SENATE—*Wednesday, May 1, 1985*

(Legislative day of Monday, April 15, 1985)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Let us pray.

May we have a moment of silence for Senator GARN's daughter Susan, who is in surgery at this time for a cesarean.

(The Senate observed a moment of silence.)

Gracious Father, we pray for the President in his journey to Europe. Overrule the controversy which preceded his trip and prosper his efforts with the leadership of Europe.

*Man's extremity is God's opportunity. * * * with God all things are possible.*—Mark 10:27.

Omniscient, omnipotent God, Lord of history, grant to the Senators a special measure of grace and wisdom as they work their way through the difficult budget/deficit agenda. You know the disagreement, the controversy, the tension which rises out of sincere but conflicting convictions. You know the partisanship which is inevitable with such a fundamental issue. You know the dissension between the Hill and the White House. You know the inescapable uncertainty and frustration endemic in such a sensitive, critical problem. Give to each Senator objectivity which will transcend personal opinion and a narrow view, and set the struggle in perspective. Save this struggle, dear God, from an outcome where some battles are won and the war is lost. Save it from being a victory in which nobody wins. We pray in the name of Him who is the source of all wisdom and knowledge. Amen.

RECOGNITION OF THE MAJORITY LEADER

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

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders each have 10 minutes, unless it is reserved, to be followed by a statement by the distinguished Senator from Wisconsin [Mr. PROXMIRE].

There will be a period for routine morning business, if time permits, not to extend beyond 10 a.m.

I wonder if the minority leader has any objection to making that 10:30 a.m. for morning business.

Mr. BYRD. Mr. President, I have no objection.

I thank the majority leader.

Mr. DOLE. I ask unanimous consent that the period for morning business be extended to 10:30 a.m.

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

Mr. DOLE. Mr. President, following routine morning business, after 10:30, the Senate will resume consideration of Senate Concurrent Resolution 32, the budget resolution. I indicate to my colleagues that it is very probable that we will have rollcall votes throughout the day and evening.

We hope to make a determination as to how near we can come to completing action on this measure by Friday, some time midafternoon or early evening on Friday. If it appears that it is not possible to get near the end, it may not be practical or necessary or wise to keep Members in session until 10 or 11 or midnight tonight and tomorrow night. We will make that judgment, and I will be discussing that with the minority leader later in the day.

Mr. President, I reserve the remainder of my time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the Democratic leader is recognized.

THE BUDGET RESOLUTION

Mr. BYRD. Mr. President, first, let me say to the distinguished majority leader that it will be my intent to seek recognition immediately when morning business is finished, and the budget resolution automatically comes back before the Senate. I will seek recognition for the purpose of offering an amendment.

I hope that the distinguished majority leader will allow me to get that recognition, in view of the fact that we Democrats have not yet had any opportunity to offer an amendment because the distinguished majority leader has been using his right to recognition to shut us out.

I hope that now that amendments on the two trees to which I referred in yesterday's debate have been completed, we Democrats will have an opportunity to offer amendments.

TRIBUTE TO SENATOR BYRD BY VETERANS ORGANIZATIONS

Mr. BYRD. Mr. President, I wish to thank the distinguished majority leader, Mr. DOLE; the distinguished President pro tempore of the Senate, Mr. THURMOND; my distinguished colleague, Mr. ROCKEFELLER; the distinguished Senator from Alaska, Mr. MURKOWSKI; the distinguished majority whip, Mr. SIMPSON; the distinguished minority whip, Mr. CRANSTON; and Representative "SONNY" MONTGOMERY, a Member of the other body, for attending and speaking at the function which was held in the caucus room in the Richard B. Russell Building last night by the Paralyzed Veterans of America and by the Vietnam Veterans Institute.

During that event, an award was presented to me, an excellent portrait.

I express appreciation for the kind words by all who spoke. Their presence meant a great deal to the Paralyzed Veterans of America and to the Vietnam veterans.

The event will help to remind all of us of the sacrifices that have been made by the veterans of this country in all the wars in which this country has participated. Sometimes we become so busy in this mad rush of life that we forget some of the very important things that we ought to be reminded of daily, and I hope that this event will have that result.

We will never be able to repay the veterans the debt that America owes them. But I am glad that America in recent years has come to be more thoughtful and caring about the men and women who have given so unselfishly, some gave their lives, others have been maimed or crippled for the rest of their lives.

Without calling any names, there are some of those veterans in this Chamber who have paid a great price and who will continue to pay a price in service of their country.

Let me close by thanking again the Members of this body and particularly the President pro tempore, the majority leader, and others on both sides of the aisle who attended that event.

I also thank our former colleague Jennings Randolph who was there.

I appreciate all of these things.

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

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And I make special reference to Jerry Yates, the president of the Vietnam Veterans Institute and Mr. Richard Hoover, the president of the Paralyzed Veterans of America.

Mr. President, I yield to my distinguished friend the majority leader.

Mr. DOLE. Mr. President, the proceedings of last evening were as the minority leader has indicated, a tribute not only to Vietnam veterans and paralyzed veterans, but also to the distinguished minority leader. It was a well-deserved tribute for the minority leader's concern over a long period of time—concerned about America's veterans, veteran hospitals, and veterans benefits. The event last evening was a very fitting tribute and, I thought the portrait that was unveiled was a very excellent likeness of the minority leader. If the minority leader has no objection, I wish to elaborate on my statement later and include a full account of the proceedings, because they were impressive. I am certain that the minority leaders visits with the Vietnam veterans and the paralyzed veterans meant a great deal to them, and I thank the distinguished minority leader for making that event possible.

Mr. BYRD. Mr. President, I thank the distinguished majority leader.

In moments like those last evening and moments like these now, in the kind of work we are forced to do here in representing the people of the country and representing our own party's policies and viewpoints as to how we should go about reaching the common goals of serving the country and serving the people, it makes one regret that little partisan issues have to arise. It is only natural that they will arise, and I think an event like that of last evening makes us pause to reflect on the fact that after all is said and done, the things that really matter are not the partisan divisions and squabbles that come along, but the kind and sincere words that are spoken from time to time by those of us who have to engage in these daily conflicts, words that are spoken to and about one another. They have a leveling influence, I think, and it is to be regretted that we cannot attend more of such functions. I hope that I can recall such nice things in the background when we are about to engage in some parliamentary skirmishes that sometimes leave us with heated tempers. I wish to say to the majority leader that it is my desire when I leave this Chamber daily to be able to walk out of it with our friendship even deeper than it was when we entered the Chamber on a particular day.

Mr. DOLE. Mr. President, will the minority leader yield?

Mr. BYRD. I yield.

Mr. DOLE. I think it helps us regain our perspective because when we are in the Chamber all day, we think the whole world may be revolving around us, but in fact no one knows what we have been doing for the last month.

So when we go to an event where we are with down-to-earth people, it does help us regain our perspective and get our feet on the ground. The tribute last night was an event that I think is a good example for that.

Mr. BYRD. Again, I thank the distinguished majority leader. If I have any time remaining, Mr. President, I yield it to the distinguished Senator from Wisconsin.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER (Mr. McCONNELL). The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Thank you, Mr. President.

I thank my good friend, the Democratic leader.

THE GENEVA ARMS CONTROL NEGOTIATIONS: A USELESS MISSION

Mr. PROXMIRE. Mr. President, the clear purpose of arms control should be to end the arms race. Obviously, that is not the purpose of this administration. It was not the purpose of the Carter administration. Unfortunately, it has never been the obvious and clear purpose of any administration since the dawn of the nuclear weapons age in August 1945. How could the superpowers end the arms race? They could end it with a nuclear freeze that stopped all nuclear weapons testing and therefore stopped effective research. The freeze would also end nuclear weapons production and deployment. The American people have repeatedly in statewide referendum after referendum and in respected professional polls expressed their overwhelming support for such an end to the arms race. This country officially subscribed to that principle in both the 1963 comprehensive nuclear weapons treaty and the 1974 treaty that limited underground explosions of nuclear weapons testing. But the pledge has turned out to be rhetoric, not policy. Could the present, temporarily suspended nuclear arms negotiations at Geneva result in a treaty ending the arms race? The answer is a sure and swift: "No." Those negotiations are designed to reduce nuclear weapons on both sides. That would appear to be a good and constructive purpose, until you think about it for 5 minutes. It would shift the direction of the arms race. It might or might not reduce the instability of the superpower nuclear arsenals. But what would it accomplish? Realistically it would accomplish very little even if it succeeded in fully reaching its objective.

Suppose both sides agreed to reduce their nuclear warheads dramatically. Suppose the roughly 10,000 strategic warheads in the arsenal of both sides were cut to 5,000. What would that mean? It would mean that instead of the superpowers having the capacity to pulverize every city and every significant military target in the adversary country eight times over, it could only destroy potential targets four times over. It would mean that both sides would eliminate their least accurate, weakest, least devastating and oldest weapons. Even more significant it would mean on the basis of many years of experience that both sides would put their nuclear weapons laboratories and scientists to work to build weapons that could accomplish the same military purpose as the larger arsenals—that is to overwhelm the adversary, but within the limits of the new treaty, that is with fewer warheads. It would also mean that both sides would very likely succeed in keeping arsenals at least as effective and probably more effective than the arsenal they had before the arms control agreement was negotiated. Would there be genuine progress toward peace? No. Forget it.

Some arms control supporters would see this as a great achievement anyway. Seweryn Bialer, director of the Research Institute on International Change at Columbia University is one of those who does. He has written a thoughtful and useful article in the New York Times that appeared on April 26. Mr. Bialer sets forth a compelling argument that the timing right now is better than it has been in years for progress in arms control. He contends that in the last 2 years of the Carter administration and in the past 4 years of the Reagan administration this country has sharply increased its military strength in contrast to the situation in the 1970's when the country was suffering from deep embarrassment from Vietnam and the Watergate fiasco. Meanwhile, the Soviet Union was vigorously building up its military strength. Mr. Bialer argues that currently not only is the U.S. militarily stronger than it has been in some time but the Soviet Union now suffers from an internal economic crisis that inhibits a strong military buildup. And in Africa and Asia [Afghanistan] the Soviets contend "with their own traditional weapon—the so-called national liberation struggles." At the same time in the Soviet Union the Soviet military is lead by "second rank military professionals with limited influence, men who do not belong to the Politburo."

Mr. Bialer writes that, and I quote:

> All of this together argues for a major opportunity to make an arms deal with the Soviet Union. American leverage over the Soviet Union was never as great as it is today. But this opportunity will be lost if we now repeat the mistake that Moscow made

in the 1970's: we must not kick the Russians in their time of trouble.

Mr. President, this analysis may or may not glow with too much optimism with respect to the respective strength of the United States and the Soviet Union. Its weakness is that it assumes that the fundamental objective of our arms control negotiators at Geneva is worthwhile. Is it? No. It is not. An agreement that would sharply reduce nuclear weapons on both sides would not end the nuclear arms race. It would simply redirect its energy and force. We would have fewer strategic warheads, perhaps fewer missiles. But scientists on both sides would continue to be hard at work churning out new and different nuclear weapons that could fit within the limitations of the treaties. On the basis of all of our experience, scientific genius will make those weapons more devastating than ever. The only way to win nuclear arms control is to stop the nuclear arms race. Until the administration understands that the objective of arms control negotiations must be to end the arms race, arms control negotiations will be a media event and nothing else.

Mr. President, I ask unanimous consent that the article to which I referred from the April 26, New York Times entitled "A New Chance for Arms Control" by Seweryn Bialer be printed in the RECORD.

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

[FROM THE NEW YORK TIMES, APR. 26, 1985]

A NEW CHANCE FOR ARMS CONTROL

(By Seweryn Bialer)

The complex arms control talks taking place in Geneva recessed this week with little to show for six weeks of delicate negotiation. Despite the difficulties, however, I believe that conditions for reaching a major agreement are far better now than in the 1970's.

There can be little doubt that future historians will look to the early 1970's as a period of lost opportunities in Soviet-American relations. What was lost most importantly was nothing less than a chance to reverse the inexorable cycle of the arms race and to achieve significant arms agreements.

Why was this chance lost? I see three primary reasons. First, the United States entered into détente from a position of weakness. We were engaged in the Vietnam War, which by that time we knew we could not win. In pursuing détente, we hoped to make the Soviet Union help us wind down the war while preserving our honor and our international standing. We were ready in this situation to recognize American-Soviet strategic parity and promised to treat the Soviet Union as an equal global power.

Second, this American weakness abroad was magnified manyfold by the constitutional crisis of Watergate. The isolationist "Vietnam syndrome" combined with an unprecedented decline of the power and credibility of the executive to leave American foreign and security policies in a state of virtual paralysis.

Third, whatever the Russians' plans and expectations were when they entered into détente in 1972, their reaction to America's weakness was clear and not long in coming. The Kremlin decided to continue its strategic and theater military build-up almost unilaterally. It saw little risk in its or its proxies' involvement in Ethiopia, Angola, southern Yemen, the southern African "frontline" states and Afghanistan, and it sought to expand its sphere of influence at American expense. In other words, the Kremlin decided that it could kick America when America was down.

The inevitable American reaction was not long in coming. From the last two years of the Carter Administration, but particularly during the first Reagan term, America started to rearm. Leaving largely behind both the Vietnam syndrome and the crisis of Watergate, America became again a credible and activist force in the international arena.

Where does this leave us today? In one sense, the passage of time from the 1970's to the mid-1980's has made a major arms control agreement even more difficult than before. The danger of the 1970's still remains—that arms negotiations and partial arms control agreements will not stop the exponential growth of the two superpower's nuclear arsenals. In addition, the asymmetries that make arms control agreements intrinsically difficult—the asymmetry in the Soviet and American nuclear forces and in their geopolitical situations—have if anything increased during the last 10 years of futile negotiations and non-negotiations.

Yet for all their difficulties, the Geneva negotiations have a much greater chance of success than the negotiations of the 1970's.

Today, both sides clearly hope to achieve a comprehensive agreement that would include all aspects of the existing and planned strategic and theater systems and would result in radical arms reductions on both sides. This is just as it should be: the talks in Geneva should not shy away from partial agreements of the kind sought in the 1970's, but they must be regarded as steps leading to a comprehensive arms reduction agreement in the future.

America is being given a second chance to achieve the three key goals of arms control: to deny either power the capability to launch a first strike, to build stability into the Soviet-American strategic balance and to establish a balance based on finite deterrence—on the minimum forces necessary to deter the other side.

This second and more realistic chance exists primarily because the correlation of forces is far more favorable to the free world now than it was in the 1970's.

The balance of military power has not changed perceptibly, yet the United States is much more powerful than it was in the ignominious 1970's. America has shown that it can increase its military expenditures and match any likely Soviet buildup. We have more or less emerged from the Vietnam and Watergate syndromes. America has resumed initiatives in the international arena: it is once again an activist power, but, at the same time, tempered on the Congressional side by the Vietnam experience. We are in the forefront of the new industrial revolution of electronics, working from a basically strong economic position. The leaders of both political parties now show the will to increase the risk and costs of any Soviet adventurism.

The Atlantic alliance has survived the crucial political test that accompanied the deployment of American Pershing II and cruise missiles in Europe. The continuing détente between Western Europe and Moscow does not compensate the Russians for their unsettled relations with Washington. China is taking decisive steps toward modernization, posing a new strategic threat for Moscow. Japan has clearly decided to add political power to its economic might, even as it slowly but surely increases military spending.

The Soviet Union finds itself in a deep domestic crisis. This is fundamentally an economic crisis, but it has political, social, ideological, cultural and psychological expressions as well. In the international arena, the Soviet Union is retrenching: it is clearly overextended and short of the resources necessary for an ambitious foreign policy. In Africa and Asia, the Russians must now contend with their own traditional weapon—the so-called "national liberation struggles."

The new leader in the Kremlin, who knows that the strength of foreign and security policies start at home, would clearly prefer to concentrate on his country's internal ills. In today's emergency conditions, Mikhail S. Gorbachev will probably be able to consolidate his power much faster than Nikita S. Khrushchev and Leonid I. Brezhnev were able to do. He may also have the power to impose his views on arms control, even on those vested interests that oppose them. In this, he may benefit from the fact that Soviet armed forces are being led by second-rank military professionals with limited influence, men who do not belong to the Politburo.

All of this together argues for a major opportunity to make an arms deal with the Soviet Union. American leverage over the Soviet Union was never as great as it is today. But this opportunity will be lost if we now repeat the mistake that Moscow made in the 1970's: we must not kick the Russians in their time of trouble.

One sure way to ruin the opportunity would be to make President Reagan's "Star Wars" initiative a non-negotiable item. If, on the other hand, it were negotiable, in the present situation—a correlation of forces favoring America—a moratorium on its testing and development could be traded for radical, balanced cuts in Soviet and American offensive arsenals.

The national security interests of the Soviet Union and the United States require sensitivity to common security interests. The Russians have to be convinced by our proposals in Geneva that they have more to gain from a radical arms agreement than from a new and unrestricted spiral of the arms race. We, in turn, must also be convinced by their proposals.

Let us not blow the second chance of a meaningful arms agreement. The first chance in the 1970's was blown because America was perceived as weak and Russia took advantage of this weakness. The second chance may be blown because America is strong and our leadership is arrogant. America's renewed strength is welcomed by everybody in the free world. But America's strength must be tempered by a knowledge of its limits and concern for mankind.

ONE WOMAN'S ORDEAL

Mr. PROXMIRE. Mr. President, on April 17, 1943, Hitler's birthday, 1,000 young Jewish men and women boarded a train out of Berlin. Their destination: Auschwitz. Only 7 of the 1,000 survived. Eva Brewster, currently a resident of Alberta, Canada, was one

of the seven. She has recently written a book, "Vanished in Darkness," which vividly portrays the horrors of the death camp.

Eva's life as part of a wealthy Berlin family began to change drastically when the Nazis rose to power. Her father died of a heart attack after he was forced to turn over his successful business to a non-Jew. Eva married in 1939 and had a baby soon thereafter. Upon learning that the Nazis were planning to deport all Jewish families with children, Eva sent her daughter to a family in East Prussia. This began the breakup of her family, which continued with the separation from her husband so that she could work for the Resistance. Later on came the news that both her husband and child were dead.

Eva barely escaped death herself. Caught by the Gestapo during her Resistance work, Eva was saved from a firing squad at the last minute by a local officer who was one of her Resistance contacts. Her luck ran out, though, when she became part of the Hitler birthday shipment to Auschwitz.

Her first impression of the death camp produced a strong determination to survive, which she credits for helping her to retain her sanity. Watchtowers, dead trees, guard dogs, and barbed-wire fence confronted her like so many deadly sentinels. Above the entrance she saw the words "arbeit macht frei"—work liberates. Herded into a semidark barrack, she stood in a line. Those at the head of the line were being branded like cattle; she became number 51459.

Eva's closest brush with death came when she was chosen for block 24, a collection center for the gas chambers. She was saved at the last moment because her mother, who was also in the camp, had made friends with an officer. But her escape carried a price: she now has irrational feelings of guilt and cowardice. The memories of the faces of the women who were sent to block 24 are forever with her.

Eva and her mother eventually escaped, slipping away with the mass exodus which took place shortly before the Russians arrived. Her survival is a miracle. Her testimony of Auschwitz's horrors is a cry of help to the modern world from the millions who died in misery. We must listen to their cries and act by seeing that this can never happen again. One significant move in this direction can be made by ratifying the Genocide Treaty. The victims of Auschwitz deserve no less.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for morning business.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. MATHIAS). Is there objection? Without objection, it is so ordered.

