protect beneficiaries under the health care programs of that act from unfit health care practitioners, and otherwise to improve the antifraud provisions of that act; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. ROSTENKOWSKI (for himself, Mr. DUNCAN, Mr. ANTHONY, Mr. DAUB, Mr. ROEMER, Mr. PICKLE, Mr. STARK, Mr. JONES of Oklahoma, Mr. JACOBS, Mr. FORD of Tennessee, Mr. PEASE, Mr. MATSUI, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. COYNE, Mr. FRENZEL, Mr. GRADISON, Mr. CAMPBELL, Mr. MCGRATH, and Mr. GREGG):

H.R. 1869. A bill to repeal the contemporaneous recordkeeping requirements added by the Tax Reform Act of 1984, and for other purposes; to the Committee on Ways and Means.

By Mr. WYLIE (by request):

H.R. 1870. A bill to amend and extend certain Federal laws relating to housing, community and neighborhood development, and related programs, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

H.R. 1871. A bill to amend the National Flood Insurance Act of 1968 to extend certain authorities thereunder, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ASPIN (for himself and Mr. DICKINSON) (by request):

H.R. 1872. A bill to authorize appropriations for fiscal year 1986 for the Armed Forces for procurement, for research, development, test, and evaluation, for operation and maintenance, and for working capital funds, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. STRATTON (for himself and Mrs. HOLT) (by request):

H.R. 1873. A bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1986 and fiscal year 1987, and for other purposes; to the Committee on Armed Services.

By Mr. BENNETT:

H.R. 1874. A bill to authorize the Architect of the Capitol to accept gifts and bequests of personal property and money for the benefit of the Capitol Buildings art collection; to the Committee on House Administration.

By Mr. BORSKI:

H.R. 1875. A bill to provide for greater balance in the proportion of military chaplains of different faiths as compared to the proportion of different faiths represented among the total membership of the Armed Forces; to the Committee on Armed Services.

By Mr. BOSCO (for himself, Mr. WEAVER, Mr. AUCOIN, Mr. CHAPPIE, Mr. ANDERSON, Mr. PANETTA, Mr. FAZIO, Mrs. BOXER, Mrs. BURTON of

California, Mr. MILLER of California, Mr. ROBERT F. SMITH, Mr. LEVINE of California, and Mr. MARTINEZ):

H.R. 1876. A bill relating to the conservation and management of the U.S. fisheries; to the Committee on Merchant Marine and Fisheries.

By Mrs. BOXER (for herself, Mr. CHANDLER, Mr. DOWNEY of New York, Mr. MORRISON of Connecticut, Mr. MCKINNEY, Mr. JACOBS, and Mr. ACKERMAN):

H.R. 1877. A bill entitled, the "Humane Products Testing Act of 1985"; to the Committee on Energy and Commerce.

By Mr. CONTE:

H.R. 1878. A bill to establish a nationwide lottery to assist in financing the Medicare Program and in reducing the Federal deficit; jointly, to the Committees on Ways and Means, the Judiciary, and Post Office and Civil Service.

By Mr. DORGAN of North Dakota:

H.R. 1879. A bill to provide for full and prompt disclosure of rail transportation contracts; to the Committee on Energy and Commerce.

H.R. 1880. A bill to modify the reversion limitation imposed on the conveyance of property to the Mountrail County Park Commission, Mountrail County, ND, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. DOWNEY of New York (for himself and Mr. FLORIO):

H.R. 1881. A bill to provide that the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 will apply to certain petroleum and to establish a separate account in the Superfund for leaking underground storage tanks; jointly, to the Committee on Energy and Commerce and Public Works and Transportation.

By Mr. ENGLISH:

H.R. 1882. A bill to amend the Freedom of Information Act, and for other purposes; to the Committee on Government Operations.

By Mr. FAUNTROY:

H.R. 1883. A bill to provide that individuals who live in the District of Columbia shall not be required to pay Federal income tax for any period during which they are without representation in the Senate and the House of Representatives; to the Committee on Ways and Means.

By Mr. FLIPPO (for himself, Mr. JENKINS, Mr. CAMPBELL, Mr. FOWLER, Mr. ANTHONY, Mr. MATSUI, Mrs. KENNELLY, Mr. DOWNEY of New York, Mr. JONES of Oklahoma, Mr. RANGEL, Mr. DUNCAN, Mr. PICKLE, Mr. MCGRATH, and Mr. JACOBS):

H.R. 1884. A bill to provide rules for computing the amount of the deductions allowed to rural mail carriers for use of their automobiles; to the Committee on Ways and Means.

By Mr. FRANK:

H.R. 1885. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income a certain portion of governmental pensions based on services not covered under the Social Security system; to the Committee on Ways and Means.

By Mr. GEKAS (for himself and Mr. HYDE):

H.R. 1886. A bill to amend title 18, United States Code, to extend the application of special forfeiture of collateral profits of crime to persons acquitted only by reasons of insanity; to the Committee on the Judiciary.

By Mr. GOODLING (for himself, Mr. FORD of Michigan, and Mr. JEFFORDS):

H.R. 1887. A bill to provide for limited extension of alternative means of providing assistance under the school lunch program and to provide for national donated commodity processing programs; to the Committee on Education and Labor.

By Mr. GUARINI (for himself, Mr. WEBER, Mr. WEAVER, Mr. SOLOMON, Mr. SMITH of New Jersey, Mr. MOODY, Mr. RODINO, Mr. TORRICELLI, Mr. COUGHLIN, Mr. WEISS, Mr. DWYER of New Jersey, Mr. SAXTON, Mrs. ROUKEMA, Mr. FRANK, Mr. RINALDO, Mr. BARTON of Texas, Mr. CARPER, Mr. HUGHES, Mr. CONTE, Mr. DELLUMS, Mr. FISH, Mr. HEFTEL of Hawaii, and Mrs. SCHNEIDER):

H.R. 1888. A bill to direct the Secretary of Transportation not to expend or obligate any Federal funds for design and construction of the Westway landfill in New York City, NY; to the Committee on Public Works and Transportation.

By Mr. HALL of Ohio (for himself and Mr. LELAND):

H.R. 1889. A bill to amend the Agricultural Trade Development and Assistance Act of 1954 and the Agricultural Act of 1949 in order to enhance the effectiveness of U.S. food assistance programs for developing countries, and for other purposes; jointly, to the Committees on Foreign Affairs and Agriculture.

By Mr. SAM B. HALL, JR. (for himself, Mr. FRANK, Mr. BERMAN, Mr. STAGGERS, and Mr. KINDNESS):

H.R. 1890. A bill to provide for an equitable waiver in the compromise and collection of Federal claims; to the Committee on the Judiciary.

By Mr. HUNTER:

H.R. 1891. A bill to direct the Secretary of the Interior to convey a certain parcel of land located near Ocotillo, CA; to the Committee on Interior and Insular Affairs.

By Ms. KAPTUR:

H.R. 1892. A bill to provide for the analysis of the causes of U.S. trade imbalance with Japan and the formulation of actions to redress that imbalance; to the Committee on Ways and Means.

By Mr. KINDNESS (for himself, Mr. BOUCHER, Mr. PETRI, Mr. JENKINS, Mrs. HOLT, Mrs. BYRON, Mr. HAMMERSCHMIDT, Mr. PENNY, Mr. MACKAY, Mr. DANNEMEYER, Mr. BENNETT, Mr. CHANDLER, Mr. STENHOLM, Mr. ARMEY, Mr. GROTBERG, and Mr. MCCAIN):

H.R. 1893. A bill to amend the Contract Work Hours and Safety Standards Act and the Walsh-Healey Act to permit employees, to whom such acts apply, to work any combination of hours in a 40-hour workweek; to the Committee on Education and Labor.