THE BITBURG CEMETERY VISIT

Mr. MITCHELL. Mr. President, last week, the U.S. Senate unanimously passed a resolution urging President Reagan to withdraw from the wreath-laying ceremony at Bitburg Cemetery as part of the commemmoration of the 40th anniversary of VE Day.

That resolution was passed, not in a spirit of trying to correct a public relations mistake, but in the recognition that this anniversary and the events associated with it are too significant for public relations gestures.

The Second World War touched the lives of virtually every man, woman, and child in the Western world. Few American families do not count relatives who are veterans of the conflict. Many of those American families count members who gave their lives in it.

Thousands of Americans are alive today because their parents escaped Hitler's Europe in the thirties. Thousands more reached our shores after the devastation.

The nation of Israel owes its existence to the central crime of the war and of this century: Hitler's attempted extermination of European Jewry.

The war altered many lives and many nations. And it destroyed forever the assumption that civilization had outgrown barbarity.

Thirty-five million people died in the European war—soldiers on all fronts, sailors on the North Sea, civilians in German and British cities, and refugees from every land.

In this anniversary year, we mourn such an enormous loss of life.

But 6 million of the dead can scarcely be mourned, for our language and our tradition have no words and no ceremonies with which to lay their memory to rest.

The only thing we can do—the one thing we must do—is to remember and bear witness to their fate.

We cannot bear witness unless we remember, not only that they died and how they died, but how the nations and peoples of the world let them die. We must remember how the slaughter took place, how it was condoned, ignored and—today—how it is being trivialized.

We cannot allow that to happen.

We must not trivialize the Holocaust or turn it into a photo opportunity. To do so is to betray the moral authority of our Nation as well as the millions of dead.

American insistence on the Nuremburg War Crimes Trials reflected our national determination that the acts of the Nazi regime would not simply be called "acts of war" and forgotten in the peace.

Our Nation's seminal role in writing the Genocide Convention breathed life into the concept that no cause—not nationalism, not politics, not war itself—can ever justify the deliberate and premeditated murder of a people.

We cannot devalue that concept.

Genocide is almost incomprehensible. Hitler's genocide against the Jews is not comprehensible to most of us, even as a matter of madness—for madness is not predictable, not orderly, not organized.

There was nothing unpredictable, disorderly, or unorganized about the murder of 6 million Jews. It was a deliberate matter of policy from the very beginning.

The Nuremburg racial laws—enacted in 1934—led inexorably to the confiscation of Jewish property, to the state-sanctioned violence against Jewish people, to the relocation of Jews into ghettos, to the cattle cars, and finally to the killing camps at Treblinka and Chelmno and Auschwitz and the scores of other places whose names retain their obscene significance today.

For Americans, living in a nation founded on the rule of law, the perversion of law that underlay the Holocaust is difficult to comprehend.

The Nuremburg racial laws legitimized the war against the Jews. Those laws gave sanction to actions that would otherwise have been crimes of theft, of assault, of murder.

We cannot afford to forget—now or ever—that the cover of laws was invoked by those who stood trial at Nuremburg, on the grounds that they were only following orders.

This central fact is trivialized by our President paying tribute, however brief or symbolic, to the memory of those who were "only following orders."

For one of the deepest horrors of the Holocaust remains the very ordinariness of the men and women who carried it out.

It was not perpetrated solely by vicious criminals, or lunatics, or even fanatics. Jews were rounded up, locked into ghettos, driven to slave labor, lined up, and shot over open graves, and finally gassed to death and burned by thousands of ordinary people of diverse backgrounds from virtually every European country touched by the war.

And Hitler's racial policies were applauded, lest we forget, by a chilling number of people in our Western de-

mocracies as well. Many more simply ignored the implications.

In America, ignorance was relatively easy. In Europe, people in the east lived for years with the smell of burning human flesh in their nostrils. People in the west saw their neighbors rounded up and herded off; some offered to help the SS locate yet other victims. In both east and west, people seized the possessions of those neighbors and enjoyed them. Millions of ordinary people stood by and let it happen. And pitifully few objected.

The significance of the Holocaust lies in its dark warning of the widespread human capacity for ignoring evil, for following orders, for bowing to what seems inevitable.

When what seems inevitable takes precedence over individual responsibility, we lose the moral compass of our own humanity. We lose the distinction between innocence and guilt, between good and evil.

And if we ignore the distinction between innocence and guilt, between good and evil, we blur the line that sets the victims apart from their persecutors.

We cannot honor equally the killer and those he kills. We cannot grant to the murderers the same moral status we grant their victims, even if they were "only following orders."

We cannot—and our Nation's President should not—give symbolic exoneration to those who fought for the triumph of the worst totalitarian government in history; a government whose goal was the extermination of an entire people. To do so betrays our Nation's moral foundation; dishonors the sacrifices of those who fought to free Germany and Europe from the grip of Hitler and the world from the grasp of a monstrous ideology; and disgraces the 6 million dead.

The President of the United States, who represents all Americans, should not—above all others—participate in such a tragic event.

TRILLION DOLLAR BUDGET

Mr. DOLE. Mr. President, as we proceed with this critical budget debate—the most important debate we will have in this legislative session in my view—I would like to commend to my colleagues a very thought-provoking and, I believe, correct analysis of our present fiscal crisis and of the consequences we face if we do not make fundamental changes in our budget policies. The analysis I refer to is entitled "The Trillion Dollar Budget," and it is authored by Glenn Pascall of the Graduate School of Public Affairs, University of Washington.

I urge all my colleagues to look at Glenn Pascall's thorough review of our budget dilemma, and of the reasons why the debate going on right now is a crucial test of our ability to govern responsibly in a modern, complex, high-pressure society. But for now let me just quote one of Mr. Pascall's most important observations:

> There are those who say that all democracies must sink under the weight of overpromise and underperformance, of choosing to do everything until they are finally unable to do anything. We can prove them wrong, we can give the lie to this notion through our own capacity for moderation and self-restraint.

Mr. President, I agree—we can prove the doubters wrong, and I hope we are about to do just that by approving the $300 billion deficit reduction package now before us. This issue transcends politics, and it will take a bipartisan effort to deal with it. As our colleague Senator SLADE GORTON writes in the foreword to "The Trillion Dollar Budget," for once "we must lay aside these weapons of partisan warfare and join in a common effort to reduce the deficit." I applaud Glenn Pascall for his contribution to that effort, and I hope we will demonstrate by our actions here that we heed his message.

VOTE ON THE DOLE-DOMENICI COMPROMISE

Mr. DECONCINI. Mr. President, yesterday evening, after nearly 4 days of parliamentary maneuvering and armtwisting, the Senate voted 50 to 49 to approve the so-called White House-Republican leadership budget plan—a plan that calls for record new spending of $1.076 trillion and a deficit of $175.4 billion in fiscal year 1986. I voted against this particular budget package for one, basic, fundamental reason: It fails to share the fiscal pain and suffering of true deficit reduction among all sectors of the Federal Government.

I have said repeatedly to my Senate colleagues; to the business organizations who have lined up behind this compromise budget plan; and most importantly, to my Arizona constituents that I will enthusiastically support a comprehensive deficit reduction plan that forces every segment of Government—from the Congress to the Pentagon—to take a bite; to share in the tough political choices; and to swallow the bitter medicine required to really make a dent in the Federal deficit. That pledge still stands.

Unfortunately, the first budget package to come out of the chute and onto the Senate floor is an unbalanced, "roller coaster" combination of program terminations; huge spending hikes; sharp cutbacks; and program freezes which add up to a lot of pain and suffering on one side of the budget equation, with little restraint on the other. The goal of deficit reduction is perhaps the most critical one that Congress and the President can achieve this year.

But how we get there, how fairly we treat our citizens along the way, is what drove me to vote no yesterday on the White House-leadership compromise budget plan. Here are what I believe are the major flaws in the White House compromise budget plan that was approved by the Senate:

First, the White House compromise budget plan cuts $160.8 billion in domestic programs over the next 3 years, by freezing some programs; cutting others below a freeze level; and terminating other programs altogether. On the other hand, the White House plan calls for defense spending to increase by $45.3 billion or 16 percent over the same 3-year period. Let me quickly add that I will take a backseat to no one when it comes to providing our military with all of the tools they need to defend our country. But as Murray Weidenbaum, former Chief of the Council of Economic Advisers, said:

> We do not promote the national security by showing the Russians how fast we can spend money.

But is this the across-the-board and balanced approach to deficit reduction that is highlighted throughout the administration's explanation of the White House-Senate Republican leadership plan? Let's take a closer look at the balance between so-called domestic programs and the defense budget under this plan.

Under the White House plan, 20 domestic programs would be terminated or phased out, including: Postal subsidies for charities, veterans organizations, churches, and small county newspapers; the Job Corps; Small Business Administration; urban development action grants; revenue sharing for local governments; work incentive programs [WIN] and community service block grants; and Amtrak.

On the other hand, defense spending would climb to a level that is $35 billion higher—after inflation—than the Vietnam war peak year of 1968 and $81 billion higher than the peak year of President Kennedy's defense buildup. Defense procurement is up 98 percent over 1980 and is $27 billion higher than in the peak Vietnam year. This, at a time when DOD's balance of appropriated, but unspent, dollars for procurement at the end of fiscal year 1985 will total over $100 billion.

Add to this the fact that foreign aid, State Department programs, and funding for the U.S. Information Agency and other foreign aid programs is $800 million higher in the White House compromise budget voted on yesterday, than the budget that was originally reported to the Senate by the Senate Budget Committee.

Again, is this the kind of balanced sacrifice that the American taxpayers should be willing to make next year?

Here are a few more examples of the deep cutbacks in so-called nondefense programs that are woven into the

fabric of the White House compromise budget plan:

Terminates all rural housing programs administered by Farmers Home Administration;

Cuts Federal highway funding by $2.7 billion over 3 years and lowers the ceiling imposed on obligations from the highway trust fund by $1.7 billion;

Eliminates other railroad programs, including the local rail service program and the United Railway Association;

Terminates economic development assistance [EDA];

Terminates the Community Development Bloc Grant Program (Loan Guarantee Program);

Terminates Community Service Bloc Grant Program;

Full scale assault on student education aid programs; including deep cuts in Pell grants and other needs-based student aid; and

Freezes funding for drug enforcement agencies and programs, resulting in a cut of 887 Customs officers and reductions in the Drug Enforcement Administration [DEA] staff.

Second, Medicare is reduced by $17.8 billion over 3 years under the Republican leadership plan, resulting in increases in beneficiary out-of-pocket costs and increased monthly premiums deducted from Social Security checks.

Third, Social Security cost-of-living adjustments for all nonmeans tested retirement and disability programs would be limited to 2 percent—unless inflation goes back up to unexpectedly higher levels at which point an adjustment for inflation would be made. The COLA cutback in this budget plan would be locked in for 3 years and probably indefinitely.

My good senior citizen friends have repeatedly told me that they would be willing to do their fair share and swallow a 1-year COLA freeze next year, if they could be assured others would share in the budget restraint. But the imbalanced sacrifice built into this budget plan means that Social Security beneficiaries would have to bear the burden of fiscal restraint while other parts of the budget enjoy real growth. The Social Security beneficiaries already have had to endure the pain and uncertainty of wholesale changes in the Social Security Program—changes that increased the retirement age; added Federal workers to the Social Security rolls; delayed COLA's; and increased penalties for early retirement and increased taxes on the self-employed. Now that the Social Security trust fund is financially sound, these same people are being asked to take another hit, when defense spending and other programs sail through this budget package with just a hiccup of discomfort.

Fourth, finally, according to the nonpartisan Congressional Budget Office, after all of the farm program cutbacks have been enacted; after all of the veterans health care programs have been cut; after all of the Social Security beneficiaries get their reduced COLA's; and after soil and water conservation programs are rolled back, the budget deficit assumed in the White House-Republican leadership package will be reduced only $38.9 billion—not the $52 billion that the administration estimates will be saved. In fact, because of more optimistic—and perhaps unrealistic—economic assumptions and an inflated defense baseline figure, CBO projects that the deficit under the White House-Senate leadership plan will be $145 billion in fiscal year 1988—not the $99 billion that the plan purports to achieve in 3 years.

Mr. President, the White House-Republican leadership budget plan is being sold as "the taxpayers protection plan." It is being touted as the bottom line in deficit reduction strategies. Well, to put this plan into the context of the President's original 1981 game plan for economic recovery, I went back to President Reagan's February 18, 1981 message to the Congress entitled "America's New Beginning: A Program for Economic Recovery." On page 12 of that document, the President said:

> By fiscal 1984—under the policy recommendations presented in this document—the Federal budget should be in balance. And that will not be a one-time occurrence. As shown in the table below, the Federal budget will actually generate a surplus in 1985 and 1986, for the first time since 1969.

That table on page 12 projects a surplus of $30 billion in fiscal year 1986, with revenues totaling $942.1 billion and outlays at $912.1 billion. The budget plan approved yesterday assumes revenues of $793.6 billion in fiscal 1986; outlays of $969 billion; and a deficit—not a surplus—of $175.4 billion. Hopefully, neither the President nor the Congress will claim victory over the deficit with those sets of numbers stacked up against the rosy projections of the President's first major economic address to Congress in 1981.

Mr. President, as Vice President BUSH announced the narrow one-vote margin of victory for the White House compromise budget yesterday evening, a clear, unmistakable signal echoed through the Senate Chamber: This budget package is flawed; it is unbalanced; and it undoubtedly will be changed. I hope it will be changed. I look forward to voting for amendments offered by Senators from both political parties that will improve this budget package. I look forward to voting for alternative deficit reduction packages that will cut the budget, reduce spending, and slash the deficit in a way that is fair and across the board. I look forward to finally voting for a deficit reduction plan that forces every element of Uncle Sam's empire to take a punch; that forces us to rethink our spending priorities for the next 3 years; and that will actually make a true cut in our growing Federal deficit. I intend to keep my pledge to my constituents and to my colleagues, to vote for a deficit reduction package that treats everyone fairly and helps to alleviate the burden on the beleaguered American taxpayer. I want a "taxpayer protection plan" too, just like the President. But the budget plan we approved yesterday isn't it.

CHILD SAFETY MONTH

Mrs. HAWKINS. Mr. President, the Senate and the House of Representatives have passed and the President has signed a resolution declaring the month of May as Child Safety Month. During this month, I plan to come to the Senate floor to draw public attention to the plight of missing and abused children and the efforts underway to protect these children. I should like just briefly to summarize some of the organizations that are actively involved in the search for missing children and efforts to protect children from abuse and neglect.

The Mobil Oil Corp. has underwitten local television programming on missing children, displayed posters of missing children in their service stations, and published opinion editorials in magazines and national papers challenging other corporations to join them in the search for missing children

The American Gas Association has taken their good idea of putting flyers of missing children in their monthly mailers and expanded it to form Child-Watch campaign which, in conjunction with the National Center for Missing and Exploited Children and the National Child Safety Council, coordinates the pictures of stranger-abducted children so that the same pictures are shown across the Nation.

Burger King has developed a child assault prevention project which goes into elementary schools to educate children, parents and faculty in the prevention of child abuse. They have also helped establish the McLamore home, a residential treatment center for abused and hospitalized children.

The K-Mart Corp. recently announced that they will enclose pictures of missing children and safety tips in their photo finishing envelopes.

Bekins Van Lines has underwritten the costs of the National Center's child protection brochure.

Quality Inns are putting posters of missing children in their lobbies.

Dairies across the Nation are putting pictures of missing children on their milk cartons.

Boys Clubs of America, Inc., are taking the initiative and developing a

task force to combat sexual child abuse.

The N.E.A. is working with the National Committee on Prevention of Child Abuse and Curtis Publications to develop the Spiderman comic book on sexual and child abuse.

Commtron Corporations and video software dealers from around the country contributed the full costs of printing the National Center's Selected State Legislation: A Guide for Effective State Laws to Protect Children.

Advanced Transformers, Echos, Marfred Inc., and Thurston Motors have all put pictures of missing children on their trucks.

C & S Grocers, the U.S. Navy, Duro Paper Bag, Roundy's and Sweet Life have all placed the pictures of missing children on grocery bags.

Soft drink bottlers like Pepsi-Cola and Coca-Cola have put pictures of missing children on the collars of soft drink bottles.

All of these organizations are to be commended for their unselfish efforts to help protect our children. During the month of May, I should like to point out each day the efforts of other organizations, individuals, and businesses who are joining us in our fight to protect children.

But I also want to issue a challenge to other businesses, organizations and individuals in the United States to join us in our efforts to protect children. As I mentioned earlier, Mobil Oil Corp. has published an excellent editorial challenging other corporations to join them in child protection efforts. I think that the theme of this article bears reprinting and I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial by Mobil Corp.

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

KEEPING KIDS SAFE IS NO SMALL MATTER

Think about how you feel when your child kisses you good night or gives you a hug for no special reason. Remember the unique joy of Christmas mornings—how the kids squeal when the gifts are opened, and how you know, in your heart of hearts, they're giving you far more than you're giving them. Then imagine how you would feel if your child suddenly vanished, and you had to cope with a constantly painful void in your life.

A large number of Americans each year have to face precisely that kind of agony. Here are the grim statistics, from the National Center for Missing & Exploited Children:

At least 1.5 million children are missing from their homes each year.

About one million of them are "runaways" or "throwaways"—the frequent victims of street crime or exploitation.

Estimates vary, but as many as 500,000 children each year may be victims of noncustodial parental kidnappings. These children, too, are often exposed to physical and mental abuse.

Between 20,000 and 50,000 children disappear annually, and their whereabouts remain unknown after 12 months.

The problem is receiving an increasing amount of media attention. New community groups have been formed to teach parents the do's and don'ts of safeguarding their families. Existing groups, such as PTAs, are staging special informational programs. Congress passed the Missing Children's Act of 1982, which gives parents and local police access to the FBI's National Crime Information Center computer. And Congress also has authorized the creation of the National Center, based in Washington, which helps local agencies, governments, civic groups, and law enforcement officials deal with the problem. Most important, the National Center provides a toll-free number—(800) 843-5678—which anybody can call to relay information on the whereabouts of a missing child.

But much more remains to be done, and corporations are stepping in to help. In the Washington, DC, area, for example, Mobil and the Acacia Group are sponsoring three hour-long, prime-time television specials on Channel 5. In addition, the station will broadcast daily missing children reports, highlighting local cases and others from different parts of the country. Viewers will be urged to call the national hot line if they have any information on the children mentioned in the reports. Thousands of posters, with pictures of missing children, will be displayed at area Mobil service stations and in local libraries and schools.

Senator Paula Hawkins of Florida, original sponsor of the 1982 Act, has saluted the Washington program. But it's a big country. Can *your* company become similarly involved? Can your civic group, church or synagogue? Finally, do *you* know how best to safeguard *your* kids?

Senator Hawkins has said that, "Because they have no vote and no lobby, [children] have gone unrepresented in the past. I am happy to see that tide is turning."

With a little help from all of us, we can transform the tide into a torrent—and keep our kids a lot safer.

Mrs. HAWKINS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

STOPPING SMALL SMUGGLERS

Mrs. HAWKINS. Mr. President, an article recently appeared in the Miami News regarding planned punitive action against "small" drug smugglers.

The U.S. Customs Service, in this unprecedented move, has decided to publish lists of names of individuals caught bringing small amounts of illicit narcotics into the United States. Referred to by some as the "punish by publish" list, this information will be released to news organizations on a weekly basis, and will include only small-scale smugglers who were neither arrested nor prosecuted for their alleged crimes.