By Mr. LANTOS (for himself, Ms. SNOWE, Mr. BENNETT, Mr. BERMAN, Mr. BIAGGI, Mr. BONIOR of Michigan, Mr. BORSKI, Mr. BUSTAMANTE, Mr. COELHO, Mr. DIOGUARDI, Mr. DYMALLY, Mr. EDWARDS of Oklahoma, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. KOLTER, Mr. LELAND, Mr. MANTON, Mr. MARTINEZ, Mr. MITCHELL, Mr. MRAZEK, Mr. OWENS, Mr. REID, Mr. ROSE, Mr. SILJANDER, Mr. SUNIA, Mr. TOWNS, Mr. WEISS, and Mr. YOUNG of Alaska):

H.R. 1894. A bill to establish a commission to conduct a study of the problems of youth suicide in the United States for the purpose of providing guidance in developing national policy, and to establish a grant program for States, political subdivisions of States, and private nonprofit agencies for programs to prevent suicide among children and youth; jointly, to the Committees on Energy and Commerce and Education and Labor.

By Mr. LIPINSKI:

H.R. 1895. A bill to amend title 23, United States Code, to require that any State requesting a lower Federal share for certain types of highway projects be provided that lower share; to the Committee on Public Works and Transportation.

By Mr. MCCOLLUM (for himself, Mr. CHANDLER, Mr. COOPER, Mr. HILER, Mr. LEACH of Iowa, Mr. ROEMER, Mrs. ROUKEMA, Mr. WORTLEY, and Mr. WYLIE):

H.R. 1896. A bill to authorize the Board of Governors of the Federal Reserve System to regulate the activities of Government securities dealers; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MCDADE:

H.R. 1897. A bill to repeal the contemporaneous recordkeeping requirement and certain other recently enacted provisions of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. MOLLOHAN:

H.R. 1898. A bill to amend the Mineral Lands Leasing Act of 1920, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MONTGOMERY (by request):

H.R. 1899. A bill to amend section 4118 of title 38, United States Code, to modify the treatment of special pay paid to certain physicians and dentists employed by the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. MOORHEAD:

H.R. 1900. A bill to amend the copyright law, title 17 of the United States Code, to provide for protection of ornamental designs of useful articles; to the Committee on the Judiciary.

By Mr. NIELSON of Utah:

H.R. 1901. A bill to provide for a study regarding the radio and television, as well as other media, advertising and promotion of alcoholic beverages, and for other purposes; to the Committee on Energy and Commerce.

By Ms. OAKAR:

H.R. 1902. A bill to change the name and adjust the pay of the police force of the Library of Congress; to the Committee on House Administration.

By Mr. OBERSTAR:

H.R. 1903. A bill to provide for the use and distribution of funds appropriated in satisfaction of judgments awarded to members of the Lake Superior Band of Chippewa Indians who are members of the Minnesota Chippewa Tribe in Dockets numbered 18–S and 18–U before the Indian Claims Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 1904. A bill to provide for the use and distribution of funds appropriated in satisfaction of judgment awarded to members of the Mississippi Band of Chippewa Indians who are members of the Minnesota Chippewa Tribe in Docket numbered 18–S before the Indian Claims Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RAHALL (for himself, Mr. BEVILL, Mr. FLIPPO, Mr. DELLUMS, Mr. MURPHY, Mr. CONYERS, Mr. MITCHELL, Mr. ROGERS, Mr. STOKES, Mr. MOLLOHAN, Mr. WEAVER, Mr. HAYES, Mr. ROE, Mr. WISE, Mr. RANGEL, Mr. UDALL, Mr. YOUNG of

Alaska, Mr. MURTHA, Mr. APPLEGATE, and Mr. WALGREN):

H.R. 1905. A bill to offset the competitive advantage which foreign coal producers have as a result of not having to meet environmental, health, welfare, and safety requirements of the kinds imposed on U.S. coal producers, and for other purposes; jointly, to the Committees on Interior and Insular Affairs and Ways and Means.

By Mrs. ROUKEMA (for herself, Mr. HAWKINS, Mr. JEFFORDS, Mr. LELAND, Mr. GOODLING, Mr. FAWELL, Mr. EMERSON, Mr. MILLER of California, and Mr. PANETTA):

H.R. 1906. A bill to amend the Child Nutrition Act of 1966 to limit participation in the Special Supplemental Food Program for women, infants, and children [WIC] to States in which State or local sales taxes are not collected on purchases of food under such program; to the Committee on Education and Labor.

By Mr. RUDD:

H.R. 1907. A bill to amend the Controlled Substances Act to provide the penalty of death for continuing criminal enterprise and dangerous special drug offender offenses; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. RUDD (for himself, Mr. SILJANDER, and Mr. SOLOMON):

H.R. 1908. A bill to reduce the percentage of the U.S. monetary contribution to the United Nations and its affiliated agencies to a percentage that is no greater than the percentage of U.S. nationals employed by the United Nations and its affiliated agencies; to the Committee on Foreign Affairs.

By Mr. SEIBERLING:

H.R. 1909. A bill to amend the Internal Revenue Code of 1954 to reduce the Federal deficit and encourage fuel conservation by increasing the tax on gasoline; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself and Mr. WEAVER):

H.R. 1910. A bill to amend the Federal Insecticide, Fungicide, and Rodenticide Act to provide that pesticides that are used in agricultural production do not endanger human health; to the Committee on Agriculture.

By Mr. SLAUGHTER:

H.R. 1911. A bill to amend the Internal Revenue Code of 1954 to enhance the equity for spouses under the tax laws by allowing a spousal individual retirement account [IRA] of $2,000, and to maintain the relative value of IRA rights over time by indexing the maximum tax-free annual contribution limit to inflation; to the Committee on Ways and Means.

By Mr. STENHOLM (for himself, Mr. ROBERTS, Mr. ENGLISH, Mr. LEATH of Texas, Mr. WHITLEY, Mr. BOULTER, and Mr. ORTIZ):

H.R. 1912. A bill to establish the farm and crop acreage base and program yield system to provide more efficient, equitable, flexible, and predictable programs for farmers; to the Committee on Agriculture.

By Mr. THOMAS of Georgia:

H.R. 1913. A bill to provide for the payment of rewards to individuals providing information leading to the arrest and conviction of persons guilty of killing or kidnapping a Federal drug law enforcement agent; to the Committee on the Judiciary.

By Mr. TRAFICANT:

H.R. 1914. A bill to discourage domestic corporations from establishing foreign manufacturing subsidiaries in order to avoid Federal taxes by including in gross income of U.S. shareholders in foreign corporations the retained earnings of any such subsidiary which are attributable to manufacturing operations in runaway plants or tax havens, to provide that revenue from taxes imposed on such income shall be used to reduce the public debt and provide assistance to economically depressed areas, and for other purposes; to the Committee on Ways and Means.

By Mr. UDALL:

H.R. 1915. A bill to establish procedures for review of tribal constitutions and bylaws or amendments thereto pursuant to the act of June 18, 1934 (48 Stat. 987); to the Committee on Interior and Insular Affairs.

By Mr. SMITH of New Jersey (for himself, Mr. RINALDO, Mr. ROYBAL, Mr. WISE, Mr. TORRICELLI, Mr. BERMAN, Mr. SHARP, Mr. ROSE, Mr. JONES of North Carolina, Mr. BOUCHER, Mr. BENNETT, Mr. CHAPPELL, Mr. MAVROULES, Mr. GILMAN, Mr. LAGOMARSINO, Mr. BOEHLERT, Mr. LOWERY of California, Mr. MCKERNAN, and Mr. MCGRATH):

H.R. 1916. A bill to provide for a study by the Secretary of Health and Human Services to develop recommendations for correcting the disparities in the computation of Social Security benefits (commonly referred to as the notch problem) which were caused by the enactment (in 1977) of the present formula for computing primary insurance amounts under title II of the Social Security Act; to the Committee on Ways and Means.

By Mr. ROYBAL (for himself, Mr. RINALDO, Mr. FRANK, Mr. SMITH of New Jersey, Mr. ACKERMAN, Mr. ADDABBO, Mr. APPLEGATE, Mr. BENNETT, Mr. BERMAN, Mr. BIAGGI, Mrs. BURTON of California, Mr. CARR, Mr. CLINGER, Mr. CONYERS, Mr. DELLUMS, Mr. DEWINE, Mr. DICKINSON, Mr. DUNCAN, Mr. DWYER of New Jersey, Mr. DYMALLY, Mr. DYSON, Mr. FAZIO, Mr. FEIGHAN, Mr. FISH, Mr. FLORIO, Mr. GEJDENSON, Mr. GILMAN, Mr. SAM B. HALL, Jr., Mr. HAWKINS, Mr. HERTEL of Michigan, Mr. HORTON, Mr. JONES of North Carolina, Mr. KANJORSKI, Mr. KOLTER, Mr. KOSTMAYER, Mr. LANTOS, Mr. LIGHTFOOT, Mr. MCDADE, Mr. MCKERNAN, Mr. MARKEY, Mr. MAVROULES, Mr. MICA, Ms. MIKULSKI, Mr. MINETA, Mr. MITCHELL, Mr. MOAKLEY, Mr. MRAZEK, Mr. MURPHY, Mr. NEAL, Ms. OAKAR, Mr. RAHALL, Mr. ROSE, Mrs. ROUKEMA, Mr. ST GERMAIN, Mr. SCHEUER, Mr. SCHUMER, Mr. SENSENBRENNER, Mr. SHAW, Mr. SHELBY, Mr. SMITH of Forida, Mr. SOLARZ, Mr. STOKES, Mr. TORRICELLI, Mr. TOWNS, Mr. TRAXLER, Mr. VENTO, Mr. WISE, Mr. WORTLEY, Mr. YATRON, and Mr. YOUNG of Alaska):

H.R. 1917. A bill to amend title II of the Social Security Act to restore and protect the benefit levels of workers reaching age 65 in or after 1982 (and their widows and widowers) by eliminating the "notch" between those levels and the corresponding benefit levels of persons who reached age 65 before 1982; to the Committee on Ways and Means.

By Mr. ANDERSON:

H.R. 1918. A bill to amend title 38, United States Code, to provide a service pension of $150 per month for veterans of World War I and a pension of $100 per month for certain surviving spouses of such veterans; to the Committee on Veterans' Affairs.

By Mr. UDALL (for himself, Mr. MCCAIN, and Mr. RICHARDSON):

H.R. 1919. A bill to provide for the fiscal accountability in the allocation and expenditure of funds appropriated to the Bureau of Indian Affairs, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. UDALL (for, himself, Mr. MCCAIN, Mr. RICHARDSON, and Mr. BATES):

H.R. 1920. A bill to establish Federal standards and regulations for the conduct of gaming activities on Indian reservations and lands and for other purposes; to the Committee on Interior and and Insular Affairs.

By Mr. VALENTINE:

H.R. 1921. A bill to authorize the Attorney General to make grants to States for the purpose of assisting local governments to purchase bulletproof vests for use by police officers; to the Committee on the Judiciary.

By Mr. FRANK:

H.R. 1922. A bill to amend the Employee Retirement Income Security Act of 1974 to facilitate recovery, in civil actions brought by participants and beneficiaries under employee benefit plans, of benefits wrongfully denied them under such plans, and to provide for recovery by such participants and beneficiaries of a reasonable attorney's fee and costs of the action in all cases in which such denials are arbitrary or capricious; to the Committee on Education and Labor.

By Mr. LUNDINE:

H.R. 1923. A bill to modernize the delivery of financial services; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MCKINNEY:

H.R. 1924. A bill to protect the rights of individuals guaranteed by the Constitution of the United States and to prevent unwarranted invasion of their privacy by prohibiting the use of polygraph equipment for certain purposes; to the Committee on Education and Labor.

By. Mr. MINETA:

H.R. 1925. A bill to amend the Congressional Budget Act of 1974 to provide more equitable treatment of dedicated user taxes; to the Committee on Rules.

By Mr. PEASE:

H.R. 1926. A bill to improve the Trade Adjustment Assistance Program; to the Committee on Ways and Means.

By Mr. STARK:

H.R. 1927. A bill to define the circumstances under which construction workers may deduct travel and transportation expenses in computing their taxable incomes for purposes of the Federal income tax; to the Committee on Ways and Means.

By Mr. WATKINS:

H.R. 1928. A bill to establish as an executive department of the Government a Department of International Trade and Industry, to establish the National Oceanic and Atmospheric Administration and the Bureau of the Census as independent agencies, and for other purposes; jointly, to the Committees on Government Operations, Energy and Commerce, Foreign Affairs, Merchant Marine and Fisheries, Post Office and Civil Service, Science and Technology, and Ways and Means.

H.R. 1929. A bill regarding the convening of a White House Conference on International Trade; jointly to the Committees on Ways and Means and Foreign Affairs.

By Mr. FRANK:

H.J. Res. 223. Joint resolution designating September 1985 as "Pediculosis Prevention Month"; to the Committee on Post Office and Civil Service.

By Mr. STRATTON:

H.J. Res. 224. Joint resolution authorizing the President to designate the 29th day in May of each year as "John Fitzgerald Kennedy Memorial Day"; to the Committee on Post Office and Civil Service.

By Mr. VENTO (for himself, Mr. FRANK, Mrs. COLLINS, Mr. MORRISON of Connecticut, Mrs. BURTON of California, Mr. TORRICELLI, Mr. HAYES, Mr. WIRTH, Mr. MILLER of California, Mr. BONIOR of Michigan, Mr. MURPHY, Mr. DYMALLY, Mr. SCHEUER, Mr. TOWNS, Mr. BEILENSON, Mr. GONZALEZ, Mr. SABO, Mr. MATSUI, Ms. KAPTUR, Mr. OWENS, Mr. WEISS, Mr. RUSSO, Mr. PENNY, Mr. EVANS of Illinois, Mr. SAVAGE, Mr. STARK, Mr. RAHALL, Mr. SMITH of Florida, Mr. BATES, Mr. LEHMAN of Florida, Mr. ADDABBO, Mr. MITCHELL, Mr. CONYERS, Mr. BERMAN, Mr. OBERSTAR, Mr. DWYER of New Jersey, Mr. SIKORSKI, Mr. RANGEL, Mr. GRAY of Illinois, and Mr. FLORIO):

H.J. Res. 225. Joint resolution entitled: The Hazardous Substances "Right To Know" Resolution; to the Committee on Education and Labor.

By Mr. JACOBS:

H.J. Res. 226. Joint resolution to designate April of each year as "National Parliamentary Law Month"; to the Committee on Post Office and Civil Service.

By Mr. DINGELL (for himself, Mr. BROOMFIELD, Mr. BROYHILL, Mr. FORD of Michigan, Mr. SCHUETTE, Mr. HERTEL of Michigan, Mr. HENRY, Mr. ANNUNZIO, Mr. FLORIO, Mr. WOLPE, Mr. LATTA, Mr. TRAXLER, Mr. CARR, Mr. KILDEE, Mr. MURTHA, Mr. SCHULZE, Mr. LUKEN, Mr. LEVIN of Michigan, Mr. BONIOR of Michigan, Mr. MADIGAN, Mr. CONYERS, Mr. HORTON, Mr. SHARP, Mr. CROCKETT, Mr. PURSELL, Mr. TRAFICANT, Mr. BRYANT, Mr. WALGREN, Mr. ROSE, Ms. KAPTUR, Mr. ECKART of Ohio, Mr. SIKORSKI, Mr. OBERSTAR, Mr. RICHARDSON, Mr. NOWAK, Mr. CONTE, Mr. COUGHLIN, Mr. BOEHLERT, Mr. YOUNG of Missouri, Mr. KINDNESS, and Mr. EVANS of Illinois):

H. Con. Res. 106. Concurrent resolution to express the sense of the Congress that the President respond to those trade practices of Japan that are adversely affecting the interstate commerce of the United States; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. ROSTENKOWSKI (for himself, Mr. DUNCAN, Mr. PICKLE, Mr. RANGEL Mr. STARK, Mr. JACOBS, Mr. JENKINS, Mr. GEPHARDT, Mr. GUARINI, Mr. RUSSO, Mr. PEASE, Mr. MATSUI, Mr. ANTHONY, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. COYNE, Mr. MOORE, Mr. CAMPBELL, and Mr. MCGRATH):

H. Con. Res. 107. Concurrent resolution to express the sense of the Congress that the President take action to reduce the growing U.S. merchandise trade deficit and that he take action to respond to unfair international trade practices of Japan; to the Committee on Ways and Means.