The information provided in this list will be thorough, including the name of the alleged smuggler, along with his or her address, occupation, age, type, and quantity of drugs being smuggled, method of travel and point of origin.

The U.S. Customs Service has indicated that anyone put on the list who later proves his or her innocence through administrative procedures can have a statement of exoneration published in a subsequent press list.

Mr. President, there have been voices raised against this attempt to embarrass "small" drug smugglers. Such an effort to stop these people from destroying themselves, however, is necessary. As Harry Carnes, Miami customs district director, stated in this article, the small smuggler too often "gets off scot-free." Until now, the only penalty for the few would-be smugglers who are not prosecuted has been a fine of $25 for an ounce of marijuana, and the fine often goes unpaid. To correct this situation, the U.S. Customs Service is "raising the cost" of attempting to smuggle illicit narcotics into the United States—no matter how small the amount. The public embarrassment that would ensue from having your name on a list that consisted of individuals involved in drug smuggling and/or use can be a great deterrent. The loss of standing in the community, or even the loss of employment, is a potential result, and one that will hopefully discourage the "small" smuggler.

Defense Attorney Richard Gerstein made the following astute observation:

It certainly should cause people to be very concerned about what they bring into the country, and from that standpoint it should have some deterrent impact . . . since the drug problem is related to the use and demand for drugs among ordinary citizens.

Mr. President, I feel that the U.S. Customs Service is to be commended for this innovative action, and I offer my full support of the punish-by-publishing list. I ask unanimous consent that the Miami News article of March 26, 1985, entitled "Customs Intent To Embarrass 'Small' Smugglers Comes Under Fire," be printed in the RECORD.

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

[From the Miami News, Mar. 26, 1985]

CUSTOMS' INTENT TO EMBARRASS "SMALL" SMUGGLERS COMES UNDER FIRE

(By Karen Payne)

"Public embarrassment" is the federal government's goal in publishing a list of names of people caught bringing small amounts of drugs into the United States—beginning tomorrow—says Dennis Murphy, a U.S. Customs spokesman in Washington.

But critics of the plan, including Charles Sims, staff counsel for the American Civil Liberties Union in New York, say the list amounts to "slander" of people who have not been found guilty of any crime.

The punish-by-publishing list, to be supplied to news organizations each Wednesday, will include only small-scale smugglers

who were neither arrested nor prosecuted for their alleged crimes, said Harry Carnes, Miami customs district director.

The "drug blotter" will include the name of each alleged smuggler, address, occupation, age, type and quantity of drugs being smuggled, method of travel and point of origin, customs said in a prepared statement.

Carnes said persons whose cases are dropped from prosecution will automatically be put on the press list—with no option to request arrest as an alternative.

Already, the concept is drawing fire.

"One principal reason for trials in this country is to decide who is innocent and who is guilty," Sims said. "You must have sufficient fact-finding to answer the question.

"When the police undertake to announce that people are guilty without a trial, then they are slandering people . . . They will be damaging people's reputations."

Miami attorney Richard Sharpstein labeled the plan "disgusting," saying it would set a "horrendous precedent that would open the door to many types of abuses, including public presentation of other embarrassing, but non-prosecutable situations."

According to Sharpstein, people who are arrested on drug charges would have more legal rights than those who aren't arrested, but find themselves on the customs list.

"If you are arrested, you have a right to a lawyer and a trial," he said, "If you are not arrested, you have no forum: What can you do—sue the government to get them to prosecute you?"

Miami attorney Martin Raskin, former criminal division chief in the U.S. Attorney's Office here, also criticized the plan. "It amounts to convicting people in the press, based on little more than a border search," Raskin said. "It would be hard for any of the individuals named to get equal access to the media to disprove the allegations made against them . . . Either charge these individuals with a crime or leave them alone."

Once their names have been published, those on the list could attempt to sue the government for slander or for violation of their civil rights, Sharpstein said. But both Sharpstein and the ACLU's Sims said it's unclear whether such legal challenges would hold up in court.

Customs official Murphy said anyone put on the list who later proves his innocence through administrative procedures can have a statement of exoneration published on a subsequent press list.

In Miami, customs' Carnes said he is not worried about legal problems with the list, "at least, not until I get sued."

Probably no more than two of three names a week from Miami will turn up on the list because almost all small-quantity drug cases are referred to Metro police and turned over for prosecution by the Dade State Attorney's Office, Carnes said.

Until now, the only penalty for the few would-be smugglers who are not prosecuted has been a fine of $25 per ounce of marijuana, Carnes said. Few cocaine importations—however small—escape prosecution, he said.

But Carnes said fines often go unpaid and the offenders "get off scot free."

"This is an attempt to raise the cost—to add the public embarrassment of the fact that you are involved with smuggling or using narcotics," he said.

Carnes said the publication of names possibly could lead to a person losing his job or standing in the community.

"A lot depends on how it is received by the public," he said.

Attorney Sharpstein predicted that the plan will have no effect on drug trafficking.

"This is another ridiculous, easy solution which the government thinks will solve a major problem," Sharpstein said. "These are minor violators. And embarrassing them will not affect major drug traffickers at all."

Defense attorney Richard Gerstein, a former Dade state attorney, agreed that the plan will not hurt big-time smugglers. Instead, he said, it will "cause a great many problems for people who are otherwise law-abiding citizens."

But, Gerstein added: "It certainly should cause people to be very concerned about what they bring into the country, and from that standpoint it should have some deterrent impact . . . since the drug problem is related to the use and demand for drugs among ordinary citizens."

CONCLUSION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Morning business has expired.

FIRST BUDGET RESOLUTION FOR FISCAL YEAR 1986

Mr. DOLE and Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The majority leader.

AMENDMENT NO. 45

(Purpose: To allow funds for full cost-of-living adjustments under Title II of the Social Security Act)

Mr. DOLE. Mr. President, I send an amendment to the desk for the distinguished Senator from Florida [Mrs. HAWKINS] and the Senator from New York [Mr. D'AMATO].

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mrs. HAWKIN and Mr. D'AMATO, proposes an amendment numbered 45.

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

Mr. BYRD. Mr. President, the amendment is not a lengthy one. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk read as follows:

In the pending amendment, do the following:

On page 3, decrease the amount on line 12 by $700,000,000.

On page 3, decrease the amount on line 13 by $500,000,000.

On page 3, decrease the amount on line 14 by $800,000,000.

On page 3, increase the amount on line 18 by $2,900,000,000.

On page 3, increase the amount on line 19 by $7,800,000,000.

On page 3, increase the amount on line 20 by $13,400,000,000.

On page 3, increase the amount on line 25 by $2,900,000,000.

On page 4, increase the amount on line 1 by $7,800,000,000.

On page 4, increase the amount on line 2 by $13,400,000,000.

On page 4, decrease the amount on line 6 by $200,000,000.

On page 4, increase the amount on line 8 by $1,100,000,000.

On page 4, decrease the amount on line 12 by $200,000,000.

On page 4, increase the amount on line 13 by $200,000,000.

On page 4, increase the amount on line 14 by $1,100,000,000.

On page 24, decrease the amount on line 2 by $400,000,000.

On page 24, decrease the amount on line 3 by $300,000,000.

On page 24, decrease the amount on line 12 by $600,000,000.

On page 24, decrease the amount on line 13 by $400,000,000.

On page 24, decrease the amount on line 22 by $700,000,000.

On page 24, decrease the amount on line 23 by $400,000,000.

On page 25, decrease the amount on line 17 by $400,000,000.

On page 25, increase the amount on line 18 by $3,100,000,000.

On page 26, decrease the amount on line 2 by $500,000,000.

On page 26, increase the amount on line 3 by $7,600,000,000.

On page 26, decrease the amount on line 11 by $1,600,000,000.

On page 26, increase the amount on line 12 by $12,300,000,000.

On page 32, increase the amount on line 17 by $100,000,000.

On page 32, increase the amount on line 18 by $100,000,000.

On page 33, increase the amount on line 2 by $600,000,000.

On page 33, increase the amount on line 3 by $600,000,000.

On page 33, increase the amount on line 11 by $1,500,000,000.

On page 33, increase the amount on line 12 by $1,500,000,000.

On page 40, decrease the first amount on line 16 by $3,143,000,000.

On page 40, decrease the amount on line 17 by $7,832,000,000.

On page 40, decrease the second amount on line 18 by $12,564,000,000.

On page 51, decrease the first amount on line 7 by $3,143,000,000.

On page 51, decrease the amount on line 8 by $7,832,000,000.

On page 51, decrease the second amount on line 9 by $12,564,000,000.

Mr. DOLE and Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, parliamentary inquiry. As I understand, there is 1 hour on the amendment; is that correct?

The PRESIDING OFFICER. The majority leader is correct.

Mr. DOLE. And that time is divided in what manner?

The PRESIDING OFFICER. The proponents would have one-half of the time. The Senator from New Mexico, if he is opposed, would control the other part of the time. If he is not opposed, it would then go to the minority leader.

Mr. DOLE. Further parliamentary inquiry. Then I could yield the proponents' time 15 minutes to the distinguished Senator from Florida and 15 minutes to the distinguished Senator from New York?

The PRESIDING OFFICER. The Senator has control of the time and can dispose of it as he sees fit.

Mr. DOLE. I do yield it to them.

The PRESIDING OFFICER. The Chair would inquire as to the Senator from New Mexico so that he can determine the control of the other half of the time.

Mr. DOMENICI. I am opposed, if that is the Chair's inquiry, and I will control the time as the circumstances demand.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Further parliamentary inquiry. Having yielded the time to the distinguished Senators from Florida and New York, do they now have the right to recognition?

The PRESIDING OFFICER. They would not be able to yield time for recognition of other Senators over the request of the minority leader for recognition.

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

Mr. BYRD. Mr. President, will the Senator withhold that briefly? Will he withold that request, the suggestion of the absence of a quorum? Could we on our side just have a few words to say at this point?

Mr. DOLE. I suggest the absence of a quorum, or I will yield it without losing my right to the floor.

Mr. BYRD. Which does the Senator do?

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. Is there objection by the minority leader?

Mr. BYRD. No objection.

The PRESIDING OFFICER. If there is no objection, the quorum call is rescinded.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I will retain my time and I yield now 10 minutes to the distinguished Senator from Florida [Mrs. HAWKINS].

Mr. BYRD. Mr. President, will the distinguished majority leader yield to me?

Mr. DOLE. I yield to the distinguished Senator from West Virginia for a question.

Mr. BYRD. Mr. President, I hope there will not be any concern by the majority leader at this point about yielding to me. I simply want to ask if anybody on this side of the aisle will have any control of time. Is all time going to be controlled by the other side of the aisle?

Mr. DOLE. Let me say to the distinguished minority leader that there are still 34 hours on the resolution, and I understand that the minority has consumed about 3 hours less than the majority. So there is ample time for debate.

I recognize that this is a somewhat unusual procedure which is dictated by the Budget Act. I would even be willing, if it is all right with the distinguished manager of the bill, to take 30 minutes off the resolution and transfer it to the minority, if that would be helpful.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. DOLE. I yield for a question.

Mr. BYRD. I assure the majority leader that I am not going to do anything except to say a few words, and I may ask a question.

What we see, Mr. President, if the able Senator will yield, is a situation in which the minority party of the Senate, the minority leader of the Senate, 47 Members on this side of the aisle, are being shut out of recognition and any opportunity to offer an amendment. We are not only seeing that, but also we are seeing the minority Members being shut out of control of any time on this amendment.

Oh, we know there is time we can take from the resolution, if we get recognized, and there will come a point in time when we will get recognized. But this side of the aisle ought to have control of half the time on the amendment.

We have made arrangements of that nature before. When a resolution or a bill or other measure was before the Senate, if the manager was supportive of the offeror's amendment, then the time in opposition thereto went to the minority leader or his designee. That was and is the rule.

Here, however, we are shut out of any opportunity to offer an amendment, and now the minority are going to be shut out of control of the time on the amendment.

I cannot recall its ever happening before. Under the previous majority leader on that side of the aisle, and also when I was majority leader, there was never any hesitation in letting someone on the other side control half the time. Now the minority cannot offer amendments, because the Chair will not recognize us for that purpose, and we cannot even control any time on the amendment.

Let the RECORD show, Mr. President——

Mr. DOLE. I do not want to interrupt the minority leader, but I think it is coming from the time on the amendment.

Mr. BYRD. Let us divide the time.

Mr. President, I will be generous to the majority leader. He was kind to yield to me. Charge the time I use against me on the resolution.

The PRESIDING OFFICER. The time is being charged against the minority leader.

Mr. BYRD. Mr. President, let the record show that I sought to be recognized when the resolution came back before the Senate upon the termination of morning business. Let the record show that I sought to be recognized at that moment to call up an amendment. I had indicated earlier today that it was my intention to seek recognition at the moment the resolution came down.

The Chair did not recognize me. So we have a gag rule in the Senate on this resolution. The minority is gagged. Their hands are tied behind their backs, in terms of offering amendments, and with control of time being on the other side.

Mr. RIEGLE. Mr. President, will the minority leader yield for a question?

Mr. BYRD. I do not have the floor.

Mr. DOLE. Mr. President, a parliamentary inquiry. Is it possible either under the Budget Act or by unanimous consent, to extend the time in support of the amendment from 30 minutes to 1 hour—that it all be charged against the resolution?

The PRESIDING OFFICER. The time could be extended as the result of unanimous consent by the Senate or by the operation of the Budget Act, which empowers the managers of the bill to extend time.

Mr. DOLE. Mr. President, I make the request that we extend the time of the proponents to 1 hour and all of it be charged against the resolution, that time to be equally divided, 30 minutes on that side to be under the control of the minority leader or his designee.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object——

Mr. RIEGLE Mr. President, reserving the right to object——

Mr. BYRD. Will the time be charged in the overall against the 50 hours?

Mr. DOLE. Yes.

Mr. BYRD. We can get our own time from the resolution. That is not getting us anything. We can get our time off the 50 hours.

What we see here is an hour on this amendment, none of it to be controlled by Members on this side of the aisle, but half of it to be charged against us from the overall 50 hours on the resolution.

Mr. DOLE. The amendment goes against the 50 hours, too, the time on the amendment of 1 hour.

Mr. BYRD. I understand that; and there, again, we are paying half the bill. The amendments are offered by the other side, but half of the time comes out of our hide on the minority side from the overall 50 hours. Time used on the amendments really comes out of the overall 50 hours.

One other thing: What we see happening on this amendment, I take it, will happen on the rest of the amendments on that side of the aisle, when the majority leader calls them up on behalf of other Senators on his side.

The offeror of the amendment—Mr. DOLE—and the chairman of the Budget Committee is opposed to it. It seems to me that somebody on this side of the aisle—the minority leader or the ranking manager, under past custom—should control the time at least in support of the amendment.

The PRESIDING OFFICER. Is there objection to the request?

Mr. DOMENICI. Mr. President, reserving the right to object—and of course I will not object—I just want to ask the distinguished minority leader this——

Mr. DOLE. Mr. President, the Senator from Kansas still has the floor.

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

Mr. DOLE. I will be happy to yield to the distinguished Senator from New Mexico without yielding the floor. I think we may as well proceed.

The PRESIDING OFFICER. The Senator has a right to yield time to the Senator from New Mexico.

It was the understanding of the Chair that the Senator from New Mexico was raising the possibility of an objection to the unanimous-consent request.

Mr. DOMENICI. I reserve the right to object, and I indicated I would not object. I do not think I can gain the floor by this process.

I just wanted to indicate that I do not quite understand the concern of the distinguished minority leader in terms of that side having some time.

I suggest to the majority leader, with respect to his proposal that there be a half-hour for the proponents and that it be under the control of the minority leader, that if there is some concern as to whether that is on the amendment or off the resolution, I can give them my half-hour, and it would be under their control, and I can take my half-hour off the resolution.

If Senators want to try to work that out, I am pleased to do that.

Mr. DOLE. Mr. President, I again indicate to the distinguished minority leader that the manager of the resolution has indicated he will be happy to surrender his time in opposition, 30 minutes to anyone on that side who may be opposed to the amendment and that he would take his 30 minutes from the resolution.

Mr. CHILES. That is better.

Mr. BYRD. That is OK.

Mr. RIEGLE. Mr. President, reserving the right to object, if I may, and if I may be recognized.

The PRESIDING OFFICER. Does the majority leader yield?

Mr. DOLE. I yield for a question.

Mr. RIEGLE. My question would be as follows: As I understand it, the half-hour that is being offered by the Senator from New Mexico would be offered to this side if we want to take it to oppose the amendment, is that correct?

Mr. BYRD. That is the only 30 minutes he has.

Mr. RIEGLE. I think the majority leader will find that most of the Members on this side favor the amendment and we would like to have our time to be used for or against depending upon which particular Senator wishes to speak.

So it would seem to me it would not be appropriate to have that half-hour be assigned to us in opposition to the amendment. Could we somehow have it be put in a neutral form so it does not carry the weight of the opposition of the amendment? Actually the Senator offering the amendment, as I understand it, is in opposition to the amendment, the majority leader. I do not quite understand even that part of the procedure myself. Just make the half-hour neutral.

The PRESIDING OFFICER. Is there objection to the request?

Mr. RIEGLE. Mr. President, reserving the right to object, may I have an answer to the question?

Mr. DOLE. The distinguished Senator from New Mexico is willing to transfer the 30 minutes.

A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. I assume that even though the time is in opposition, that would not preclude someone speaking in favor of the amendment?

The PRESIDING OFFICER. It does not.

Mr. DOLE. So I think what the Senators will be getting is 30 minutes. It may be the opposition time, but that does not require Senators to speak in opposition to the amendment.

Mr. RIEGLE. If I may ask further, it seems to me that we are getting really everything upside down. We are getting the amendment being offered by someone else, the majority leader, who is opposed to the amendment. That is the first thing that does not make any sense.

Second, the method of dividing the half does not make sense and we are now being offered time in opposition to the amendment which we favor.

The PRESIDING OFFICER. Does the majority leader yield?

Mr. DOLE. Is there objection?

The PRESIDING OFFICER. Is there objection?

Mr. RIEGLE. I am reserving the right to object, Mr. President.

Mr. DOLE. But there is no question.

The PRESIDING OFFICER. There is no right to reserve the right to object. Does the Senator object?

Mr. RIEGLE. Yes; the Senator objects.

The PRESIDING OFFICER. Objection is heard.

The majority leader has the floor.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I yield for a question.

Mr. BYRD. For a parliamentary inquiry.

Mr. DOLE. Yes.

Mr. BYRD. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BYRD. Mr. President, the distinguished majority leader who has called up the amendment on behalf of the distinguished Senator from Florida [Mrs. HAWKINS] opposes the amendment. Can he control the time in favor of the amendment?

The PRESIDING OFFICER. The Budget Act specifically gives one-half the time to the offeror of the amendment and therefore that time is vested in the majority leader.

Mr. BYRD. He is the offeror of the amendment. At the same time he is opposed to the amendment. So he is going to control time on his side. He is going to yield time to those who support the amendment, I believe, and he is opposed to the amendment.

That is a rather interesting situation.

I must say, Mr. President, that we are seeing some hard ball played in this Chamber, and that is OK with me. It may be a ball that is being played with a velvet glove, but it is hard ball. What concerns me, however, is the unfairness that we see here.

The minority is shut out from offering amendments. The minority is also shut out from controlling any time on the amendments. Oh, yes, we can have some time off the resolution, of course, but all time on the amendment itself is controlled by the majority.