By Mr. KOSTMAYER:

H. Con. Res. 108. Concurrent resolution to express the sense of the Congress that the President respond to unfair trade practices of Japan; to the Committee on Ways and Means.

By Mr. SHELBY:

H. Con. Res. 109. Concurrent resolution expressing the sense of Congress that the 1-percent fee charged by the Veterans' Administration to veterans obtaining a home loan guaranteed by the Veterans' Administration should not be increased; to the Committee on Veterans' Affairs.

By Mr. SOLARZ (for himself, Mr. HYDE, Mr. LEACH of Iowa, Mr. LAGOMARSINO, Mr. LANTOS, and Mr. TORRICELLI):

H. Con. Res. 110. Concurrent resolution expressing the sense of the Congress that the authorities on Taiwan should continue to cooperate fully in the case of Henry Liu and that an extradition agreement should be concluded between the American Institute in Taiwan and the Coordination Council for North American Affairs; to the Committee on Foreign Affairs.

By Mr. WILLIAMS (for himself and Mr. MARLENEE):

H. Con. Res. 111. Concurrent resolution providing for acceptance of a statue of Jeannette Rankin presented by the State of Montana for placement in National Statuary Hall, and for other purposes; to the Committee on House Administration.

By Mr. HUCKABY (for himself and Mr. UDALL):

H. Con. Res. 112. Concurrent resolution expressing the sense of the Congress that the United States should enter into a joint high-level scientific study with the Soviet Union to determine the long-term climatic and environmental effects of a nuclear exchange; jointly, to the Committee on Science and Technology, Foreign Affairs, Armed Services, and Interior and Insular Affairs.

By Mr. LOTT:

H. Res. 120. Resolution to amend House rules to provide for the complete unedited, and uncensored broadcast coverage of House floor proceedings; to the Committee on Rules.

By Mr. MICHEL:

H. Res. 121. Resolution to seat Richard D. McIntyre; considered and referred to the Committee on House Administration.

By Mr. FLORIO (for himself and Mr. SIKORSKI):

H. Res. 122. Resolution expressing the sense of the House of Representatives in opposition to the proposed railroad retirement system benefit cuts proposed by the administration's budget; to the Committee on Energy and Commerce.

By Mr. DYMALLY.

H. Res. 123. Resolution expressing the sense of the House of Representatives that the President should encourage Papua New Guinea and Indonesia to resolve their political and economic differences and to adhere to policies of peaceful coexistence; to the Committee on Foreign Affairs.

By Mr. WHITEHURST.

H. Res. 124. Resolution to establish the Select Committee on Water Resources; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII.

61. The SPEAKER presented a memorial of the Legislature of the State of North Dakota, relative to Amtrak; to the Committee on Energy and Commerce.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 4: Mrs. COLLINS, Mr. BERMAN, Mr. FRANK, Mr. DORGAN of North Dakota, and Mr. COYNE.

H.R. 18: Mr. KANJORSKI.

H.R. 21: Mr. MORRISON of Connecticut, Mr. BUSTAMANTE, and Mr. WHEAT.

H.R. 37: Mrs. BOGGS and Mr. FOGLIETTA.

H.R. 40: Mr. MURPHY and Mr. CHAPPELL.

H.R. 43: Mr. DYSON and Mr. RICHARDSON.

H.R. 44: Mr. LEVINE of California, Mr. ADDABBO, Mr. SPENCE, Mr. WHITLEY, and Mr. TRAFICANT.

H.R. 61: Ms. KAPTUR.

H.R. 65: Mr. HEFNER and Mr. HUGHES.

H.R. 66: Mr. TALLON, Mr. HOWARD, Mr. MORRISON of Washington, Mr. ANDERSON, Mr. WHITTAKER, Mr. ANDREWS, Mr. NEAL, and Mr. ROSE.

H.R. 67: Mr. TALLON, Mr. HOWARD, Mr. MORRISON of Washington, Mr. ANDERSON, Mr. WHITTAKER, Mr. ANDREWS, Mr. NEAL, and Mr. ROSE.

H.R. 110: Mr. BOEHLERT.

H.R. 147: Mr. HORTON, Mr. LOWRY of Washington, Mr. MATSUI, and Mr. OWENS.

H.R. 148: Mr. TRAXLER.

H.R. 149: Mr. BARNES.

H.R. 236: Mr. ACKERMAN.

H.R. 250: Mr. EDWARDS of Oklahoma.

H.R. 252: Mr. CHAPPELL.

H.R. 258: Mr. CHAPPELL.

H.R. 260: Mr. CHAPPELL.

H.R. 263: Mr. CHAPPELL.

H.R. 356: Mr. CONTE.

H.R. 357: Mr. BEDELL, Mrs. BURTON of California, Mr. WEISS, and Mr. MCHUGH.

H.R. 362: Mr. DE LUGO, Mr. ROSE, Mr. TOWNS, Mr. MATSUI, Mr. PENNY, Mr. DOWNEY of New York, Mr. FUSTER, Mr. BONIOR of Michigan, Mr. FORD of Michigan, Mr. MRAZEK, Mr. RANGEL, Mr. HOWARD, Mr. FAZIO, Mr. ADDABBO, Mr. MARTINEZ, Mr. LUNDINE, Mr. FAUNTROY, Mr. FROST, Mr. BROWN of California, Mr. RICHARDSON, Mr. CONYERS, Ms. KAPTUR, Mrs. KENNELLY, Mr. CROCKETT, Mr. OWENS, Mr. WEAVER, and Ms. OAKAR.

H.R. 439: Mr. FRANK, Mr. BERMAN, Mr. KINDNESS, and Mr. STAGGERS.

H.R. 441: Mr. FRANK, Mr. BERMAN, Mr. KINDNESS, and Mr. STAGGERS.

H.R. 442: Mr. ADDABBO, Mr. BEILENSON, and Mr. BROWN of California.

H.R. 479: Mr. BEILENSON, Mrs. BYRON, Mr. DICKS, Mr. HILLIS, Mr. KLECZKA, Mr. MCCAIN, Mr. RANGEL, and Mr. SYNAR.

H.R. 480: Mr. SABO.

H.R. 512: Mr. SEIBERLING.

H.R. 517: Mr. BARNES.

H.R. 531: Mr. BURTON of Indiana, Mr. BATEMAN, Mr. PURSELL, Mr. LOWRY of Washington, Mr. FEIGHAN, Mr. SCHUETTE, Mr. CARR, and Mr. GUARINI.

H.R. 580: Mr. FLORIO, Mr. DIXON, Mr. WHITLEY, Mr. WILLIAMS, Mr. MURPHY, Mr. WEAVER, Mr. WIRTH, Mr. ROGERS, and Mr. BARNARD.

H.R. 622: Mr. SUNIA, Mr. STENHOLM, Mr. MORRISON of Connecticut, Mr. WILSON, Mr. TORRICELLI, Mr. MILLER of California, and Mr. KOLBE.

H.R. 639: Mr. CROCKETT.

H.R. 640: Mr. CROCKETT.

H.R. 700: Mr. AKAKA, Mr. BENNETT, Mrs. BOGGS, Mr. BONKER, Mr. BROOKS, Mr. CARR, Mr. COLEMAN of Texas, Mr. DICKS, Mr. DOWNEY of New York, Mr. DYSON, Mr. GONZALEZ, Mr. KANJORSKI, Mr. LEHMAN of California, Mr. MCHUGH, Mr. MANTON, Mr. MAVROULES, Mr. MAZZOLI, Mr. SLATTERY, Mr. TRAFICANT, and Mr. WYDEN.

H.R. 704: Mr. BADHAM.

H.R. 719: Mr. BROWN of Colorado.

H.R. 769: Ms. MIKULSKI and Mr. KOLTER.

H.R. 770: Mr. WEAVER and Mr. STOKES.

H.R. 771: Ms. MIKULSKI, Mr. MITCHELL, Mr. MRAZEK, and Mr. MARTINEZ.