Well, let the record stand where it is.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, let me indicate that I have not stated my intentions on this amendment. I simply offered the amendment.

I now yield 10 minutes to the distinguished Senator from Florida [Mrs. HAWKINS].

The PRESIDING OFFICER. The Senator from Florida is recognized for 10 minutes.

Mrs. HAWKINS. Mr. President, I am very concerned about the plight of our senior citizens in this country and the

impact our actions have in this body on the tremendous number of people who are worried about their future. Our senior citizens have paid their dues. They have contributed a lifetime of resources and knowledge to the development of this Nation, and we owe them much more than our gratitude for making our country the most vibrant and advanced nation in the world. We also owe them the ability to enjoy their retired years according to the same set of rules under which they retired. And, we owe it to these people to keep our word.

Mr. President, I believe that our vote on the amendment now pending is one of the most important votes that any Senator in this Chamber will ever cast. It is simple. It is a vote to either honor a pact made by our Government with these hard working Americans, or it is a vote to betray these Americans and push 600,000 elderly Americans below the poverty line in the next 3 years.

I am keenly aware of our responsibility to reduce the outrageous Federal deficit plaguing our economy, but it is misleading and unfair to talk about cutting deficits and reducing the Social Security COLA in the same breath. It can be argued that the Social Security Program does not contribute to this Nation's debt.

Earlier in this session, when the Social Security COLA was clearly becoming a pawn in this budget process, I introduced legislation to accelerate the removal of Social Security from the unified budget. Under current law, this is scheduled to take place anyway in fiscal year 1993, but it is obvious to this Senator that the retired Americans of this country cannot afford an annual deliberation and probable reduction in their COLA for the next 7 years. When Social Security is finally removed from the unified budget, amendments such as the one we are considering today will not be necessary. We will no longer be allowed to hold the program and the recipients hostage during the budget debate.

When Congress agreed to remove the Social Security from the unified budget during consideration of the 1983 Social Security Amendments, we ratified the concept that changes made in the payments should be based strictly on the constraints of the program, and not due to policy or budgetary goals of the Government as a whole. Today, I am simply asking my colleagues to be consistent. If we adopt a budget resolution in 1985 that includes a reduction in the Social Security COLA, in an effort to reduce this country's total deficit figures, then we are contradicting the vote we cast 2 years ago. The facts are the same—Social Security is a self-financing program and is not part of the deficit problem.

For the last several months, the debate has raged on about the need to restrain Government spending and slash our deficit. Americans want to do that. Time and time again, I have heard it said in this Chamber that the elderly must share the burden by accepting a decrease in their Social Security COLA. In response to those unfair and misguided comments, I introduced a resolution last week expressing the sense of the Senate that the cost-of-living increase afforded Social Security recipients should remain at the level provided under current law. With this in mind, I think a clarification of the true facts framing this debate would be helpful.

First, by law, any additional funds generated by the COLA reduction cannot be used for any purpose other than Social Security. Second, Social Security is not a discretionary spending program. It does not compete for scarce general revenue funds. It is financed entirely by its own tax—which cannot be tapped for other spending purposes. Third, while Social Security is included in the overall calculation of total outlays and receipts for the Federal Government, the Social Security trust funds are expected to run at large surpluses for the next several years. If anything, the effect it has on the deficit is to hide the true figures. Our efforts to reduce this $200 billion deficit should be as earnest as they are arduous, and their impact should be real—not cloaked in reduced figures on paper.

By enacting a Social Security reduction, we would camouflage a small piece of the real deficit—the true deficit. I grant you that this may make the task before us a bit more easy—it may also make the medicine more palatable to others. But at what expense? At the expense of our elderly? At the expense of our word, our promises, or at the expenses of fairness? When we know the facts, can we really support the juggling of figures on paper to create an illusionary reduction in this Nation's indebtedness at such an expense? The effect of the Social Security COLA reduction on the deficit may be illusionary, but the tangible results will be seen time and again in the homes of our elderly.

Under current law, which we are trying to restore today, using the administration's assumptions for the inflation path over which they are proceeding the next 3 years, Social Security recipients would receive a cumulative increase of 12.5 percent by 1988. That is what we are told—4.1 percent in 1986, 4.3 percent in 1987, 4.1 percent 1988. Under the modification in this budget resolution, there would only be a cumulative increase of 6.1 percent, which would be 2.1 percent in 1986, 2.3 percent in 1987, and 2.1 percent in 1988 for those working on the budget. How can anyone, when faced with these figures, attempt to claim that this is not a reduction in benefits? Some would have you believe that a reduction in a scheduled increase does not constitute a reduction, yet these recipients will not even keep pace with inflation. Any way you look at it, a reduction in spending power is a reduction in benefits to our senior citizens. Let me describe the significance of these numbers and their abhorrent impact on elderly Americans.

As a result of this 3-year reduction, on average, an elderly couple will have lost roughly $2,500 over the next 5 years. The Congressional Budget Office has concluded that it will force 600,000 more Americans below the poverty line by the end of 1988—the vast majority of those being handicapped or elderly.

I have received thousands and thousands of letters in my office from Social Security recipients in my State of Florida. Many of them have their sons and daughters who live in my colleagues' States. I do not believe I have ever met anyone's mother or grandmother who did not live in Florida, and we welcome them there. We cannot terrorize mothers and fathers who live in my State, and we should not terrorize their children who live in your States.

According to the American Association of Retired Persons, which has been very active in this debate, the number of impoverished Americans would increase to 1 million by 1990. Furthermore, any cuts in the Social Security COLA will fall hardest on the oldest, the poorest, the weakest, the least advantaged, and the most feeble of recipients. For many, Social Security is their only means of income. For all recipients on a fixed income, the Social Security COLA is their only hedge against inflation that we have control over as elected officials. By decreasing seniors' spending power for the next 3 years, we will be placing them in a dangerous catchup mode and will permanently reduce their already meager standard of living.

Twenty-one percent of my State's population receives Social Security benefits and will be affected by a change in the COLA.

These Floridians have taken the time to explain in great detail their need for the Social Security COLA and their fear of the future if we deny them a cost-of-living increase. I would like to share with my colleagues brief excerpts from some of these letters. A woman from Ozona, FL, writes, and I quote:

> In 2 years I will be eligible for Social Security and will be one of the people in the poverty level group. Married for 30 years and mostly a homemaker, at 50 years of age I was divorced with a settlement of $20 a month. I have been unable to secure a job with a retirement pension and I have very little savings. I have managed to support myself so far, but after I reach 65 years of age, I wonder.

Another letter is from a 67-year-old woman with heart trouble in Dunedin, FL. Her husband is 72 and disabled. They have raised five children and are worried about their well-being if their Social Security COLA is cut. She writes:

> The point is, we have paid taxes all our lives and managed, by avoiding luxuries and wasteful spending, to get along without being a burden to anyone. We have savings which we scrimped to save, and have to pay taxes on interest, but we need the Social Security check, and the small increases are certainly just that—small—while all expenses increase much faster. That is the unreasonable part. Social Security should not be bandied about up there in Washington. It was intended to be an insurance plan, which we paid for. It should remain so.

Mr. President, I could not have said it better.

Why then, is Congress considering a budget resolution that will take billions of dollars from elderly, when these funds cannot be used for any other purpose, and when the Social Security trust funds are generating growing surpluses? Is there any other reason than the fact that it makes the proposed spending restraints in programs that are financed by the general fund easier to swallow?

Our task this week is to cut unnecessary and wasteful spending. It is monumental and it is difficult. We have people who have been in this body for years and years that have been unable to do that. But, by including reductions in the Social Security COLA, we will impose a tremendous hardship on hundreds of thousands of our fellow Americans for no apparent reason. The Federal Government has made a pact with the workers of this country. Those that are now retired made a lifetime of payments with the expectation of receiving their benefits—including the cost-of-living increase due them under current law. How can anyone renege on that promise? It is important to keep your word. It is important to be trusted, especially by those who have worked and saved and scrimped and feel that today their only failure in life is by living too long.

I am proud of a generation of Americans that contributed their time and their efforts and want to live meagerly in this country and not be a burden on anyone.

I urge my colleagues to weigh carefully these important facts, and to stand with me on this vital issue. I feel certain that, after close examination, the only logical and conscionable vote on this amendment will be a "yes" vote.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. WALLOP). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, how much time is there remaining for the proponents of the amendment?

The PRESIDING OFFICER. There are 2 minutes.

Mr. DOLE. Let me indicate for the record that in this colloquy and exchange we had with the other side, it consumed 18 minutes of the proponents' time. So I think there was a fair division there.

I now yield the remainder of the time on the amendment, plus 9 minutes on the resolution, to the distinguished Senator from New York, Senator D'AMATO.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, first, I thank the distinguished majority leader for having given us the opportunity to offer this amendment. Over the past week he has operated in a forthright and honest fashion. There may be some who will say that this amendment is a transparent attempt to gain political advantage. To that I say, we made no secret, the Senator from Florida and the Senator from New York, of our intention to oppose any measure reducing Social Security. This has been clear to my colleagues in the Senate and my constituents. I indicated to the leader and to the President that I would not vote for a package that went back on what I thought was a commitment that we have made to those receiving Social Security. That commitment was that Social Security would not be tampered with in any way.

A 2-percent reduction in the COLA is a benefit cut. It should be called nothing but a cut. In the last election we promised not to cut Social Security and this Senator interprets that promise to be no reduction in the COLA.

I think the facts are rather evident, no matter how we argue that we are not really cutting benefits. It is obvious that a COLA reduction is tantamount to a benefit cut.

I think equity dictates that we find another way to achieve deficit reduction. And budget reduction is important and I will actively support attempts to reduce spending.

I point out to this distinguished group that in the Social Security Act of 1983, Congress mandated that the COLA be postponed for 6 months. That 6-month delay cost Social Security recipients $15 billion. In that same act, for the first time we taxed benefits that go to Social Security recipients.

I think that there are innumerable other ways in which we can reduce the deficit. To be quite candid, I do not understand why we propose a COLA cut, why we strike fear in the hearts of many. If we are successful in reducing the COLA—and I certainly hope we are not successful—we will be pushing 530,000 people under the poverty line. That is a dastardly act.

Deficit reduction is important. I think that we should move to cut spending across the board, and that we have begun to do it in this budget. That is why I supported the budget last evening.

What we do is we create in the minds of senior citizens that they cannot trust their Government, they cannot trust people who say to them, "We will never cut benefits." And it is not good for this body. It is not good for the institution of Government. And it is certainly a reversal of a commitment that I believe we have made in 1984.

I felt very strongly about this promise. So did Senator HAWKINS. That is why we indicated, notwithstanding that we feel strongly about deficit reductions, that cutting Social Security benefits was wrong. Thus we worked with the majority leader to assure that a COLA restoration have full and free debate. This was our goal. The American people deserve free debate on this vital issue with no parliamentary encumbrances. We have accomplished this end. This way the Senate can go on record on the COLA cut.

Let me suggest to you that Social Security recipients have already paid to reduce the deficit. The COLA delay mandated in 1983 cost $15 billion. Taxing Social Security benefits will raise another $30 billion through 1989. Now is the time to look elsewhere for cuts.

Mr. President, I ask unanimous consent that I be allowed to add Senator SPECTER as a cosponsor of the pending amendment.

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

Mr. D'AMATO. I yield to the distinguished majority leader.

Mr. DOLE. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator had 9 minutes, of which 5 minutes remain.

Mr. DOLE. Mr. President, let me just say a word, and I will yield the floor. I will hope we will make some progress today on this budget package. This is obviously one of the most contentious and sensitive amendments. I think the important thing is that the amendment is before us. I understand there is some importance as who may be perceived as the offerer of the amendment. But the important thing is we are now going through the process which will be rather difficult. We will lose some and we hope to win some. I believe that the vote we had last evening is highly significant in that it sets the parameters of where we intend to end up. After all the amendments are voted on, some will succeed; hopefully more will fail.

In the final analysis, I think our responsibility has not changed on either side of the aisle. We may quarrel about parliamentary procedures and who gets to be the hero or whatever on various amendments. But in the final analysis we have to reduce the deficit.

I do not intend to do anything in the process that will in any way jeopardize that. I think the people demand it. The people expect it. They are waiting for us to do something.

The economic indicators are not all that good. I listened to three economists this morning, and, of course, they had three different opinions. Two were predicting a recession in 1986. Much of these economists' analysis was based on the fact that we are not doing anything. We are talking a lot, but we are not doing anything.

We are hearing that we cannot touch this program, we cannot touch agriculture, we cannot touch anything, but still we all want to reduce the deficit. I hope we will not end up as I know some would like to do in this Chamber, by raising taxes and continuing to cut defense. To me that is not deficit reduction. If we are going to reduce taxes, it should be by reducing rates. That might work out something. But let us not avoid making difficult decisions on the spending side.

I would hope that we are getting into the sensitive areas. There will be two, three, or four of these. Then I hope we are going to see a lot of bipartisan amendments, crossing party lines.

This is one of those that may not be of that character at the outset, but I have to believe as we go down the path of trying to put together a reasonable package that we will return to this particular item, if necessary. We will find some way to build a package of $300 billion in debt reduction by 1988 without adding revenues, without taxing the American people.

If we are not willing to demonstrate to the American people wherever they may be from, whatever their economic status, that we are willing to take action in protecting the very low-income groups, the vulnerable groups, then I am not certain all the preliminary rhetoric could make that much difference.

Mr. President, I am an optimist. I have friends on the other side of the aisle. We hope we do not fracture those friendships by these little parliamentary maneuvers. In the real world, no one really cares. I have an idea that not even 1 in 1 million people know what is going on here and perhaps they are better off. But when we finish, I hope we have a package that 900,000 out of 1 million might agree with.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me yield myself 10 minutes in opposition to the amendment. If anyone wants to speak in opposition to the amendment, I will say we have plenty of time on the resolution and there will be time available for them.

Mr. President, there have been some speeches directed clearly to the senior citizens of this country. The first two have been by members of my party. I have the greatest respect for them. I am sure what I am going to say about their discussions will apply to a number of similar positions that will be taken on the other side of the aisle.

Mr. President, I want to speak to the senior citizens of America, too. I hope they know that those of us who are not going to vote in favor of this amendment to take out any change in the cost-of-living automatic adjustment for the pensioners of this country do not like to do that. As a matter of fact, I regret that we are in a position we are in, and I think there is plenty of blame to go around before we hear from people who will blame all of this on Ronald Reagan, or PETE DOMENICI as budget chairman, or the past history.

The truth of the matter is there is plenty of blame to go around. None of us relishes coming to the floor of the Senate and telling the American people, including the senior citizens of the United States, that they might not know it yet, but their country is in big trouble. And if it is not in big trouble, then we are wasting our time because none of us enjoy changing programs of the U.S. Government that help millions of seniors or the few thousand small businessmen that get subsidized loans, or the few thousand young men and women who are in the Job Corps. None of us relishes changing those programs.

But if there is one thing I am sure of, it is that the senior citizens of this country are willing to share in some sacrifice if they believe it will help their country and if they think it is fair.

I want to say for those who are thinking this is just one piece of the budget, do not worry about it, not 72 hours will pass before there will be an amendment to do the same for the military retirees who are being asked to restrain their automatic increase in their pensions, and it will pass. It will not be longer than that same 72 hours that a group will be on the floor saying, "Let us do the same for Federal employees who are retired, for they are being asked along with the seniors to take a 2-percent increase in their cost of living instead of an automatic."

If you add all that up, for those who do not think it amounts to too much, and that is about $30 billion in savings, a large part of the package to fix America. That is shared sacrifice.

If we do not have a problem, nobody ought to sacrifice. If we have a problem, then everybody ought to sacrifice. Frankly, I believe the senior citizens of this country are willing.

They are not going to be willing if they listen only to the rhetoric of those who say we are asking too much of them, that we do not have to do it. I even hear arguments that since this is a trust fund, to make it more solvent and save some money does not help the deficit.

Let me tell you in the simplest terms. Put all of the programs of our Government and all of the checks we are going to write into two checking accounts—let us make one checking account for everything other than Social Security, and another checking account for Social Security. We are writing checks on the first for everything else, and it is in the red. If you do not write checks on the one that has a little bit of money, nevertheless, they are still your only two checking accounts, all the people's money. If you save $6 billion by spending less from either one, you save $6 billion off the deficit.

I do not believe the President has stated that issue properly. I do not believe those who argue that it does not really save anything understand what they are talking about.

Let us get back to the senior citizens, the senior citizens of America.

If you knew that sometime in the foreseeable future, prosperity in America was doomed and we were going to go downhill and millions of your sons and daughters and grandchildren were going to be without work, millions more than are without work now, and American businessmen were not going to have any business left because we were going to have a recession or inflation—if you believed that, and I hope you do, because it is true. Would you not act. Not just the future of seniors, but the seniors' children and grandchildren who are working in the United States, who own a laundry, or who are former veterans and own a gasoline station or work in a factory—we are worried about them all. And we have to reduce this deficit to give them the prosperity they want for America even the slightest chance of continuing for some period of time.

Senior citizens of America—are we asking you to sacrifice alone? You just heard that other pensioners are being asked to do the same—about $30 billion in savings. Later on, in further rebuttal, I shall tell everybody how much Social Security increases are going to be, even with the so-called cuts that are being referred to. Are we asking you to sacrifice alone? Let me just go through the list of the people and the programs we are asking to sac-

rifice in the interest of a future for everyone.

Five hundred accounts of your Government's activities are either being cut, reformed or frozen. Twenty programs in this proposal are being eliminated from the Federal Government's inventory of domestic programs. Thirty programs are being reformed. That is 50. These programs serve tens of millions of Americans, and we are asking them to share in this sacrifice because their programs, programs that they are interested in, that they might have a subsidy coming from, are going to be reduced over the next 3 years by $155 billion. We are not reducing seniors' cost of living alone, changing a program that they are now the beneficiaries of or eliminating them. I shall tick off a few of the sacrifice we are asking in this package.

I am not sure the Senate or the Congress is going to have the courage to do them, but the proposal before us says rural housing will be dramatically changed; Amtrak eliminated; Economic Development Administration, a small program, eliminated; Appalachian Regional Commission, done away with; impact aid for B students, those students that belong somewhat to the Federal Government that are in schools, eliminated; crop insurance; UDAG; SPRO—strategic petroleum reserve—deferred for 3 years; general revenue sharing no longer in existence after January 1987; Federal civilian retirees are asked to take a little less of an increase each year. All civil servants of the United States are being asked not to get any increase in their paycheck for a year.

The Defense Department is scheduled for a $100 billion reduction below that which the President requests. And we can debate that issue later, whether that is enough or people think we ought to take more. But that is a reduction, too.

It seems to me that either we have a problem—and it is a big problem that has the potential for doing more harm to more people in the United States than any one of these programs or than all of them combined, more harm to the senior citizens of this country than the shared sacrifice we are asking them to make here—or we ought not to cut any program. We just ought to say everything is rosy, we just ought not to do anything.

Frankly, I do not believe that the senior citizens of this country feel that way. With all deference to those I have hard from already on my side, and I am sure I shall hear the same on the other side, I just do not believe that when the seniors understand the dimension of this problem, they are going to vote against you all if you ask them to share a little bit in this sacrifice.

I do not say that facetiously, but I must admit that I have some suspicion that is why people are somewhat concerned, because it is a very, very large number of Americans. Americans should know that those who receive Federal pensions now approach 40 million, the largest group of Americans other than the taxpayers of this country, the largest single group of Americans. But let me say to all of them, "I think you do believe that if there is a problem, you ought to share if others are sharing in this sacrifice."

I think what some people believe is that Americans will not believe the nature and dimension of this problem until a crisis happens, until it is on us, until this economy has gone down, until a recession has set in, and they look there and say, "Could we not have done something?"

Frankly, I do not believe that is why we are elected, to wait around for that, and I have an awful lot of confidence in the average American, because he senses something is wrong. The people sense something is wrong and that it is desperately wrong. They are absolutely the American people, including all the senior citizens, who have more common sense than all the politicians combined, and they are generally 2 or 3 years ahead of us.

Mr. President, do you think they really believe that we can go on spending anywhere from $200 billion to $250 billion a year more than we take in and everything is going to be rosy? They just do not believe it. As a matter of fact, they are looking at us from out there in America—I do not know about around this little circle here of Washington—but out there in America, they are saying "You just cannot be serious. You cannot be serious. We cannot keep on spending that way."

I repeat, everyone has to sacrifice and I believe this budget proposal will stand that test. We shall debate defense later on. Maybe there are some saying that the defense of our country has not sacrificed enough in this situation, but we will look at that. I do not believe, on their own, without prompting from politicians, that they will equate defense spending with Social Security increases.

I have heard some people say, since we are at 2 percent guaranteed growth for Social Security, maybe you would vote for growth in defense, now that we have some symmetry that we can sell. I do not believe that they are that gullible.

Conversely, I think we fool ourselves every day that we wake up trying to figure out ways to sell it to the American people. There is nothing to sell. As a matter of fact, we do not have any money around. It is not a cliche to tell the cities of America, "We can't give you revenue sharing because we don't have any money." That is not rhetoric. That is the truth. We are only $222 billion in the red, and even with good economics it will rise to $240 and stay there. The average American cannot understand billions, nor can we, but they know something is wrong, and they are saying to us, "Do something about it."

Now, there are a lot of people who will say, "Do something about the deficit, but don't do it with Amtrak, don't do it with Job Corps, don't do it with small business." And here we have them saying "Don't do it by tampering with the cost-of-living adjustment for the pensioners of America."

Well, frankly, when you get through with the "don't do it because," we are going to be in a good mess. This amendment, combined with its two sister amendments on the other pensions, is $30 billion. And we just started.

We will have Amtrak and its $780 million a year—$1.5 billion, $2 billion over 3 years. We will have Job Corps and its $600 or $700 million a year, $1.5 billion over 3 years. We will have the farmers down here, and even though we are leaving $11 billion a year for the next 3 years in direct subsidy for farmers, even though that is supported by the Farm Bureau of America, and even though that is 2½ times per year more direct subsidy than 5 years ago under President Carter, we are gutting the farm program.

And I tell you what we are going to do: When we are finished with all of that, there will be for certain something we can say, that we will have gutted any chance of prosperity for everybody in this country. Every group that they want to talk about as they go through this amendment and say, "We can't because we must protect, we must help, we must continue," every one of those groups will be immeasurably hurt, far beyond anything that is going to happen to them in this budget when their children cannot get jobs, when their neighborhood grocer goes broke, when the veteran whose program we are changing slightly cannot find a job. He is going to be very interested in whether you changed the right to hospital care at 65 years of age when he cannot find work or when inflation goes back up to 15 percent.

Mr. President, I am a realist. I understand what is going to happen on this amendment. But I tell you you cannot put a reasonable package together, commensurate with the nature of this problem, without asking everyone who gets a check from the Federal Government to sacrifice a little bit—everyone. I believe before we are through——

Mr. CHILES. Will the Senator yield?

Mr. DOMENICI. I will be finished in 1 minute.

Mr. CHILES. I wonder, if the Senator will yield——

Mr. DOMENICI. After we finish all this, I believe some sanity will come back and it will not all come from my side of the aisle, I tell you that.

Mr. CHILES. Will the Senator yield?

Mr. DOMENICI. I yield.

The PRESIDING OFFICER. Off whose time?

Mr. DOMENICI. I yield off my time.

Mr. CHILES. I was intrigued by the Senator's statement that he would not be able to solve this problem without everyone who gets a check from the Federal Government being willing to sacrifice and yield a little of that money. My understanding is that General Electric gets a check from the Federal Government. That check comes in the way of tax rebate.

Mr. DOMENICI. I understand.

Mr. CHILES. In other words, they do not pay any taxes, but we are talking about putting a permanent structural change on Social Security COLA's. We are paying General Electric so they get a check. I would trust that the Senator's statement would cover General Electric.

Mr. DOMENICI. No question, it does.

Mr. CHILES. Good.

Mr. DOMENICI. I thank the Senator for bringing it up. There is no question in my mind that we have some individuals and some corporations in this country who are not sharing the sacrifice. There is no doubt in my mind. I do not think that it is going to be the issue here because I believe there is an overwhelming sentiment to do something about that issue. It probably will be done as part of the tax reform that everybody is talking about. I hope it is.

Mr. CHILES. I thought we were talking about deficit reduction.

Mr. DOMENICI. That is correct. I just want to suggest, so the American people understand, the issue is not whether we should tax some people and some corporations that are not paying taxes, because we should. The issue is what do you do with the taxes you get from them.

Now, I am going to yield. The Senator will have all the time he would like, I say to my friend from Florida. But here is the issue. You are going to pick up some tax dollars from those individuals and corporations that you want to tax as part of this fairness. Do you use that money to pay for programs or do you use that money for the taxpayers?

Mr. CHILES. What do you do with my taxes?

Mr. DOMENICI. You cannot have it both ways.

Mr. CHILES. What do you do with it?

Mr. DOMENICI. You put it in the general fund and we do not have any left over.

The PRESIDING OFFICER. The Senator will address the Chair when seeking recognition.

Mr. CHILES. I was asking the Senator if he would yield.

Mr. DOMENICI. I will be finished in a minute. I did yield once. I will be pleased to yield. I do not have any disagreement on the issue. I would just like to make the point. If you use those taxes to pay for programs, you cannot use those taxes to lower the taxpayers' rates in this tax reform everybody is looking for. So you have a choice. You impose those taxes, and you either spend it for programs or you spend it for the taxpayer who is saying we need to be fair to them, too. We need to reform the tax laws. You have a clear choice. I believe the taxpayers would opt for us getting on with the business of reforming the expenditure side, too—the programs and the cost of Government. That is what we are talking about.

Now, I want to just summarize by saying if I have appeared to be concerned, that appearance is bona fide. It is legitimate because I am. I do not know how, I do not know when, but clearly we have to muster the courage to do something substantial about this deficit now. I believe the proposal we have to treat everyone the same on pensions, freeze pay for a year, eliminate 20 programs that do not have broad application to America, reform 20 more, freeze almost every other account of Government and have our debate here on the floor on defense and see if 3-3-3 is right—I think it is, in any event, you bring it down to rock bottom—and I think you have the best mix of shared sacrifice consistent with our responsibilities. I yield the floor.

Mr. CHILES. Mr. President, I yield myself 2 minutes off of the resolution and then I am going to yield to the Senator from New York 10 minutes off the resolution.

I say to my good friend from New Mexico, I listened with interest to his remarks. I do not really completely understand his distinction about taxes. My taxes go to pay the general services of the Federal Government, as do his and everybody else who pays taxes. I do not understand why those corporations that are not paying any taxes and those individuals in this country who are not paying any taxes, why their taxes would only go to reduce somebody's rate. Shouldn't they be paying something for the general services of this country as well? It seems to me they should.

We talk about this plan being one of shared sacrifice, that it will stand the test of shared sacrifice. Mr. President, if this is such a good plan for shared sacrifice, I wonder why there are now well over 28 amendments to be offered by Senators who voted for this plan yesterday. Senators on the Republican side are going to add back over $60 billion to this plan. Is it such a great plan of shared sacrifice? I think it will be interesting to see as we go through the debate whether a lot of Senators on that side feel it is. But I certainly think it is not, especially when it is going to make a structural change in Social Security and demand nothing of people who are paying nothing.

I yield now 10 minutes to the distinguished Senator from New York.

The PRESIDING OFFICER. The Senator from New York has 10 minutes.

Mr. MOYNIHAN. Mr. President, this is a moment of quiet vindication and quiet reaffirmation of the purposes of the Democratic Party over the half century since we established the Social Security Program as the central arrangement of social insurance in the United States. It is the first comprehensive program ever adopted and, in its development thus far, the most important of our social policy programs.

This moment marks the end of the effort by the administration to dismantle the social arrangements put in place in the last 50 years by means of a contrived deficit. The moment we vote, the great Reagan offensive will have been blunted, failed and left in disarray.

Mr. President, just the other day the distinguished Director of the Office of Management and Budget, Mr. David A. Stockman, made clear the purpose of using a deliberately contrived deficit as a means to abolish programs which were objected to on grounds of political principle. In a very careful and thoughtful column, Mr. Jonathan Fuerbinger of the New York Times reported:

> More than any other plan offered by the President in the last 5 years, this package reflects his desire and that of his Budget Director, David A. Stockman, to shrink the size and role of Government as permanently as possible. The budget votes in the Senate, Mr. Stockman has said, are "the best, last and only opportunity we will have in this decade, or maybe for decades to come, to determine whether or not we can fundamentally restructure and bring under control this far-flung, bloated, sprawling, $1 trillion national budget."

Now, Mr. President, under this administration, the national budget is the highest proportion of gross national product at any time in our history, save World War II. The administration has utterly failed in its purpose to reduce the size of Government. They have compounding deficit interest payments passing $150 billion per year. But at this moment, they have failed in their central purpose, which was to destroy Social Security. That the President wished Social Security be made voluntary—which means that it be abolished—was as clear to his aides and to anybody in this Senate, as anything could be.

Mr. President, please remember on his 16th day in office, February 5,

1981, when the President went on television and spoke to the country.

He said:

> There were always those who told us that taxes couldn't be cut until spending was reduced. Well, you know, we can lecture our children about extravagence until we run out of voice and breath or we can cut their extravagence by simply reducing their allowance.

From the first, the deficit was deliberate. What they did not know was it would become a monster. That it would consume them; and not just what they thought were the unnecessary and undesirable events of the previous half-century.

On May 12, 1981, Mr. President, before any fiscal stringency appeared, the President sent to this Chamber a program which would have cut, by 40 percent, the benefits of any Social Security recipient retiring the following January at age 62—a 40-percent cut before there was any mention of a deficit.

On May 20, I came to this floor in the morning and said: "That will not pass." I waited 4 hours for someone to appear on the other side of the aisle to agree. And that is why I cannot but thank my friend and colleague from New York [Mr. D'AMATO], and our colleague, Mrs. HAWKINS, for having appeared on their own now. Four years ago, that side of the Chamber was empty until 2 in the afternoon when the distinguished, now-majority leader appeared, offered the same resolution, asked us to cosponsor it, and it passed 96 to nothing.

A commission was put in place. From the outset, we have said the Social Security system was stable. If it had difficulties, they were fixable.

In a 12-day negotiation in January 1983—of which the distinguished majority leader and I were a part—we made those arrangements. We made cuts. We put off a half-year cost-of-living allowance.

I observe the great indifference with which my remarks are being heard by the majority leader and the chairman of the Budget Committee. That is all right. They will hear them again.

In the next 3 years, the Social Security retirement funds will bring about a decrease in the deficit of $28.8 billion; a $108.3 billion reduction in deficit in the next 5 years. That they will not eliminate the deficit is not the problem of the Social Security funds. Social Security is in sound condition, and recently the trustees of those funds said that they would be in sound condition well in the next century.

Even so, the majority proposes to raid the Social Security funds to deal with the monster deficit they have created. My friend, the chairman of the Budget Committee has said, we must tell senior citizens that our country is in "big trouble."

Mr. President, I would be willing to have him say that, if he would also say that they are the people who put it in great trouble, big trouble. They—on that side of the aisle—are not listening to a word I have to say. It is as if the floor were empty, as indeed it was 4 years ago.

Big trouble, indeed, Mr. Chairman, and you have presided over it. You have doubled the debt of this country in 4 years. You have wiped out our overseas holdings. We are a debtor country for the first time since 1914, and you have done that—you, sir, you and your colleagues.

You talk about a time when children will find they cannot get jobs; when neighborhood grocers will go broke; when veterans can't find jobs; when inflation goes up to 15 percent. Well, it may not be far off and you will have done that. And you do not want to hear it. And you turn your back. And you might as well leave the floor, because you do not want to know what you have done.

This was a deliberate creation to produce the restructuring of the Government; to make Social Security voluntary, which was to say to abolish it. It did not work. But, in the deficit, you have created a monster you can't control and don't understand. And you will not listen to anybody who does understand.

Do not listen. You were not here, either, on May 20, 1981. That side of the aisle was empty. And it is full of empty talk now, and what is more, Mr. President, there is a very considerable assault on the integrity of the American political process. Everyone knows that it is in the nature of political exchange to invoke hyperbole about commitments that cannot always be kept. But after that, a Presidential commission put Social Security arrangements in solid condition—and they are in solid condition—producing a $180 billion surplus over the next 5 years. In the second debate of the last Presidential campaign, the President said——

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. MOYNIHAN. May I have 2 more minutes?

Mr. CHILES. I yield the Senator 2 additional minutes.

Mr. MOYNIHAN. I thank the Senator.

The President said, on October 7, before 60 million Americans:

> A President should never say "never," but I'm going to violate that rule and say never. I will never stand for a reduction of the Social Security benefits of the people that are now getting them.

Mr. Speakes said 2 days later, that applied to the cost-of-living adjustments as well.

There is an issue of integrity here. That kind of commitment should never be made by a President and not kept by his party.

But, more importantly, Mr. President, it will not do to stand here on this floor and talk about a deliberately contrived crisis that became a disaster and blame it on the recipients of social insurance.

That strategy has failed. Its high moment is gone. It was gone from that moment on May 12, 1981, when the President made clear his intention—before there was any discussion of the deficit—to decimate Social Security; 4 years later, it is from the Republican side that we come along with an insistence to keep the President's pledge. I thank my friends from New York and Florida, for an honorable commitment to keep the President's pledge. But also it is a dismal statement of failure of the past 4 years of disguised intention to dismantle commitments made to the American people. You yourselves acknowledge that commitment and now you cannot think of anything better to do than to break the word of the President, the word of Congress, and the commitment to the Nation.

I hope you think your way through this, but please no more talk about the 30 years. It is the last 4 years, and if we could help you understand what you have done, we might be more able to help you out of what you have done. Until you give some inkling of understanding what you have done to the political economy of this country, there is no hope of helping you.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield myself 30 seconds.

I thank the Senator from New York for his kind offer of assistance. I hope he really means that he is willing to help us solve an American problem. We need all the help we can get.

I yield as much time as the distinguished Senator from Colorado needs off the resolution.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I appreciate the Senator from New Mexico yielding to me.

I rise to oppose the amendment offered by the Senator from Florida [Mrs. HAWKINS] and the Senator from New York [Mr. D'AMATO]. I do so really with a degree of reluctance because these are two of my dearest friends and just for every personal reason I would be disposed to support anything they wanted to do in this Chamber if this were just a routine amendment. What I would do is I would say sure, let us get behind it, because PAULA and AL want it, and let us go with it. I would also be disposed to support this amendment on the grounds that I would like to do anything I could for people who are Social Security recipients. I know lots of them. They are fine people. They are

just what Senator HAWKINS described. They are people who have paid their dues, who have built this country, who have an enormous amount of patriotism and concern, and they are admirable persons, and they are not strangers. Bear in mind when we talk about these Social Security recipients we are not talking about some alien race. We are talking about our own mothers and dads and grandmothers and grandfathers. So there are a lot of reasons why I would personally like to support this amendment.

But, Mr. President, I am not going to. I am constrained not to, as I hope the majority of Members of this Chamber will be constrained not to, because it is a killer amendment. This is a wrecker amendment. It is an amendment which if it is adopted will in all probability set the stage for unraveling this whole budget package.

This is not just a question of taking one amendment and then toeing the mark on everything else that comes along because it will not happen that way. If we cross the threshold by passing this amendment, we run the serious risk that it will then be impossible for us to pass any kind of common sense budget measure.

I think this is not only a test of the credibility of this package put forth by the majority leader and by the Senator from New Mexico and by a number of others. It is a test, in a sense, of a credibility of Congress itself. Do we have the discipline to make a tough decision, to turn down a juicy, attractive amendment, an amendment for which there is much support in this Chamber and throughout the country?

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. ARMSTRONG. Mr. President, from long experience I have discovered that yielding to the Senator from New York, who is a man of much knowledge and great wit, is a dangerous practice, and since it is well known to all Senators that he is extraordinarily well informed about this issue and since it is well known that he is one of the handful of the most skillful Senators when it comes to making a newsworthy quip and making his point with a style and grace that has made him not only known throughout our country but indeed has caused him to be a Senator of international reknown, I am truly reluctant to yield to him because it is my hope in the next 30 minutes or so to make the best case that I can as to why this pending amendment should be turned down, and I would be less than true to my mission if I were to yield to him at this point.

Mr. MOYNIHAN. The Senator has a not altogether disagreeable way of saying no.

Mr. ARMSTRONG. I thank the Senator.

At the proper moment, I would be happy to yield to him and to respond to his questions and to engage him in a colloquy.

Mr. President, there was once a British historian who wrote that democracy by its very nature is a temporary form of government. It was his judgment that in the long run democratic nations would simply be unable to resist the impulse to spend money. He said that when legislators discovered that they could vote benefits to their constituents out of the public purse, the whole thing would collapse in loose fiscal policy.

Mr. President, I do not happen to share that gloomy assessment of human nature in the body politic. I believe there is an enormous——

The PRESIDING OFFICER. If the Senator will suspend for a minute, could we have the galleries cease conversation, the staffs cease conversation, and Senators on the floor cease conversation so that the remarks of the Senator from Colorado could be heard?

Please proceed.

Mr. ARMSTRONG. Mr. President, I thank the Chair for establishing order in the Chamber.

I do not share this gloomy appraisal of the direction of things in our country. In fact, on the contrary. I see emerging a consensus which is not only more realistic but more compassionate about the ends and purposes of government and more realistic about the limitations of what we can afford to do and what we can afford to spend, more realistic in terms of focusing necessarily scarce resources on those concerns of the highest priority.

But, Mr. President, I must warn my colleagues that the passage of this amendment is exactly the kind of action by which historians and political scientists and other thoughtful persons have warned. This is a killer amendment.

Now I happen to believe that the passage of this amendment could—no one knows for certain—but could set the stage for what one of our colleagues called a demolition derby. Maybe it will not. Maybe we can adopt this amendment and then turn back everything else. Maybe it is realistic to suppose that if this amendment is passed we are going to be able to say no to the veterans, no to the farmers, no to education, no to health, no to defense, no to all of the worthy meritorious areas of spending for which amendments will be proposed to increase the overall cost of the Government.

These are not in most cases—some exceptions—but these are not in most cases useful or frivolous programs. These are good programs. And it will be the fathers of these programs right here in this Chamber who will be asked to vote on whether or not they should be enlarged or continued or whether or not we should increase spending, and that is not going to be easy to do under any circumstances.