H.R. 773: Mr. ORTIZ, Mr. BREAUX, Mr. SMITH of New Hampshire, Mr. SHARP, Mr. MCCAIN, Mr. BLILEY, Mr. OLIN, Mr. DASCHLE, Mr. STUMP, Mr. PANETTA, Mr. OXLEY, Mr. SWINDALL, Mr. MONTGOMERY, Mr. DYMALLY, Mr. HENRY, Mr. DONNELLY, Mr. DANNEMEYER, Mr. SWIFT, Mr. HILLIS, Mr. LEWIS of California, Mr. ROBERT F. SMITH, Mr. SHELBY, Mr. CAMPBELL, Mr. CRANE, Mr. AUCOIN, Mr. BRUCE, Ms. SNOWE, Mr. RICHARDSON, Mr. DOWNEY of New York, Mr. WYLIE, Mr. PETRI, Mr. REID, Mr. PENNY, Mr. BUSTAMANTE, Mr. MOORE, Mr. ADDABBO, and Mr. COLEMAN of Texas.

H.R. 778: Mr. TORRICELLI, Mr. FAUNTROY, Mr. WAXMAN, Mr. LELAND, Mr. WALGREN, Mr. MILLER of Ohio, Mr. KOLTER, Mr. JACOBS, Mr. ROYBAL, Mr. SIKORSKI, Mr. CROCKETT, Mr. HUGHES, Mr. ACKERMAN, Mr. RUSSO, Mr. WEISS, Mr. WEAVER, Mr. ECKART of Ohio, Mr. TOWNS, Mr. ROBINSON, Mr. OWENS, Mr. WIRTH, Mr. MARTINEZ, Mrs. ROUKEMA, Mr. EVANS of Illinois, Mr. DIOGUARDI, and Mr. SAVAGE.

H.R. 797: Mr. COATS, Mr. DURBIN, Mr. GLICKMAN, Mr. BROOKS, Mr. DEWINE, Mr. FRENZEL, Mr. DASCHLE, Mr. PACKARD, Mrs. LLOYD, Mr. SABO, Mr. STENHOLM, Mr. CLINGER, Mr. BARNARD, and Mr. EVANS of Illinois.

H.R. 831: Mr. FEIGHAN, Mr. ECKART of Ohio, Mr. JACOBS, Mr. TORRICELLI, Mr. DOWDY of Mississippi, Mr. RAHALL, Mr. TALLON, Mr. MARTINEZ, Mr. BUSTAMANTE, Mr. MCCURDY, and Mr. STALLINGS.

H.R. 849: Mrs. BENTLEY, Mr. MARTINEZ, and Mr. EDGAR.

H.R. 893: Mr. WEAVER, Mr. DWYER of New Jersey, Mr. SAVAGE, Mr. KOLTER, Mr. RUSSO, Mr. FAZIO, and Mr. RICHARDSON.

H.R. 916: Mr. WORTLEY, Mr. DUNCAN, Ms. KAPTUR, Mr. GORDON, Mr. FROST, and Mr. LUNDINE.

H.R. 917: Mr. MURPHY, Mr. MRAZEK, and Mr. HAWKINS.

H.R. 935: Mr. DIOGUARDI, Mr. DOWDY of Mississippi, Mr. ECKART of Ohio, Mr. LUKEN, Mr. SIKORSKI, Mr. DONNELLY, Mr. MARTINEZ, Mr. WEISS, Mr. FISH, Mr. OLIN, Mr. RICHARDSON, Mrs. SCHROEDER, and Mrs. MARTIN of Illinois.

H.R. 963: Mr. CROCKETT, Mr. EDWARDS of California and Mr. DURBIN.

H.R. 965: Mr. CROCKETT, Mr. EDWARDS of California and Mr. DURBIN.

H.R. 966: Mr. CROCKETT, Mr. EDWARDS of California, and Mr. DURBIN.

H.R. 967: Mr. CROCKETT, Mr. EDWARDS of California, and Mr. DURBIN.

H.R. 968: Mr. LEHMAN of California.

H.R. 1017: Mr. DARDEN, Mr. DYSON, Mr. PARRIS, Mr. WIRTH, and Mr. DASCHLE.

H.R. 1038: Mr. MCGRATH.

H.R. 1081: Mr. ROYBAL and Mr. VENTO.

H.R. 1086: Mr. CRANE.

H.R. 1088: Mr. HARTNETT and Mr. HEFNER.

H.R. 1090: Mr. FISH, Ms. OAKAR, Mr. EDGAR, Mrs. JOHNSON, Mr. TORRES, Mr. MRAZEK, Mr. CONYERS, and Mr. MARTINEZ.

H.R. 1098: Mr. DURBIN, and Mr. RICHARDSON.

H.R. 1105: Mr. ACKERMAN.

H.R. 1130: Mrs. MARTIN of Illinois.

H.R. 1139: Mr. MURPHY.

H.R. 1197: Mr. ECKART of Ohio, Mr. DURBIN, and Mr. MRAZEK.

H.R. 1201: Mr. LELAND, Mr. DELLUMS, Mr. OWENS, Mr. STARK, Mr. BEILENSON, Mrs. SCHROEDER, Mr. NEAL, Mr. BOSCO, Mr. CONYERS, Mr. WEAVER, Mr. FAUNTROY, Mr. MURPHY, Mr. RICHARDSON, Mr. FRANK, Mr. WEISS, Mr. YATRON, Mr. PEASE, Mr. KOLBE, Mr. ECKART of Ohio, Mr. KILDEE, Mr. DURBIN, Mr. SIKORSKI, Ms. KAPTUR, Mr. TORRICELLI, Mr. TORRES, Mr. LIPINSKI, and Mr. SYNAR.

H.R. 1217: Mr. NIELSON of Utah.

H.R. 1229: Mr. WISE, Mr. WEISS, Mr. MINETA, and Mr. COYNE.

H.R. 1242: Mr. NICHOLS, Mr. GALLO, Mr. HOWARD, Mr. SUNIA, Mr. GIBBONS, Mr. IRELAND, Mr. DIOGUARDI, Ms. KAPTUR, Mr. ROSE, Mr. LEHMAN of Florida, Mr. MAZZOLI, Mr. WOLF, Mr. HUGHES, Mr. MRAZEK, Mr. SMITH of Florida, Mr. FUSTER, Mr. ADDABBO, Mr. MITCHELL, Mr. HERTEL of Michigan, Mr. GILMAN, Mr. EDWARDS of Oklahoma, Mr. CROCKETT, Mr. ROE, Mr. WEISS, Mr. SEIBERLING, Mr. FAZIO, Mr. RAHALL, Mr. TOWNS, and Mr. SAVAGE.

H.R. 1243: Mr. NICHOLS, Mr. MCGRATH, Mr. BERMAN, Mr. TOWNS, Mr. GALLO, Mr. HOWARD, Mr. SUNIA, Mr. GIBBONS, Mr. IRELAND, Mr. DIOGUARDI, Ms. KAPTUR, Mr. ROSE, Mr. LEHMAN of Florida, Mr. MAZZOLI, Mr. WOLF, Mr. HUGHES, Mr. MRAZEK, Mr. SMITH of Florida, Mr. ADDABBO, Mr. MITCHELL, Mr. HERTEL of Michigan, Mr. ROE, Mr. WEISS, Mr. SEIBERLING, Mr. FAZIO, Mr. RAHALL, Mr. ORTIZ, and Mr. SAVAGE.

H.R. 1257: Mr. DIOGUARDI.

H.R. 1272: Mr. FAUNTROY, Mr. WILSON, Mr. EDWARDS of California, Mr. HORTON, Mr. WHITEHURST, Mr. CHAPPIE, and Mrs. VUCANOVICH.

H.R. 1294: Mr. MARTINEZ, Mr. KOLTER, and Ms. OAKAR.

H.R. 1300: Mr. HUNTER and Mr. DELAY.

H.R. 1314: Mr. LAGOMARSINO, Mr. NEAL, and Mr. LOWRY of Washington.

H.R. 1327: Mr. SEIBERLING, Mr. OWENS, Mr. WHITEHURST, Mr. SMITH of Florida, Mr. RANGEL, and Mr. DAUB.

H.R. 1357: Mr. DYMALLY, Mr. DELLUMS, Mr. WHEAT, Mr. CONYERS, Mr. FAUNTROY, Mr. STOKES, Mr. BONIOR of Michigan, Mr. RANGEL, Mr. OWENS, Mrs. BOXER, Mr. TOWNS, Mrs. COLLINS, Mr. LELAND, Mr. CROCKETT, Mr. MITCHELL, Mr. DIXON, Mr. SAVAGE, and Mr. ACKERMAN.

H.R. 1358: Mr. DYMALLY, Mr. DELLUMS, Mr. WHEAT, Mr. CONYERS, Mr. FAUNTROY, Mr. STOKES, Mr. BONIOR of Michigan, Mr. RANGEL, Mr. OWENS, Mr. TOWNS, Mrs. COLLINS, Mr. LELAND, Mr. CROCKETT, Mr. MITCHELL, Mr. DIXON, and Mr. SAVAGE.

H.R. 1359: Mr. BADHAM.

H.R. 1392: Mr. KOLTER, Mr. DUNCAN, and Mr. BADHAM.

H.R. 1401: Mr. WYDEN, Mr. RAHALL, Mrs. COLLINS, Mr. HAWKINS, Mr. OWENS, Ms. KAPTUR, Mr. ROSE, Mr. KOLTER, Mr. KASTENMEIER, Mr. BOEHLERT, Mr. DELLUMS, Mr. STUDDS, and Mr. SABO.

H.R. 1402: Mr. RAHALL, Mrs. COLLINS, Mr. HAWKINS, Mr. OWENS, Ms. KAPTUR, Mr. ROSE, Mr. KASTENMEIER, Mr. KOLTER, and Mr. DELLUMS.

H.R. 1403: Mr. RAHALL, Mrs. COLLINS, Mr. HAWKINS, Mr. OWENS, Ms. KAPTUR, Mr. ROSE, Mr. KOLTER, Mr. KASTENMEIER, and Mr. DELLUMS.

H.R. 1423: Mr. BLAZ, Mr. OLIN, Mr. KOLTER, Mr. CHANDLER, Mr. STRANG, Mr. HORTON, Mr. GINGRICH, Mr. BURTON of Indiana, Mr. MONSON, Mr. HYDE, and Mr. BADHAM.

H.R. 1444: Mr. HEFTEL of Hawaii, Mr. DORGAN of North Dakota, Mr. PEASE, Mr. JACOBS, Mr. FAUNTROY, Mr. SEIBERLING, Mr. LELAND, Mr. SMITH of Florida, Mr. MILLER of Washington, Mrs. SCHROEDER, Mrs. SCHNEIDER, Mr. SENSENBRENNER, Mr. GARCIA, Mr. KILDEE, Mr. MITCHELL, Mr. LUNDINE, Mr. ACKERMAN, Mr. FRANK, Mr. BATES, Mr. BEDELL, Mr. TORRICELLI, Mr. WEISS, Mrs. COLLINS, Mr. OWENS, Mr. JEFFORDS, Mr. GUNDERSON, Mr. WEAVER, Mr. RAHALL, Mr. ECKART of Ohio, Mrs. BOXER, Ms. MIKULSKI, Mr. WHEAT, Mr. MARTINEZ, Mr. STUDDS, Mr. CROCKETT, Mr. GALLO, Mr. BEILENSON, Mr. SAVAGE, Mr. DASCHLE, Mr. WISE, Mr. WOLPE, Mr. REID, Mr. STALLINGS, Mr. DIOGUARDI, Mr. RIDGE, Mr. SWIFT, Mr. LEACH of Iowa, Mr. MILLER of California, Mr. VENTO, Mr. COELHO, Mr. CARPER, Mr. FLORIO, Mr. SCHUMER, Mr. ROE, Ms. SNOWE, Mr. BARTON of Texas, Mr. HAYES, Ms. KAPTUR, Mr. NOWAK, Mr. MURPHY, Mr. RUSSO, Mr. CLINGER, and Mr. WIRTH.

H.R. 1457: Mr. SAXTON, Mr. SOLOMON, Mr. BEVILL, Mr. WILSON, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. NOWAK, Mr. CRAIG, Mr. FRANK, and Mr. LAFALCE.

H.R. 1458: Mr. CLINGER, Mr. ORTIZ, and Mr. STALLINGS.

H.R. 1460: Mr. ATKINS, Mr. BONKER, Mrs. BOXER, Mr. BROWN of California, Mr. CARPER, Mr. CARR, Mr. COELHO, Mrs. COLLINS, Mr. DONNELLY, Mr. EDWARDS of California, Mr. ENGLISH, Mr. FASCELL, Mr. FAZIO, Mr. FEIGHAN, Mr. GONZALEZ, Mr. HEFNER, Ms. KAPTUR, Mr. MOODY, Ms. OAKAR, Mr. PANETTA, Mr. PEASE, Mr. RAHALL, Mrs. SCHNEIDER, Mr. SCHUMER, Mr. SEIBERLING, Mr. SIKORSKI, Mr. STUDDS, Mr. TALLON, Mr. TORRES, Mr. WALGREN, Mr. WEAVER, Mr. WEISS, Mr. YATRON, Mr. STARK, and Mr. BOUCHER.

H.R. 1515: Mr. RODINO.

H.R. 1517: Mr. BEDELL, Mr. BROWN of Colorado, Mr. COATS, Mr. COMBEST, Mr. CRAIG, Mr. FRANKLIN, Mr. FRENZEL, Mr. GRADISON, Mr. GROTBERG, Mr. HANSEN, Mr. HENRY, Mr. HILLIS, Mr. IRELAND, Mr. JACOBS, Mr. LEACH of Iowa, Mr. LEATH of Texas, Mr. LAGOMARSINO, Mr. MAVROULES, Mr. MONTGOMERY, Mr. MORRISON of Washington, Mr. NIELSON of Utah, Mr. RICHARDSON, Mr. STALLINGS, Mr. STRANG, Mr. TRAFICANT, Mr. WEBER, and Mr. WHITTAKER.

H.R. 1519: Mr. FAUNTROY.

H.R. 1524: Mr. VENTO, Mr. TOWNS, Mr. CONYERS, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. SEIBERLING, Mr. EVANS of Illinois, and Mr. STALLINGS.

H.R. 1542: Mr. MURPHY, Mr. FUSTER, Mr. ROE, Mr. YATES, Mr. LEHMAN of Florida, Mr. WEISS, Mr. FRANK, Mr. LELAND, Mr. TOWNS, Mr. CONYERS, Mr. SMITH of Florida, Mr. SAVAGE, and Mr. BARNES.

H.R. 1550: Mr. HYDE and Mr. WHITEHURST.

H.R. 1556: Mr. STUDDS and Mr. WEISS.

H.R. 1572: Mr. BROWN of California and Mr. FUQUA.

H.R. 1579: Mr. UDALL, Mr. SMITH of Florida, Mr. HAYES, Mr. OBERSTAR, Mr. FRANK, Mr. HAWKINS, Ms. KAPTUR, Mr. LEHMAN of Florida, Mr. FUSTER, Mr. BERMAN, Mr. TOWNS, Mr. DONNELLY, Mr. WEISS, Mr. SAVAGE, Mr. KASTENMEIER, and Mr. RANGEL.

H.R. 1587: Mr. STARK, Mr. REGULA, Mr. MRAZEK, Mrs. LLOYD, Mr. SCHEUER, and Mr. SYNAR.

H.R. 1591: Mr. MADIGAN, Mr. JEFFORDS, Mr. HEFNER, Mr. WHITLEY, Mrs. BYRON, Mr. OLIN, Mr. WEBER, Mr. LEATH of Texas, Mr. MORRISON of Washington, Mr. LEACH of Iowa, and Mr. BOULTER.

H.R. 1593: Mr. KOLBE.

H.R. 1606: Mr. ACKERMAN and Mr. DOWNEY of New York.

H.R. 1630: Mr. REGULA and Mr. ROSE.

H.R. 1666: Mr. WEISS, Mr. RUSSO, Mr. FISH, Mr. MATSUI, Mr. LANTOS, and Mr. CONYERS.

H.R. 1679: Mr. RAHALL, Mr. HENDON, and Mr. BARTON of Texas.

H.R. 1706: Mr. BUSTAMANTE.

H.R. 1710: Mr. PEPPER, Mr. FAUNTROY, Mr. TOWNS, Mr. FUSTER, Mr. CONYERS, Mr. SMITH of Florida, Mr. LELAND, Mr. MATSUI, Mr. GARCIA, and Mr. FRANK.