Mr. President, what I fear is that it will not be possible to do if we set the stage for the debate on this issue on the whole budget issue by adopting a killer amendment of this kind, and that would be a tragedy because if there is one thing of which I am absolutely convinced, it is the failure to adopt a large measure of budgetary restraints will result in economic catastrophe for this country. I am not going to attempt to document that, Mr. President. I believe every Senator knows that, I think our constituents at home are well aware of, the journalists realize it, economists have pointed it out over and over again, if these massive deficits in excess of $200 billion a year are permitted to occur, if we take no action to restrain the growth and indeed to extinguish these deficits, I cannot personally see any alternative to rising interest rates, a smothering of the economic expansion now under way, rising unemployment, and really a lot of hardship for every hardworking man and woman, every Social Security recipient, every family and every community in this country.

And that is why I think it is so important that we support the package which has been sent to the desk by the majority leader and by the chairman of the Budget Committee.

Is it the best package? I do not think so. There are a lot of other better packages we could have put together. And I am sure somebody has the dream of a better package in their mind right now. I am sure there are Senators who have in their briefcases or in their desks better packages which are fairer, and ways to cut the deficit in a more equitable way.

There is one thing to keep in mind when you think about those packages. There are not any of them that have a prayer of passing. Maybe somebody can come up with a better idea, but, as of noon today, I do not think there is another package that is within 15 or 20 or 25 votes of getting a majority.

Now, I do not know whether or not, when we finish this debate, whether or not the package that is now pending will be able to pass, but at least once on yesterday there were 50 Senators who, with some trepidation and reservation, were prepared to vote for it. As we consider these amendments, I hope all Senators will ask themselves: "After the adoption of this amendment, will it be easier or harder for us to finally pass some budget resolution that, one way or another, under some rubric or another, will, in fact, curtail the deficits by $50 billion, of $60 billion this year and by rising amounts in years ahead so we can balance the budget by the end of the decade?"

It is not because this is a wonderful package that I support it. It is because it is the only game in town. That is exactly the reason that has caused some observers throughout this country to rally in support of this budget resolution.

The Washington Times, on April 8, wrote an editorial in which they described this as:

> Not a perfect proposal, but the sort that makes fine-tuners into naysayers: a good recipe for a swift victory.

The Wall Street Journal, on April 18, summed up a lengthy editorial, which presently I will ask permission to put in the RECORD in full, in the following words:

> By proposing the actual elimination of moribund Federal programs, the President and Majority Leader DOLE have taken a first, significant step in breaking the cycle of budget failure.

And it goes on to explain why this budget package, developed between the leadership and the President, should be adopted.

The Dallas Times Herald says much the same thing in an April 6 editorial. The Clarion-Ledger, of Jackson, MS, on April 12, editorialized under the headline "Budget Compromise Deserves Backing." The Birmingham News, on the 12th, also wrote an editorial in support of this compromise package.

On the 7th of April, the Atlanta Constitution wrote a thoughtful and interesting article which concludes in the following paragraph:

> The compromise plan recognizes that virtually no one outside the administration was willing to increase defense spending as much as the president proposed; it trades his concession here for deeper cuts in domestic programs that either house of Congress would have made on its own. It has the political advantage of restraining everything, even defense and Social Security, in a package that will be perceived as more fair than the president's original proposal.

The Chicago Tribune editorialized on April 29, "Pass the White House Budget." The Detroit News has written an interesting and worthwhile editorial which I commend to the attention of my colleagues, as has the Chattanooga Free Press, on Thursday, the 25th of April. And, finally, the Cincinnati Inquirer, also on the 25th of April, wrote an editorial headlined: "The Budget, Reagan Deserves The Nation's Help With His Deficit-Reduction Package."

Mr. President, I send these editorials to the desk and ask unanimous consent that they be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER (Mr. HUMPHREY). Without objection, it is so ordered.

(See exhibit 1.)

Mr. ARMSTRONG. Mr. President, that is what is at stake is the whole budget. It is not just what we are going to do about Social Security. It is what we are going to do about the economy, about the economic future of this country, about jobs, about interest rates, about whether or not farmers are going to be able to get loans, whether or not the communities of this country will prosper or dry up and wither on the vine. That is what this amendment is really all about.

In that spirit, Mr. President, I oppose it, and I would like to make a fairly careful analysis of the arguments that have been put forward in support of passage of this amendment.

First of all, let us take a look at the current law. At the present time, Social Security benefits are automatically increased whenever the cost of living rises by more than 3 percent. Now, keep that number in mind because we have heard a lot of fairly flamboyant rhetoric here this morning about how the amendment suggested by the leadership package is a draconian cut. It is nothing of the kind. It is, in a sense, more generous than the present law.

All we are suggesting in the proposal laid down by the majority leader and the chairman of the Budget Committee is that cost-of-living increases for Social Security, Federal and military pensions, and veterans' benefits go up at least 2 percent per year for the next 3 years and an additional cost-of-living adjustment will be paid equal to the rise of the consumer price index above 4 percent a year. In other words, it is conceivable—in fact, if our optimistic projections on inflation are realized, it is very possible—that recipients of Social Security might actually receive more in a cost-of-living adjustment under the leadership package than under the present law.

Now, does this cut the current level of benefits? I think there is no real reason for confusion on this point, but I just want to meet that issue head on.

The question is, at what rate will the payments to Social Security recipients increase? There is no suggestion that anyone's cost-of-living adjustment will be cut. Well, if we do not increase them at some predetermined rate, does that constitute a cut? As Senators think about that, I would urge them to remember that the vast majority of people in this country, working men and women, do not receive an automatic cost-of-living adjustment.

Under the proposal which is now pending, not the amendment, but under the leadership plan, a typical elderly couple will receive $1,132 in Social Security benefit increases over the next 3 years. Even with this proposal, even with a 2-percent cap followed by an increase dollar for dollar above 4 percent, Social Security spending will grow at a compound average annual rate of 5.1 percent. This is, I stress, more generous than the present law.

I also think you have to consider future benefit increases in the context of what has happened in the past. Social Security benefits have increased over the last 15 years more rapidly than wages and more rapidly than inflation. From 1969 to 1984, benefits increased 247 percent, inflation went up 188 percent, and wages by only 162 percent.

What this means is that, in real terms, the income level of Social Security recipients, in real terms after adjusting for inflation, actually rose, went up, about 46 percent in real terms. During the same period of time, income of nonelderly working men and women of this country, who pay the cost of the program, declined by 7 percent.

Let me make the further point that the statistics are related to pretax income and since it is well known that the elderly, in effect, are taxed at lower average rates than younger persons, because they have some special tax provisions related to their age, the after-tax disparity is even greater.

I also want to point out, Mr. President, that the proposal which has been advanced by the Budget Committee and by the majority leader is fair to the poor. All Federal welfare and benefit programs that help the poor elderly will, under our plan, receive full cost-of-living increases. And, as a further protection, the proposal includes an additional $1.3 billion to increase benefits paid to the elderly poor under the SSI Program by $10 a month for individuals and $15 a month for couples.

Well, then, what about all this talk that the passage of the leadership plan will put 500,000 or 600,000 people—I think 570,00 is the statistic that I have heard quoted—into poverty for the first time. Well, I want to make two or three points about this poverty argument because I do not think a country like ours—a rich, prosperous, compassionate country like the United States of America—will or should stand still for anybody being in poverty. But, the statistical measure of poverty is deeply flawed for several reasons. First of all, and most important, it does not take into account the value of noncash services provided.

Second, I want to make the point that noncash benefits such as food stamps are not counted, and noncash assets such as equity in homes are not counted. However, it is not, Mr. President, primarily my purpose to quibble over the definition of poverty, but just to point out that if poverty is our main concern, a cost-of-living adjustment in the Social Security Program is an incredibly inefficient way to address that problem. Only $1 in $10 which is paid out in increased cost-of-living adjustments will actually go to the elderly poor.

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Let me say that again. If we increase the cost-of-living adjustment by adopting the amendment proposed by the Senator from Florida and the Senator from New York, only $1 in $10 will go to the elderly poor. Nine dollars out of $10 will go to the nonpoor.

Why is that? The answer is obvious, because Social Security is not a means test program. There are 36 million people in this country who get Social Security checks every month, and we do not know the income of any of them. We do not keep those records. When you sign up for Social Security, you do not fill out a form that tells what your income is. It is not a welfare program. I believe it would be a horrible mistake to try, directly or indirectly, to convert it into that kind of a program.

Finally, as we think about the question of people in poverty, may I make the point that if we are really serious about keeping all people, not just the elderly but everybody in this country, on the ladder of economic prosperity, the way to do it is to keep this country's economy growing.

Mr. President, a one point increase in unemployment would move about 1.6 million additional individuals below the poverty threshold in 1 year. That is just a one point change in the unemployment rate. That is, in my judgment, only the tip of the iceberg, only the smallest hint of the possibility of the economic chaos which is ahead if we fail to act responsibly on this budget resolution. Through 1984 the economic growth and the increase in employment moved about 4 million people out of poverty. If the same rate of progress continues in 1985 and 1986 largely as a result of passing the kind of budget package we have pending, it will have the same effect.

Mr. President, it is suggested that really we should not even be thinking about this because Social Security is not a part of the budget. Opponents of Social Security savings argue it is unnecessary, it is inappropriate. They say this is a trust fund. It is all entirely separate. After all, Social Security does not have anything to do with the Federal budget.

Mr. President, the Social Security trust fund is just one of many such trust funds which are a part of the overall Federal budget: Medicare, Railroad retirement, black lung, veterans, civil service retirement, highway trust fund, airport fund. Does someone in the Chamber suggest we ought to exempt all of these funds and not consider any of them? The reality is even though they are separate trust funds, accounted for separately, even though the money is not and will not be spent for nontrust fund purposes, they are a part of the Federal budget.

I called attention to a report by David Koitz, Specialist in Social Legislation, Congressional Research Services, who makes this point about the effect of Social Security on the budget:

> Over the years, people frequently have misunderstood the financial relationship of Social Security to the Federal Government. Some perceive Social Security to be a completely separate function of the Government that makes no impact on the Federal Government and the Government's borrowing needs. They view the Government as simply an agent administering an insurance policy. They perceive their Social Security taxes are flowing into special accounts kept completely separate from other receipts of the Treasury, that these taxes are used exclusively to meet the costs of the program. Therefore, they do not understand why Social Security is brought up in discussions of how to resolve Federal budget problems.

Let me interject that that seems to be a fair summary of the point of view which the proponents of this amendment have brought forward.

Mr. Koitz explains:

> The fact is, regardless of whether or not the program is incorporated into the official budget totals, the receipts and expenditures it causes are Federal ones. Social Security taxes are Federal taxes authorized under the Internal Revenue Code and the benefit checks are disbursements from the Treasury Department authorized under the Social Security Act. Moreover, the Supreme Court has held that the program's provisions are not like those of an insurance contract. As with other Federal social programs, Congress can unilaterally alter Social Security's financing and benefit provisions, if it deems it necessary.

Indeed, a couple of years ago that is exactly what we did. I assume that over time we will be called upon to do so again.

Mr. President, I ask unanimous consent that this brief report appear in the RECORD at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. ARMSTRONG. Mr. President, I would like to turn now to the suggestion by one of the previous speakers that somehow the adoption of the Domenici-Dole plan would constitute breaking our word, breaking a solemn compact that we have made with another generation of Americans.

Mr. President, I want to approach this with the utmost sensitivity because I do not think any Senator would want to urge another to violate his or her own conscience. If someone thinks that it is going back on a promise to stick with the leadership package, then, of course, that is their decision and one with which none of us would quarrel.

Mr. President, I want to stress that the leadership package is, in a sense, more generous than the present law. There are a lot of different approaches to Social Security running around. This is the one that happens to be endorsed by the majority leader, the budget chairman, the President of the United States, and some of the rest of us.

The ranking Democratic member of the Budget Committee has a budget package, one feature of which is an across-the-board freeze, as I understand it, which includes Social Security. Maybe that is a better approach. I was willing to vote for it. In fact, last year when Senator BIDEN, Senator GRASSLEY, Senator KASSEBAUM, and others offered a freeze that just locked everything into place, I was prepared to vote for that.

But the reality of it is that while we can quibble about whether this proposal is better or that proposal is better, the question we have to ask is whether or not any budget plan makes sense if you start by exempting the largest domestic spending program. I just do not think it does. I think if you start out to rule out-of-bounds a program of this magnitude and just say, "We are not going to touch that, it is a sacred cow; that is a program that simply is not subject to review by Congress, it is not part of the process, it is not on the budget, it should not be on the budget," and so forth, "It is going off the budget in 1993," or whatever, what you are really saying is that we have an impossible job. How do you go back and look in the eye everybody else who is being called upon to bear a part of the strain of correcting the budget deficit?

I just do not think it is going to work. Maybe if we adopt this amendment, Social Security recipients will thank us. Maybe they will come around and say to us individually or collectively that they are grateful to us for protecting their cost-of-living adjustment, that little sliver; and that is really all we are talking about, that little sliver of difference between the Hawkins-D'Amato amendment and the Domenici-Dole amendment, a little tiny piece. Maybe they will really say, "We are grateful for your doing that." But I do not think that is the case.

I sure do not think they are going to come back and thank us for adopting an amendment like that if the result is, as some of us fear, to blow the whole package out of the water. I do not think they are going to be pleased that they successfully insisted on getting a cost-of-living adjustment or that we did it for them, because I do not hear a lot of Social Security recipients insisting on it. I hear a lot of political figures insisting upon it on behalf of persons who are on Social Security.

I do not think they are going to thank us if the consequence is the kind of economic stagnation and rising interest rates and unemployment which most people think will result if we are unable to come to grips with this budget deficit.

Mr. President, I assume that all Senators will address this amendment on

its merits, not based primarily in political considerations.

I would like to say a word about the politics of this. I do not think we ought to basically make decisions of this magnitude and import based on political considerations. I think we ought to do what is right and let the political chips fall where they may.

But nonetheless, having said that, I want to say a little bit about the politics of Social Security. Last year, when we had the KGB freeze plan and 2 years before that, we had the Hollings plan, which froze Social Security, which at one point actually passed the Senate. The majority of the Senate voted for it at that time, as I recall. It passed the Budget Committee. Did it not pass the Senate as well? It passed the Budget Committee.

People said as I recall, "If you touch Social Security, it will be politically devastating; that is just dynamite, it is so sensitive." As one Senator, I want to report I have not found it to be so. It is well known I was one of those who sought reelection in 1984. I went out and talked to all kinds of different groups. Among those I spoke to were elderly persons and organizations of elderly persons, people who are recipients of Social Security. They asked me, "Are you going to guarantee us that you will not touch our cost-of-living adjustments?"

I said, "No, I am not going to make that guarantee. I do not want to fiddle around with the cost-of-living adjustment, but certainly, if that is what it takes as part of an overall package that is fairly balanced to get Federal spending under control and balance the budget and secure the next couple of decades of this country's economic future, then I am going to do what I have to do."

What do you suppose their response to that was, aside from the fact that they were kind enough to reelect me? I did not notice any great uproar among the senior citizens of the State. In fact, I have a higher opinion of the Nation's elderly, who are exactly the kind of people who were described earlier—hardworking, patriotic, people who have made this country great. I do not sense that they are running around saying, "We are going to keep ours, no matter what, even if it wrecks the country."

I said at the outset, these are not strangers; these are our mothers and dads. I will tell you something that some of the Social Security recipients have expressed to me: They do not think those of us who have to pay the cost of Social Security, who are not going to get on the program, are strangers, either. They are our children and grandchildren and the last thing in the world they want to do is leave an economic mess for their kids to try to straighten out.

So I think, aside from the merits of it, which I think are pretty clearcut, Senators who are courageous enough to vote this amendment down will not find it will be a difficult thing from them to explain politically, based on my own experience. I think it explains pretty good as long as it is a part of a balanced package.

Can we, if we fail to defeat this amendment, then expect to do better on other amendments? If so, what are the politics of that for a Senator who may be toying with the idea of voting for this amendment and then toeing the mark on everyting else? "We are going to toe the line, but this one is so hot, so sensitive, I just have to cross over on Social Security, but I will be with you on everything else"—I have heard some say that. I just want to ask, what do you say to these other groups? If it is a principle, if it is an overall package, if it is doing something because of the overriding needs of the country that causes you to turn down otherwise attractive ideas, it seems to me that is defensible. But once you start making exceptions, how do you say to one group, "Your interest was not quite exceptional enough to justify doing for you what I did for the Social Security recipients?"

Can you look the veterans in the eye and say that? These are people who have fought for the country. These are people whose lives have been at risk. These are people who have not only done all the things Social Security recipients have done, but who have done other things, suffered greater hardships, been separated from their families, wore the uniform of their country. Can you look them in the eye and say, "No, I voted for the Social Security people, but I just cannot make an exception in your case"? I do not believe you can do that because, aside from politically, I do not think it would be right to do so. I do not think most Senators can stand their ground, making one exception of this kind and say, well, I am going to close the door on everything else.

Mr. President, I am about to yield, but I want to sum up as I began: Maybe if we lose on this amendment, which perhaps we will, maybe we can cobble the package back together. I think there are probably enough votes one way or another to do something on Social Security, because I understand the other Senator from Florida [Mr. CHILES], the ranking member of the Budget Committee, has a package with something on Social Security for which there may be some votes. Maybe the consequences of adopting this amendment will not be as serious as I think.

Maybe it will not blow up in our face. Maybe we can get back together even if we adopt 40 amendments. Maybe we are going to find out. But that is the chance we are taking.

Mr. President, I just hope that as Senators consider this amendment, they will do so after thinking through very carefully the consequences of adopting what I believe to be a killer amendment. It is that important, it is that serious a choice.

EXHIBIT 1

[From the Washington Times, Apr. 8, 1985]

SOLD AT $295 BILLION

The Senate GOP-White House budget proposal to cut $295 billion over three years is a welcome surprise. It might have been done better, but that's the problem with taking a man-sized chop at the budget—everyone would do it differently. Someone needed to do it convincingly, and the sheer volume of the proposed cuts makes the compromisers look convincing indeed. Slashing the deficit to 2 percent of GNP by 1988 will quash a great deal of nitpicking.

Conservatives would have preferred to see a fatter defense budget (though better management could render the cuts harmless) and the elimination of several more programs, including farm pricing supports. The Medicare cuts smack of pure bottom-lineism: dollar cuts with little regard for policy reforms that might have saved as much while actually improving the system. And no attempt was made to cut or reform entitlements, perhaps the most harmful federal programs of all.

But the proposal does improve the Senate Budget Committee plan by eliminating 17 useless or harmful domestic programs, including Amtrak, the Small Business Administration, revenue sharing, and Urban Development Action Grants (sometimes used to subsidize such needy institutions as Hyatt and Cadillac). This is budget-cutting of the best sort, recognizing that if only worthy programs were retained the budget would be in surplus. Conservatives on the Hill will probably support the proposal.

Liberals should as well. The president's concessions on defense were expectedly large, obliterating the flawed but popular argument that defense is driving the deficit. Some may object to the minor Social Security changes. Inflation of up to 4 percent would be compensated only by cost-of-living adjustments of 2 percent. But currently no COLAs are provided if inflation falls below 3 percent, which it may this year, so senior citizens would lose little and perhaps be a bit more secure.

Not a perfect proposal, but the sort that makes fine-tuners into naysayers: a good recipe for a swift victory. Then on to the more important business of tax reform and economic growth to make the Japanese green.

[From the Washington Times, Apr. 26, 1985]

A CLEAN, WELL-LIGHTED BUDGET

It's a good budget, not a great budget. No one thought last January that the Reagan administration and the Senate GOP would agree on any budget. They have, and it deserves to pass.