H.R. 1730: Mr. WHITEHURST, Mr. FROST, Mr. WYDEN, Mr. HENRY, Mrs. VUCANOVICH, Mr. QUILLEN, Mr. WILSON, Mr. WALGREN, Mr. ROBERTS, and Mr. LAGOMARSINO.

H.J. Res. 3: Mr. ZSCHAU, Mr. ADDABBO, Mr. COUGHLIN, Mr. HAMILTON, Mrs. SCHNEIDER, Mr. DOWNEY of New York, Mr. DICKS, Mr. AUCOIN, Mr. ASPIN, Mr. SMITH of Iowa, Mr. MAVROULES, Mr. JEFFORDS, Mr. GREEN, Mr. STUDDS, Mr. BARNES, Mr. WOLPE, Mr. MILLER of California, Mr. BROWN of California, Mr. FRANK, Mr. EDWARDS of California, Mr. STARK, Mr. BEILENSON, Mr. EVANS of Illinois, Mr. HALL of Ohio, Mr. CLAY, Mr. CROCKETT, Mr. GEJDENSON, Mr. EDGAR, Mr. LOWRY of Washington, Mr. DORGAN of North Dakota, Mr. TORRICELLI, Mr. BERMAN, Mrs. BOXER, Mr. GARCIA, Mr. DELLUMS, Mr. LELAND, Mr. ROYBAL, Mr. KASTENMEIER, Mr. TOWNS, Mr. MORRISON of Connecticut, Mr. RAHALL, Mrs. COLLINS, Mr. BATES, Mr. SEIBERLING, Mr. WEISS, Mr. BONIOR of Michigan, Mr. MITCHELL, Mr. FAZIO, Ms. KAPTUR, Mr. SYNAR, Mr. FORD of Tennessee, Mr. LEHMAN of Florida, Mr. OWENS, Mr. MARTINEZ, Mr. DYMALLY, Mr. WYDEN, Mr. LUNDINE, Mr. PENNY, Mr. WALGREN, Mr. DWYER of New Jersey, Mr. FAUNTROY, Mr. MCKINNEY, Mr. FORD of Michigan, Mr. SABO, Mr. RODINO, Mr. MINETA, Mr. DURBIN, Mr. BOSCO, Mr. CONYERS, Mr. RUSSO, Mr. MOAKLEY, Mr. VENTO, Mr. PANETTA, Mr. UDALL, Mr. WIRTH, Mr. HUGHES, Mr. KILDEE, Mr. FISH, Mrs. BURTON of California, Mr. FEIGHAN, Mr. PEASE, Mr. LEHMAN of California, Mr. LEVINE of California, Mr. SAVAGE, Mr. WEAVER, Mr. MRAZEK, Mr. WHEAT, Mr. HOYER, Mr. OBERSTAR, Mrs. SCHROEDER, Mr. RICHARDSON, Mr. SHUMER, Mr. GLICKMAN, Mr. TRAXLER, Mr. WAXMAN, Ms. OAKER, Mr. FASCELL, Mr. LEVIN of Michigan, Mr. DIXON, Mr. DASCHLE, Mr. MATSUI, Mr. MOODY, Mr. NEAL, Mr. KOSTMAYER, Mr. FOGLIETTA, Mr. SIKORSKI, Mr. HOWARD, Mr. BONKER, and Mr. SMITH of Florida.

H.J. Res. 18: Mr. YOUNG of Florida.

H.J. Res. 27: Mr. PETRI.

H.J. Res. 33: Mr. NELSON of Florida, Mr. COMBEST, Mr. MACK, Mr. JEFFORDS, Mr. HUTTO, Mr. DIOGUARDI, Mr. CRANE, Mrs. KENNELLY, Mr. CHANDLER, Mr. ROBERT F. SMITH, Mr. GUNDERSON, Mr. HOPKINS, Mr. FRANKLIN, Mr. FIELDS, Mr. HENDON, Mrs. JOHNSON, Mr. COURTER, Mr. REGULA, Mr. MCKERNAN, Mr. STALLINGS, Mr. STRANG, Mr. APPLEGATE, Mr. CRAIG, Mr. CONYERS, Mr. MCMILLAN, Mr. BOSCO, Mr. BROOMFIELD, Mr. CARPER, Mr. DIXON, Mr. EVANS of Iowa, Mr. JENKINS, Mr. VENTO, Mr. SHAW, Mr. ORTIZ, Mr. HOYER, Mr. RAY, Mrs. MEYERS of Kansas, Mrs. SCHNEIDER, Mr. WALKER, Mr. BOEHLERT, Mr. COBEY, Mr. BARTON of Texas, Mr. MONSON, Mr. LUJAN, Mr. BEREUTER, Mr. MOORHEAD, Mr. PEPPER, Mr. KOLBE, Mr. HAMMERSCHMIDT, Mr. MCEWEN, Mr. CAMPBELL, Mr. RALPH M. HALL, Mr. HILER, Mr. MOAKLEY, Mr. COLEMAN of Texas, Mr. MCCOLLUM, Mr. MILLER of Washington, Mr. LIVINGSTON, Mr. LOEFFLER, Mr. RUDD, Mr. BILIRAKIS, Mr. DENNY SMITH, Mrs. SMITH of Nebraska, Mr. SCHUETTE, Mr. LOWERY of California, Mrs. MARTIN of Illinois, Mr. GILMAN, Mr. AUCOIN, Mr. LOWRY of Washington, Mr. SPRATT, Mr. ROWLAND of Connecticut, Mr. MOODY, and Mr. SKEEN.

H.J. Res. 41: Mr. MCHUGH, Mr. WEBER, Mr. FUSTER, Mr. RAHALL, Mr. HENDON, Mr. ROSE, Mr. DUNCAN, Mr. WIRTH, and Mr. GRAY of Illinois.

H.J. Res. 76: Mr. SABO, Mr. HOWARD, Mr. JEFFORDS, Mr. STALLINGS, Mr. CARR, Mr. LOTT, Mr. CHENEY, Mr. REID, Mr. FRANK, Mr. RAY, Mr. APPLEGATE, Mr. SHAW, Mr. PEPPER, Mr. FOLEY, and Mr. PETRI.

H.J. Res. 101: Mr. MCMILLAN, Mr. DIOGUARDI, Mr. THOMAS of Georgia, and Mr. KOLTER.

H.J. Res. 104: Mr. BOUCHER, Mr. BROOMFIELD, Mr. CHANDLER, Mr. CROCKETT, Mr. DERRICK, Mr. DOWDY of Mississippi, Mr. DYMALLY, Mr. EDWARDS of Oklahoma, Mr. GONZALEZ, Mr. GRADISON, Mr. KASTENMEIER, Mr. LATTA, Mr. LEHMAN of California, Mr. LEVINE of California, Mr. LOWRY of Washington, Mr. LUNGREN, Mr. MACK, Mr. MACKAY, Mr. MONTGOMERY, Mr. NELSON of Florida, Ms. OAKAR, Mr. ROSE, Mr. SMITH of Iowa, Mr. SMITH of New Hampshire, Mr. SYNAR, Mr. TALLON, Mr. WALGREN, Mr. WOLF, Mr. MARKEY, Mr. QUILLEN, and Mr. LIPINSKI.

H.J. Res. 119: Mr. HOYER, Mr. TOWNS, Mr. JACOBS, Mr. HAYES, Mr. WIRTH, Mr. MITCHELL, Mr. DELLUMS, Mr. SEIBERLING, Mr. KASTENMEIER, Mr. SYNAR, Mr. FRANK, Mrs. SCHROEDER, Mr. SCHEUER, Mr. HOWARD, Mr. DWYER of New Jersey, Mr. RANGEL, Mr. ADDABBO, Mr. TORRICELLI, Mr. WEAVER, Mr. MARTINEZ, Mr. VENTO, Mr. EDWARDS of California, Mr. MINETA, Mr. FORD of Michigan, Mr. WOLPE, Mr. CROCKETT, Mr. PANETTA, Mr. FORD of Tennessee, and Mr. WHEAT.