For starters, the budget rejects higher taxes. This rejection is a basic condition for economic growth. As President Reagan pointed out in his television address on the budget, President Kennedy's tax cut provoked a surge of growth, new jobs, new consumer goods, and so on. But in the years that followed, the federal government, rejected the hint and created an array of

more tax funded programs, Washington treated taxpayers as an inexhaustible bank account impervious to incentives. By resisting the call for more of the same, the Reagan-Dole budget does a service to all earners, and to all who hope to become earners through job expansion.

Still, because of the high deficit, the perils of which were abruptly discovered by the Democratic Party in 1981, it is necessary to attack the spending side. This budget wisely takes several sacred cows to the abatoir. Among them:

Amtrak: taxpayers subsidize underused routes around the country.

Revenue sharing: no reason for the federal government to jack up its deficits to plow money into states and cities, many of which have budget surpluses.

Small Business Administration: businesses with good prospects have no trouble getting private bank loans. The SBA's loans go disproportionately to high-risk businesses, many of which fail, because that's what "high-risk" means.

. . . and more of the usual suspects.

About those Social Security "cuts": cost of living adjustments will in fact go up at least 2 percent through fiscal 1988, more if the consumer price index passes 4 percent. COLAs for Supplemental Security Income, for the elderly and disabled, are untouched.

There's a strategic point about this budget: even the most wasteful programs are harder to get rid of piecemeal than all in one budget. As it is, there will not lack legislators to defend each of them as the irreducible minimum for a just society. The time, as they say, is now. If drunken-sailor federal spending wins this round, it may well have won for good.

[From the Wall Street Journal, Apr. 18, 1985]

GETTING SERIOUS

They're doin' it again. "It" is the congressional budget process. This Monday the Senate will begin floor deliberations over what the process calls a "budget resolution." Bear in mind that this is April and that for the last two years the "process" has lasted until December, when a "continuing resolution" has been cobbled together in the dark of night by congressional staff assistants no one has ever heard of, let alone voted for. But—lest readers judge us too cynical—things could be different this year.

Congress's budgeteers this year are likely to encounter two new elements alien to their status-quo politics. The first is the new White House-GOP budget that reduces outlays in part by killing many long-lived federal programs. The second is the probability that Majority Leader Bob Dole will schedule a vote on Sen. Mack Mattingly's bill to legislatively empower the president to veto line items in this year's budget. Critics of the item veto can no longer claim the administration wouldn't use it, and coupled with the proposals to close out programs it is the one proposal that could decisively change the process that has put the budget out of control.

Indeed, the program-killing budget proposal and the Mattingly item veto constitute the only serious attempt we're likely to see this year to enact spending control that the markets would recognize as spending control. The alternatives—notably an across-the-board spending freeze emerging from the House Budget Committee—do little more than defer an eventual return to the current, economically debilitating status quo.

The tradition-busting significance of what Bob Dole brought away from his negotiations with the White House becomes clearer when you see a simple list of the programs to be eliminated. Those that would cease to exist with this budget or in a few years are: general revenue sharing, the postal subsidy, the Small Business Administration, the Job Corps, urban-development grants (UDAG), the Amtrak subsidy, the FmHA rural-housing program, direct loans from the Ex-Im Bank and Conrail via a sell-off. Programs to be phased out over time are the crop-insurance subsidy and the Rural Electrification Administration. Spending reduction and significant changes in spending formulas would touch some 28 other programs affecting students, farmers, the Medicaid program, federal workers and pensioners, scientists and others.

To get the cuts and terminations, of course, President Reagan agreed to back off from his military budget. In return, he got the support of the leaders of his fellow Republicans in the Senate. Now he will be asked to compromise with the full Senate, then with the Democratic leaders in the House, then with the full House, then with the Conference Committee. And no one can make any of the deals stick. As Barry Goldwater says, "There will be more attempts to amend this bill than any bill that ever came to the floor."

So on recent form next week's budget news will probably degenerate into a din of whining about "pragmatism" and how we can't do it what with the '86 elections only 500 days away. Then Congress and the White House will embark on a confusing and debilitating round of compromises over "saving" UDAG grants, Amtrak subsidies and the like. By the end of the session, the president will have compromised a half-dozen times on the military budget, the spending interests will have run amok, and we will have a "budget" like all other recent budgets.

Imagine how much more productive and rational the process would be if Congress enacted the legislative line-item veto. This budget's program terminations amount to a public listing of where Ronald Reagan's item vetoes would fall. Anyone who wanted to save these programs would be required to give up something in bargaining, and the president would have recourse if Congress failed to deliver. With this mind-clearing discipline, the bargainers could bypass this swamp and get down to bedrock bargaining. That means cutting a deal over this budget's two most volatile aspects—Social Security cost-of-living adjustments and defense spending.

By proposing the actual elimination of moribund federal programs, the president and Majority Leader Dole have taken a first, significant step in breaking the cycle of budget failure. But this is not enough without something to instill some discipline in the process. The next step, which needs to be taken before the opportunity of enacting this budget is lost, is for Mr. Dole to move the Mattingly item veto onto the Senate calendar and for Mr. Reagan to lobby actively for its adoption in both houses. Then spending control and deficit reduction will at least have a fighting chance.

[From the Dallas Times Herald, Apr. 6, 1985]

"STARTING POINT" ON BUDGET

Although Senate Majority Leader Robert Dole is right when he insists that it is merely a "starting point," the agreement between Senate Republican leaders and the White House on a budget package that would reduce projected government spending by $52 billion in the next fiscal year and by almost $300 billion by 1988 is an encouraging development.

The accord, which is a testament to the leadership abilities of Sen. Dole and the flexibility of presidential chief of staff Donald Regan, strikes a far more equitable balance between growth in defense spending and cuts in domestic programs than the original budget submitted by the President. Under the compromise plan, the defense budget would grow by only 3 percent annually, on top of inflation, in 1986, 1987 and 1988, for a projected savings of $18.5 billion in 1986 and $97.5 billion over three years. The White House also agreed to save $2.8 billion by scaling back the Social Security increase on 1986 to 2 percent, regardless of inflation.

It is necessary to qualify enthusiasm for the plan, however, because the budget deficit still would remain far too large—at least $175 billion in fiscal 1986. Moreover although defense is not as big a winner as the President had hoped, the fact remains that in order to get Mr. Reagan to agree to cut his defense request and to scale back Social Security increases, the GOP senators had to agree to some draconian cuts in domestic areas—to the tune of almost $33 billion, or two-thirds of the spending reductions in the package. Fortunately, however, most programs that affect the poor would be allowed to grow with inflation, and the President's unpopular plan to chop student aid has been tempered significantly.

Sen. Dole is a savvy enough politician to realize that the package still has a long way to go before gaining approval and that some of its provisions are guaranteed to be the subject of intense debate. But by negotiating a compromise, GOP leaders and the White House have given Congress a workable blueprint for action.

[From the Clarion-Ledger, Apr. 12, 1985]

ON TRACK

President Reagan has put the drive for cutting the deficit back on track with a bold compromise with the Senate Republican leadership on budget cuts.

In backing off his strong stand against cutting the growth in defense spending and against trimming back planned Social Security payment increases, Reagan has set the stage for real budget progress.

The Democratic leadership now must either go along or be exposed as the big-spending and hypocritical faction that many have pictured it to be.

Reagan, perhaps, has intended all along to back down on those big budget items he'd placed off limits earlier in the year. He's now made concessions, and is in a shrewd bargaining position.

The new proposals, which would cut nearly $300 billion from anticipated deficits in the next two years, have the strong advantage of leaving virtually no budget area untouched by proposed cuts.

It should let Democrats and others unwilling to go along with earlier plans tell various interest groups that it's true they will be hurt by cutbacks, but that they must take their budget medicine along with every other aspect of government.

The plan for the military calls for spending to increase by 3 percent over inflation, substantially below what Reagan had ini-

tially proposed. Social Security payments would grow by an anticipated 2 percent, given a 4 percent inflation rate.

Some Senate members are complaining that the compromise, coming this late, has wasted two months of deliberations, but they ignore the initial reluctance by Democrats to make concessions as well.

The Social Security arrangement is expected to save $23 billion over the next three years.

In the defense area, the new budget proposal would eliminate $70 billion of the increase Reagan sought. Non-defense programs would be cut $152 billion below what would be spent under existing authorizations.

All of the plan is possible, the administration says, without having to raise taxes, which should help to ease any objections from the public at large.

There are estimates that the plan will cut annual deficits to $99.7 billion by 1988. That would be a substantial trimming, but obviously not enough. However, it's obvious the deficits can't be eliminated quickly during a defense buildup without hurting too many people.

[From the Birmingham News, Apr. 12, 1985]

SPENDING COVER-UP

Congress often uses debate to obscure the truth and cover up facts. The debate over the proposed federal budget for 1985–86 is an example. Carefully avoided has been any focus on the president's budget proposals compared to actual spending during his first five years in office. According to published records, firm figures on federal spending for the past five years indicate that the Reagan administration has been unfairly blamed for creating the huge deficits by overspending on the military.

One should recognize at the outset, of course, that the president cannot spend one penny that is not authorized by Congress. And as matters now stand, he is legally bound to spend most of the money appropriated by Congress. So no matter how hotly Congress claims that Mr. Reagan is responsible for the huge deficits of the past five years, Congress cannot avoid ultimate responsibility for deficits.

But what do the figures show? A look at the president's proposed spending schedules shows that federal spending exceeded his asking in every one of the five years Mr. Reagan has been in office. For instance:

In 1981, the president proposed spending $655 billion; actual spending was $678 billion. In 1982, Mr. Reagan asked for $695 billion, $746 billion was spent. In 1983, the White House proposed $732 billion; $808 billion was spent. In 1984, the president asked for $770 billion; a total of $852 billion was spent.

From 1981 to 1985, the federal government actually spent $232 billion more than Mr. Reagan requested.

But the difference has increased even more sharply in fiscal 1984–85. Mr. Reagan asked for $844 billion; at current estimates, total federal spending will reach $959 billion by fiscal-year's end.

During the same period, spending for defense was less than the president proposed: In 1981, he asked for $162.1 billion for defense, but spending was $157.5; in 1982, $188.8 billion proposed and $185.3 billion spent; in 1983, the $226.0 billion proposed was reduced to $209.9 billion; in 1984, $255.6 billion proposed was reduced to $227.4 billion; and in 1985, the $303 billion proposed was reduced to an estimated $253.8 billion.

Not only has defense spending been more than $101 billion less than the president requested, it has been below spending proposed by the Carter administration. Today, defense spending continues to use about 26.5 percent of the total budget, only a little more than the lowest point during the Carter years.

During the same period, including off-budget items, domestic spending soared more than $445 billion beyond the amount Mr. Reagan requested. In other words, domestic spending has been on average $90 billion more each year than the president proposed, while defense spending has been sharply reduced.

Perhaps defense spending should be cut to help reduce the projected budget deficit, but Congress for the sake of its own credibility should give the American people the true picture. Domestic spending has been equally, if not much more, a factor in the large federal deficits that Congress wants to place on Mr. Reagan's doorstep. And if defense spending is cut, commensurate cuts should be made in domestic spending.

[From the Atlanta Constitution, Apr. 7, 1985]

COMPROMISE RENEWS HOPES FOR PROGRESS ON THE DEFICIT

Although it is far from the end of the struggle to get the federal deficit under control, the compromise reached between President Reagan and Senate Republicans has produced a budget proposal that is worthy of support—and which would begin to do the job if finally adopted by Congress.

The compromise should be strongly supported by two groups.

First, it should be supported by all conservatives who want to curb spending on domestic programs of dubious value. The compromise budget does not cut these programs as much as President Reagan originally proposed, but it cuts them as much as is possible in the present political situation.

After all, the president must have the support of Senate Republicans, and Senate Republicans must have the support of the president, if any progress is to be made in restraining the spending proclivities of the House of Representatives and Speaker Tip O'Neill. The president gave some ground and the Senate leaders gave some ground, and now it is possible to have a unified Senate-administration position in battling the House through the rest of the budget process.

Second, the compromise should be supported by all people, whether liberal or conservative, who are concerned with the possible impact of the deficit on interest rates and the crowding out of growth in the private sector. The reason we say this is that, once again, the compromise budget is the best we are likely to get in the present political circumstances.

The combination of savings in defense, domestic programs and entitlements proposed in the compromise would trim the deficit by $52 billion, a figure that many economists have said would make a sufficient difference to give new life to economic expansion—and it would do so without a tax increase. Not only has the president vowed to veto a tax increase; it is also true that a tax increase would have just as bad an effect in taking money out of the private sector as deficit financing does.

The compromise plan recognizes that virtually no one outside the administration was willing to increase defense spending as much as the president proposed; it trades his concession here for deeper cuts in domestic programs than either House of Congress would have made on its own. It has the political advantage of restraining everything, even defense and Social Security, in a package that will be perceived as more fair than the president's original proposal.

The problem, of course, is that the House is not bound by this deal and the final budget will have to be still another compromise. But we can't get there without starting from here, and the fact that the Senate's proposal should be perceived as fair greatly strengthens the chances that the final result will come fairly close to it.

[From the Chicago Tribune, Apr. 29, 1985]

PASS THE WHITE HOUSE BUDGET

The battle of the budget is raging in the U.S. Senate, with warriors on both sides claiming they are fighting for fairness. Democrats say the cuts proposed by the White House and Senate Republicans will hurt students, cities, farmers, veterans and the elderly. They have a point. Each of those groups, and quite a few others, will lose something. But there is no other way to deal with the $200-billion-a-year deficits threatening to crush the economy.

In fact, even this Republican proposal does not go far enough in paring the national debt. Its $279 billion in cuts over three years would still leave a deficit of $100 billion in 1988.

If the debt continues to expand at its unprecedented pace, or if Congress insists on treating it mainly with tax increases, the entire nation will be hurt. A new cycle of high inflation, higher interest rates and rising unemployment will be far more punishing to cities, farmers and the elderly than any of the cuts in the proposed budget.

A prudent round of cuts now, and these are prudent, is fairer in the long run to all Americans than burdening them with more debt.

Of course the financially strapped cities, Chicago among them, don't want to lose their federal revenue sharing. But the compromise worked out by the White House and Senate Republicans delays the death of revenue sharing until fiscal 1987, giving cities time to pare costs or find ways to replace the money.

Of course farmers don't want to lose their subsidies. But this budget would still provide $40 billion over the next four years, only $18 billion under current levels. It's hard to defend that $40 billion, yet the farm lobby is trying to persuade the Senate to push it even higher. No group in the country has suffered more from high interest rates and loss of exports than farmers, and they should realize that both will worsen if the deficit is not controlled.

And of course Social Security recipients don't want to lose part of their cost-of-living increases. But the Republican proposal has generated so much emotion that the actual numbers may have been overlooked. In effect, annual Social Security increases would be held to 2 percentage points below the inflation rate for the next three years. If living costs go up 4 percent, recipients get a 2-percent raise. If they go up 8 percent, recipients get 6 percent. Social Security benefits have been rising faster than the average wage over the last decade, so this is not an unreasonable proposal.

Increases in veterans' pensions would also be restrained, but the compromise bill is vague about civil service pensions. They should be held to the same increase as

Social Security. If Congress weakens on this—as it has so often in the past—it richly deserves the label "unfair," and cowardly as well.

A number of Senate Democrats, joined by a few Republicans, think the 3-percent after inflation increase in defense spending is too generous. But that's less than half of the increase originally sought by President Reagan and the Defense Department. It freezes the defense share of the gross national product at a level below the 1950s and 1960s. And the country's security needs justify it.

So far, the chief alternative to the Republican budget comes from Sen. Ernest F. Hollings (D., S.C.) He wants to restore some domestic cuts, paying for them with an unspecified tax increase of $25 billion in 1986. Some form of tax increase may be necessary, but this is not the time to consider one. First, approve the $279 billion in cuts. Any additional revenue should be used solely to help bring down the deficit, not to put spending back in the federal budget.

[From the Detroit News, Apr. 28, 1985]

AMTRAK'S NUMBERS GAMES

Interest group representatives have begun lining the streets and hallways of Capitol Hill, trembling, wailing, and producing plaintive tales about men, women, and children who might suffer from particular attempts to cut the federal budget. Some of the lamentations—such as Beverly Sills' prediction that American culture will shrivel and die if Congress reduces the National Endowment for the Arts' federal subsidy—are absurd. Others make more effective use of emotional appeals, although for equally outrageous causes. One good example of this phenomenon is the case now being made for Amtrak—Uncle Sam's railroad line.

Amtrak's supporters know that millions of Americans love trains. They play with models in the basements. They purchase conductors' hats. Some even take periodic, rustic rides through the wild and untamed West. So, the argument goes, the president's attempt to cut off the Amtrak money constitutes nothing less than a vicious assault on one of America's most esteemed traditions, the railroad. A group that calls itself the National Association of Railroad Passengers has warned that "An entire mode of transportation and an integral part of our national transportation would be lost forever."

The same thing could have been said in the past about stagecoaches, zeppelins, and international steamers, of course—and probably would have—if the federal government had been in the subsidy business earlier in this century. Those modes of transportation went out of favor because more comfortable or efficient means became available. That's also what's happened to trains.

Amtrak officials and supporters claim that the railroad receives a smaller subsidy than, say, airlines, and offers a cleaner alternative than automobiles. Neither is true. Amtrak's annual subsidy has grown from $153 million during its first full year of operation (1972) to $805 million in 1983, the last year for which such figures are available. That figure nearly doubles if you add in the interest-free, 99-year, renewable loan the system receives from the federal government. A 1982 Congressional Budget Office study showed that Amtrak subsidies were more than 100 times larger per passenger mile—and that's the relevant statistic—that subsidies to airline, bus, or automobile passengers.

John Semmens, a senior policy analyst with the Arizona Department of Transportation, calculates in the most recent issue of Reason magazine that Uncle Sam now forks out 26.7 cents per passenger mile for Amtrak, 0.14 cents per passenger mile to commercial aviation, 0.25 cents per passenger mile for private automobiles, and 0.17 cents per passenger mile for intercity bus lines. Indeed, Amtrak's average subsidy per passenger mile is more than twice the total average cost—that is, including salaries, gas, landing fees, taxes, etc.—of operating a commercial airliner.

One reason Amtrak's subsidies are so much larger than those for other forms of transportation is that the government assesses user fees to people who use planes, buses, and cars. Amtrak passengers pay no such fees. And since the average rider makes more than the average American, the Amtrak subsidy effectively takes money from poorer people and transfers it to wealthier citizens eager to see America by rail.

As for air pollution, a 1981 study by Francis Mulvey of Northeastern University in Boston concluded that Amtrak spews out more pollution per passenger mile than planes or buses. His forecast of pollutants per passenger mile in 1990 shows that railways produce more hydrocarbons, nitrous oxide, and sulfur dioxide than any other popular mode of travel, including the automobile.

Yet even if Amtrak's friends were right about their figures, they still have ignored the one fact most critical to the system's future—that Amtrak originally was supposed to become a for-profit corporation. It was supposed to pay its own freight. Rather than doing so, it has become an increasing burden on the federal government, and its subsidy has grown steadily over the years, even as ridership has fallen. As of 1983 the system accounted for a minuscule 0.26 percent of the nation's intercity passenger traffic. That is, 26 of every 10,000 people traveling from one city to another use Amtrak. That figure represented a drop of 0.05 percent from the 1980 data.