H.J. Res. 123: Mr. HOYER, Mr. GINGRICH, Mr. HOPKINS, Mr. WHITLEY, Mr. WOLPE, Mr. WHITTEN, Mr. YATRON, Mr. TRAFICANT, Mr. THOMAS of Georgia, Mr. BORSKI, Mr. SUNDQUIST, Mr. TAUKE, Mr. TRAXLER, Mr. CLINGER, Ms. OAKAR, Mr. STANGELAND, Mr. TAUZIN, Mr. MCMILLAN, Mr. RINALDO, Mr. MOODY, Mr. SOLARZ, Mr. BRYANT, Mr. MINETA, Mr. MCCOLLUM, Mr. RICHARDSON, Mr. ROBINSON, Mr. STALLINGS, Mr. RAY, Mr. RUDD, Ms. SNOWE, Mr. SWINDALL, Mr. MCDADE, Mr. MACKAY, Mr. SLAUGHTER, Mr. SHAW, Mr. SNYDER, Mr. SILJANDER, Mr. BUSTAMANTE, Mr. STRATTON, Mr. LOEFFLER, Mr. DE LA GARZA, Mr. LEWIS of California, Mr. RAHALL, Mr. LEHMAN of Florida, Mr. LENT, Mr. LEACH of Iowa, Mr. LUKEN, Mr. KEMP, Mr. KASTENMEIER, Mr. SWIFT, Mr. HOWARD, Mrs. JOHNSON, Mr. HERTEL of Michigan, Mr. HEFNER, Mr. KRAMER, Mr. HAMMERSCHMIDT, Mr. GROTBERG, Mr. GRAY of Illinois, Mr. GEPHARDT, Mr. OLIN, Mr. BROOMFIELD, Mr. BARTON of Texas, Mr. BROOKS, Mr. KINDNESS, Mr. LIVINGSTON, Mr. MACK, Mr. LEVINE of California, Mr. MAVROULES.

H.J. Res. 126: Mr. RANGEL, and Mr. TORRICELLI.

H.J. Res. 127: Mr. MURPHY, Mr. MARTINEZ, and Mr. KOLTER.

H.J. Res. 128: Mr. CLAY and Mr. PASHAYAN.

H.J. Res. 142: Mr. DIXON, Mr. MORRISON of Connecticut, Mr. DIOGUARDI, Mr. QUILLEN, Mr. WAXMAN, Mr. JONES of Oklahoma, Mr. BATEMAN, Mr. MCCAIN, Mr. BENNETT, Mr. CHANDLER, Mr. SAVAGE, Mr. LEHMAN of California, Mr. BRYANT, Mr. WHITEHURST, and Mr. ADDABBO.

H.J. Res. 161: Mr. MORRISON of Washington.

H.J. Res. 178: Mr. LANTOS, Mr. WEISS, Mr. SAVAGE, Mr. ORTIZ, Mr. FEIGHAN, Mr. WAXMAN, Mr. ADDABBO, Mr. ROE, Mr. MOODY, Mr. FROST, Mr. HORTON, Mr. SUNIA, Mr. NEAL, Mr. RAHALL, Mr. SMITH of Florida, Mr. MITCHELL, Mrs. BOXER, Mr. MCGRATH, Mr. CONTE, Mr. HATCHER, Mr. BOSCO, Mr. ANTHONY, Mrs. COLLINS, Mr. RUDD, Ms. KAPTUR, Mr. RICHARDSON, Mr. TALLON, Mr. QUILLEN, Mr. CHAPPIE, Mr. MURPHY, Mr. BERMAN, Mr. SIKORSKI, Mr. VALENTINE, Mr. RANGEL, Mr. DYSON, Mr. HUGHES, Mr. BATES, Mr. CAMPBELL, Mr. FUSTER, Mr. SCHUMER, Mr. KEMP, Mrs. KENNELLY, Mr. TOWNS, Mr. MCKERNAN, Mr. DUNCAN, Mr. STUMP, Mr. LELAND, Mr. GUARINI, Mr. WORTLEY, Mr. MOAKLEY, Mr. MCCAIN, Mr. BRYANT, Mr. CROCKETT, Mr. BUSTAMANTE, Mr. FLORIO, Mr. SCHEUER, Mr. OWENS, Mr. VENTO, Mr. HARTNETT, Mr. O'BRIEN, Mr. MARTINEZ, Mr. BROOKS, Mr. DEWINE, Ms. OAKAR, Mr. ROGERS, Mr. KOLTER, Mr. FISH, Mr. LUKEN, and Mr. SABO.

H.J. Res. 182: Mr. VENTO, Mr. BONIOR of Michigan, Mr. MURPHY, Mr. HARTNETT, and Mr. FISH.

H.J. Res. 189: Mr. DENNY SMITH, Mr. DASCHLE, Mr. GRAY of Illinois, and Mr. ANDERSON.

H.J. Res. 190: Mr. BUSTAMANTE.

H.J. Res. 195: Mr. HEFTEL of Hawaii, Mrs. JOHNSON, Mr. MICA, Mr. SABO, and Mr. OLIN.

H.J. Res. 202: Mr. SMITH of Florida, Mr. ADDABBO, Mr. BERMAN, Mr. GRAY of Illinois, Mr. DE LA GARZA, Mr. FAUNTROY, Mr. RANGEL, Mr. SUNIA, and Ms. OAKAR.

H. Con. Res. 34: Mr. DASCHLE.

H. Con. Res 36: Mr. ACKERMAN, Mr. BEDELL, Mr. CONYERS, Mr. LOWRY of Washington, Mr. MCHUGH, Mr. MATSUI, Mr. PEASE, Mrs. SCHNEIDER, Mr. WIRTH, Mr. WOLPE, Mr. TORRICELLI, Mr. VENTO, and Mr. LELAND.

H. Con. Res. 40: Ms. FIEDLER, Mr. SCHUETTE, and Mr. CARPER.

H. Con. Res. 57: Mr. COATS and Mr. FISH.

H. Con. Res. 63: Mr. RICHARDSON and Mrs. JOHNSON.

H. Con. Res. 67: Mr. MRAZEK.

H. Con. Res. 69: Mr. SLATTERY, Mr. UDALL, Mr. YOUNG of Alaska, Mr. COURTER, Mr. WHITEHURST, Mr. FISH, Mr. DE LA GARZA, Mr. BUSTAMANTE, and Mr. QUILLEN.

H. Con. Res. 72: Mr. GREEN, Mr. WHITLEY, Mr. WEISS, Mr. HENDON, Mr. ANNUNZIO, and Mr. EDWARDS of Oklahoma.

H. Con. Res. 74: Mr. SHELBY, Mr. DIOGUARDI, Mr. KINDNESS, Mr. LIPINSKI, Mrs. SCHROEDER, Mrs. VUCANOVICH, Mr. GINGRICH, Mr. BONER of Tennessee, Mr. WOLF, Mr. WILSON, and Mr. ROEMER.

H. Con. Res. 90: Mr. COUGHLIN and Mr. RUDD.

H. Con. Res. 96: Mr. ROE, Mr. FRANK, Mr. HORTON, Mr. RAHALL, and Mr. PERKINS.

H. Con. Res. 100: Mr. FAUNTROY, Mr. MRAZEK, Mr. BARNES, Mr. HUGHES, Mr. SMITH of Florida, Mr. SABO, Mr. KLECZKA, Mr. WHITEHUST, Mr. FROST, and Mrs. BOXER.

H. Res. 36: Mr. MOODY, Mr. MITCHELL, Mr. DWYER of New Jersey, Mrs. KENNELLY, Mr. KOLTER, Mr. BOSCO, Mr. SCHUMER, Mr. GARCIA, Mr. CROCKETT, Mr. LENT, and Mr. EDGAR.

H. Res. 55: Mr. WEISS.

H. Res. 60: Mr. HILER.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

73. By the SPEAKER: Petition of the City of Southgate, CA, relative to Naval construction; to the Committee on Armed Services.

74. Also, petition of the City of Jacksonville, FL, relative to Amtrak; to the Committee on Energy and Commerce.

75. Also, petition of the Catholic War Veterans, Washington, DC, relative to their 1985 legislative program; to the Committee on Veterans' Affairs.