Frankly, it would be tragic if passenger railroads ceased operating in the United States, but an end to the Amtrak subsidy means no such thing. It means only that the federal government will stop operating a rail system and that private companies will have to find ways to take advantage of Americans' love for trains.

[From the Chattanooga News-Free Press, Apr. 25, 1985]

REAGAN CALLS ON US FOR HELP

President Ronald Reagan spoke for about 22 minutes last night in support of cutting federal overspending by about $52 billion next year and $300 billion over three years. We wish he had talked for 44 minutes and urged spending cuts twice that big. But the trouble is that the spenders in Congress are balking at even the smaller reductions.

The national debt is nearly $1.8 trillion. Without cuts, the federal budget deficit may run to $220 billion. Mr. Reagan has accepted a "compromise" for cuts to slow the growth of debt that hinders our present economy and mortgages the future of our children and grandchildren.

The trouble is that the big spenders in Congress are now loud in condemning "deficits" but resist any cuts in the spending that causes deficits. Sen. Robert C. Byrd, D-W. Va., who provided the official Democratic response to the president's address, once more tried to lay blame for "record deficits" on Mr. Reagan. But the truth is that most of the red ink is a result of programs adopted over 50 years that have promised big spending without accounting for the money to cover it. Sen. Byrd grandly said of the president that the Democracts "ask him to lead"—but they don't follow when it comes to cutting spending.

Another subterfuge that you will be hearing about as the spenders resist spending reductions involves Social Security. In recent years, "cost-of-living" payment increases by Social Security rose faster than the actual cost of living rose for retired people. Now with Social Security proving to be so expensive, the compromise to reduce outgo calls for every Social Security recipient to continue getting what he now receives—without any reduction whatsoever—plus a 2 percent upward adjustment against inflation, instead of a 4 percent increase. So no one should be taken in by the idea that Social Security payments are going to be cut. They will be increased, but not by quite so much if the needed compromise passes.

The president pointed out that raising taxes would be counterproductive, resulting in shrinking the economy and increasing unemployment instead of bringing in much more money. Commendably, he promised to veto any tax increase.

The immediate need is spending reduction. Mr. Reagan proposes to cut spending, though not enough, by holding down increases for necessary programs and eliminating 17 programs that the federal government should not have been in from the beginning and/or can surely get along without now.

Even if $52 billion is cut from the anticipated budget deficit of more than four times that much next year, it won't be enough. But the spenders don't want to cut that much.

That's why President Reagan has called upon the American people to notify their senators and representatives by telephone calls, wires and mail that they want Congress to vote for spending reduction.

Count on it: Congress won't cut enough even if we demand it. But if we don't insist on reduced spending, the ill effects will quickly multiply.

[From the Cincinnati Enquirer, Apr. 25, 1985]

REAGAN DESERVES THE NATION'S HELP WITH HIS DEFICIT-REDUCTION PACKAGE

Among any President's weapons for swaying public opinion, the televised address from the Oval Office is the equivalent of an atomic bomb. In putting that weapon to use Wednesday night, President Reagan was demonstrating the urgency of the deficit-reduction package put together by the White House and Senate Republicans. The President's message both deserved and needed the special focus he gave it.

From the moment the deficit-reduction plan was unveiled, however, it has been sniped at by the inheritors of the very philosophy that has helped federal spending spiral out of control.

Most of the programs the President wants to eliminate or reduce are "nice" programs. If the federal Treasury were wallowing in wealth, they would deserve preservation because someone benefits from every one of them. But the federal Treasury is not wallowing in wealth: it is deeply in hock. Every man, woman and child in America has an $8,000 share in a national debt of $1.7 tril-

lion. Federal spending is arranged, moreover, in a way that assures its growth, even if Congress creates no new programs or enlarges no programs already in existence.

That's why Mr. Reagan feels the only answer is taking a fresh look. He cited Amtrak as an example. Begun as an experimental, two-year program 14 years ago, it has not done what its creators hoped it would do. Nor does it hold any promise of doing so. Why, then, should it survive as a subsidy to the sentimentalists who love—but rarely use—railroads?

So it goes from the top of the federal budget to the bottom.

Mr. Reagan has put forward a program that would reduce the deficit by $300 billion in three years and, he thinks put a balanced budget within reach by the end of the decade.

Every program has its beneficiaries and protectors, who will fight like tigers to cut everything but their favorite. That's why Mr. Reagan has gone to the people. He hopes they will see the whole picture—the picture of what a horrendously unbalanced budget can mean to the future of every American.

EXHIBIT 2

SOCIAL SECURITY AND THE FEDERAL BUDGET

The financial operations of social security have represented a component of the budget of every administration since 1969. Congress adopted a similar "unified" approach to the budget in the Congressional Budget and Impoundment Control Act of 1974 for setting annual spending and revenue goals for the Government. However, subsequent controversy over whether social security was being cut back because of budgetary pressures prompted Congress to pass a measure in 1983 that will remove the program from the formal budget-making process beginning in fiscal year 1993.

Although social security was excluded from the Federal budget before 1969, the program has affected the financial affairs of the Government since social security taxes were first levied in 1937. This involvement arises because any social security taxes not needed to meet the immediate costs of the program are invested in U.S. Government securities.

In effect, these excess receipts are loaned to the General Fund of the Treasury and then become available for the general use of the Government; i.e. to increase spending on other programs, reduce taxes, or reduce the amount the Government must borrow from the public to function. When social security tax receipts are insufficient to meet the immediate costs of the program, the Government repays some of the previous loans it received so that the program can meet its commitments. If the Government concurrently is running a financial surplus with its other activities, it can use the surplus receipts to repay the social security loans. However, if it is running a deficit with its other activities, it can repay the social security loans only by reducing spending on these other programs, raising taxes, or borrowing more funds from the public.

What this means is that although Congress has passed a law saying that social security will be removed from the budget-making process, the program will continue to affect the financial needs of the Government in one way or another (except in those rare instances when its outlays are exactly matched by the revenues the Government receives on its behalf). Removing social security from the budget reflects the view that overall budgetary limitations should not be the basis for altering the provisions of the program, and creates procedural hurdles in the legislative process for doing so. However, social security has, and very likely will continue, to influence what those limitations are. In effect, social security indirectly affects the amount of funds the Government has available to spend or must raise through taxes or public borrowing in order to function, regardless of whatever formal relationship it has to the budget.

SOCIAL SECURITY CREATES "GOVERNMENT" INCOME AND OUTGO

Over the years people frequently have misunderstood the financial relationship of social security to the Federal Government. Some perceive social security to be a completely separate function of the Government that makes no impact on the Federal budget and the Government's borrowing needs. They view the Government as simply an agent administering an insurance policy. They perceive their social security taxes as flowing into special accounts kept completely separate from other receipts of the Treasury, and that these taxes are used exclusively to meet the costs of the program. Therefore, they do not understand why social security is brought up in discussions of how to resolve Federal budget problems.

The fact is, regardless of whether or not the program is incorporated into the official budget totals, the receipts and expenditures it causes are Federal ones. Social security taxes are Federal taxes authorized under the Internal Revenue Code and the benefit checks are disbursements from the Treasury Department authorized under the Social Security Act. Moreover, the Supreme Court has held that the program's provisions are not like those of an insurance contract. As with other Federal social programs, Congress can unilaterally alter social security's financing and benefit provisions, if it deems it necessary.

THE UNIFIED BUDGET DID NOT CHANGE SOCIAL SECURITY'S BOOKKEEPING

Those who know that social security was brought into the official Federal budget in 1969 often mistakenly believe that this somehow merged the social security trust funds with the General Fund of the Treasury, and that this in turn permitted social security's money to be used for other purposes.

Actually, the financial operations of the U.S. Treasury, which account for trust fund receipts and expenditures separately from other Federal money, were not altered in any way. The shift to a unified budget merely involved a new method of portraying Federal receipts and expenditures. The Government's bookkeeping did not change, just the way it was "summarized."

SOCIAL SECURITY CAN AFFECT THE AMOUNT THE GOVERNMENT BORROWS FROM THE PUBLIC

While the bookkeeping for social security was not changed by unifying the budget, there is some truth to the perception that its funds are commingled with the General Fund. However, this did not arise from unifying the budget. It arose through the investment policy adopted at the inception of the program. Resources not needed to meet the immediate expenses of the program are invested in Federal securities. The money used to purchase these securities is then deposited into the General Fund and is used to help meet other immediate Governmental expenses. In effect, a loan is made from one arm of the Government to another. When resources are later needed because social security revenues are insufficient to cover the immediate costs of the program, the Treasury Department repays the loan by redeeming the securities.

The trust fund accounts have shown surpluses in 36 of the 48 years of the program's history, but not all of the income posted to them came from social security taxes actually received by the Government. Part of the income came from transfers from the General Fund. Interest on the Federal securities credited to the trust funds. The Government's share of the social security taxes as the employer of military and other personnel covered by social security, and various other credits to the trust funds from the General Fund account for the difference between what actually has been paid into the Government in social security taxes and the amounts recorded on the trust fund ledgers.

These other postings have helped maintain a favorable balance in the trust fund accounts—which stood at $20 billion at the end of the fiscal year 1984 (not counting a $12.4 billion loan from one of the Medicare trust funds)—but they have not been sources of revenue for the Government.

In practice, the Government actually has received excess social security taxes in only 25 of those 48 years, most of which occurred in the early years of the program. During fiscal years 1937 through 1957 social security taxes paid to the Government (as opposed to postings to the trust funds from sources within the Government) consistently exceeded the program's expenditures. By the close of 1957, the cumulative total of these excess receipts was $19 billion. However, since 1957 social security taxes paid to the Government have exceeded expenditures in only 4 years, and have been less than expenditures in every year from 1971 through 1984. Cumulatively since 1957 the program's expenditures have exceeded the amount of social security taxes paid to the Government by $103 billion, more than half of which occurred in the past 5 years alone.

In 40 of the 48 years, 1937 through 1984, the Government ran budget deficits, and therefore had to borrow from the public to sustain itself. Excess social security taxes completely offset deficits in 2 years (one occurred in part with excess Medicare receipts), and partially offset them in 17 years. Social security spending in excess of taxes received for the program deepened deficits in 22 other years. Over the entire 48-year period social security expenditures totalled $1.645 trillion, while social security taxes paid to the Government totalled only $1.562 trillion.

Thus, aggregate expenditures over the history of the program have exceeded the amount of taxes received by the Government by $83 billion. In other words, $83 billion of the program's expenditures were not financed with social security taxes actually received by the Government. This amounts to about one out of every 20 dollars expended for the program.

In effect, while a favorable balance has been maintained between social security's income and outgo when viewed from trust fund perspective, this has been accomplished in part through the transfer of resources from the Government's General Fund, which has not maintained a balance between its income and outgo.

EXCESS RECEIPTS IN THE FUTURE?

Although social security consistently augmented budget deficits from 1971 through 1984, this pattern is expected to change in the next few years because of a projected expanding economy and amendments to the

program enacted in 1983 that raised social security tax receipts and curbed expenditures. The situation in which social security spending exceeded taxes the Government received on behalf of the program appears to have peaked in 1983, when spending exceeded receipts by $23 billion. In 1984 the shortfall dropped to $11 billion. And recent projections show that social security taxes received by the Government could closely match the program's outgo or even exceed it in 1985 and 1986. Based on the assumption that the economy will not falter in the near future, the same projections show a trend of rapidly growing excess receipts beginning in 1987.

What is the likelihood that excess receipts will arise? In part this depends upon favorable economic conditions, since the projections do not anticipate an economic downturn in the near term. However, substantial social security tax increases for 1988 and 1990 already are scheduled in law, and favorable demographic factors already are in place. The Post World War II "baby-boom" generation is reaching its peak productive years while the "baby-trough" generation of the 1930s is about to enter retirement.

Therefore, a significant recession in the next few years could eliminate the projected excess receipts in the near term, but, in the absence of legislation lowering taxes scheduled for the future (or reallocating them, for instance, to the Medicare program), excess social security receipts would likely arise early in the next decade although possibly of smaller magnitudes than currently projected.

CONCLUSION

By removing social security from the budget process, Congress may choose not to make changes to the program in determining how to reach certain budgetary goals, such as reducing Federal deficits and the public borrowing that accompanies them. However, any excess revenues the Government collects for social security or any shortfall it incurs will influence how much change is required in the taxing, spending and borrowing policies that affect the other functions of the Government. Thus, social security can be exempted from budget cuts or revenue raising actions, but not from affecting Government finance.

Mr. ARMSTRONG. Mr. President, I must now suggest the absence of a quorum.

Mr. RIEGLE addressed the Chair.

Mr. MOYNIHAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Mrs. HAWKINS. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will call the roll.

The assistant legislative clerk continued to call the roll.

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

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

Mr. CHILES. Mr. President, I yield 10 minutes to the Senator from Michigan [Mr. RIEGLE].

Mr. RIEGLE. Mr. President, I thank the Senator for yielding.

Mr. President, it has been interesting. We have had a debate on this issue that started about 10:30 a.m. That was 2 hours ago, and we have been allowed only one speaker on this side. We have heard a lot from the other side—a lot of misinformation, in my view, and some of it I shall attempt to correct in my remarks.

I want to say at the outset that this package before us, the entire package that was voted on last night, has a very bad odor to it. The odor is so bad that the majority leader, himself, came in here today and took the floor to begin the process of offering amendments to take this package apart. I think that, in and of itself, says a lot. It shows that the package lacks the support that it properly ought to have.

I must say that a decision to change the existing practice so that we might not be able to have at least half the time on amendments to debate these issues is a serious error. I think it is a misjudgment. It may gain some very short-term political advantage, but it will be very costly in the long run; and I am not sure it gains anything in the short run.

The Republican Party has never liked Social Security. Every proposal to cut it has come from that side of the aisle—from the President when he said he was for it, from the President when he said he was against it, when he said he was for it again, and now he says he is against it again. Every proposal to cut Social Security has come from that side of the aisle.

Mr. MOYNIHAN. Mr. President, may we have order? The Senator from Michigan is speaking and is entitled to be heard.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIEGLE. We have fought those cuts. We have been successful in fending off some but not all.

The Reagan administration, since it came to office, has cut Social Security in excess of $100 billion, just through the year 1990. So there have been plenty of cuts in Social Security coming from that side of the aisle that have been enacted. But the ones in this package on the COLA reductions directly violate the promise the President made to the people of this country, not once but several times.

I have the quotations here, and I can read them, but I will give you two that he made, not before the election when he was out seeking votes, but what he said after the election.

On January 9, he said:

Social Security is running a surplus. Social Security is not a part of the deficit program. It is totally financed by a payroll tax, and that tax is totally dedicated to that one program.

On March 21, these are national comments he made:

Social Security is running on a surplus. And it is totally funded by a tax that can only be used for that purpose. So, when we talk about Social Security, we are not really getting at the deficit problem at all.

Now you have come in here with a proposal to cut and cut deeply. He has broken his promise, and your party has broken the promise that was made in the election. We have held your feet to the fire on it, and I am glad there are at least two renegades on that side of the aisle willing to buck the party in terms of its official position on this issue.

There has been a lot of disinformation and misinformation put out here today. The Social Security COLA cuts that you are proposing on that side of the aisle, for the average Social Security recipient who receives about $450 a month, would cut the buying power of their benefits by $9 a month, each month, in the first year. In the second year, you propose an additional cut of $9 a month. So when you put the first and second years together, they will have lost $18 a month in buying power.

Then you cut them again, in the third year, another $9 a month. So over the 3-year period, it is a $27 a month reduction in buying power for the average person on Social Security, just in terms of their Social Security benefits. But you did not stop there.

You decided that you wanted to take more out of their hides in terms of increased costs for Medicare. On a monthly basis over the next 5 years of schedule of increased costs for senior citizens, you are taking away another $33 a month, on the average, from the average person on Social Security. That is a total of over $60 a month, by the time these cuts are phased in, that you will have taken away from where they are today.

So I resent it when anybody plays games with the numbers and says you are talking about an increase. You are not talking about an increase; you are talking about a decrease. You are talking about a lowering of their standard of living.

The numbers show that about 430,000 senior citizens will be driven below the poverty line and into poverty. Do you know what your answer was for that when I asked that question in the Budget Committee, when this proposal came up on the Republican side of the aisle? I said, "What do you propose to do about these new poor?"

Do you know what the answer was? "Let them go on welfare." That is what your answer is.

In fact, you have even put some money in the budget for when they go

on welfare, and everything that goes with that—the demeaning side of going on welfare; the filing of papers, if they are strong enough to even figure it out. Our seniors do not want to be on welfare. They should not have to be on welfare.

I have listened to the Republican Party talk until they are blue in the face about the fact that people should get off welfare, and yet here you propose to drive people into welfare. We are talking about senior citizens, many of them extremely elderly, many in poor health, many alone, with extraordinary costs for medicines, doctors, and other things of that kind. They are frightened. And you come right back in, as you have for 4 years, to take these budget cuts out of their hides.

There is no justification for that. The Social Security Fund is in solid condition, as the President has said. We are building a surplus, and that enlarges into the future, and the system is sound into the year 2045. In fact, that action was taken just 2 years ago, and everybody knows it.

Why is this raid taking place? Why is this effort being made to cut the standard of living of people on Social Security? It is because the money is wanted for other things.

Even though the money comes into the Social Security Fund, President Reagan can borrow that money and Caspar Weinberger can borrow that money; and they can take it into other parts of the Government where they want to spend it, because they are the biggest spenders of all time. They have doubled the national debt in 5 years. They cannot spend the money fast enough at the Pentagon, with $600 toilet seats and $9,000 coffee pots. They want that spending binge to go on.

They have more bloated defense spending increases in this budget than even the Budget Committee Republicans wanted in the first place. So they have to raid the surplus in the Social Security Fund in order to borrow it to finance the bloated spending in other areas of Government. They do not want to tell you that because it is a painful truth.

I hear all this talk about compassion. If you had any compassion, you would not be proposing this cut. To talk about telling people that once you have cut them below the poverty line the answer is to go on welfare, there isn't much compassion in that. I guess that is the Republican definition of compassion.

The people on Social Security who have worked a lifetime to earn these benefits and to earn some small measure of financial security in old age should be maintained where they are. We are not giving them an extra dime. The cost-of-living adjustment is to make up for the inflation of last year. As to the fact that their living standard has already gone down, it was last year's inflation that took it down.

So what we are proposing is to come along with the normal cost-of-living adjustment and put that buying power back in, because they need it. In fact, it is not sufficient as it is, because the cost of living of seniors is rising faster than that of other groups in our society. They are facing higher costs of prescriptions, higher doctor bills, higher food bills, utility bills, higher transportation bills. It is everything you can imagine.

I have letters here, and the Senator from Colorado may not have any. I have plenty, and I can read them. They are signed by people who wrote them. Hundreds of letters describing the condition they are in. They are squeezed today, and that is why we have the cost-of-living adjustment. That is why the promise was made during the election.

The hyprocrisy of President Reagan and the Republican Party to run in the last election and with a straight face say you are not going to touch Social Security, no cuts in Social Security, and then to come in here last night and to cut it and cut it deeply, and to break a few arms on that side of the aisle in the process, in order to get a 50-to-49 vote—you are not fooling anybody. You are not fooling anybody. And the notion that you are strong because you try to limit this debate, and refuse to give us equal time to debate, that is not a sign of strength either.

I ask for 2 additional minutes.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. MOYNIHAN. I yield 2 additional minutes on the resolution to the Senator from Michigan.

The PRESIDING OFFICER. The majority leader had been recognized.

Mr. MOYNIHAN. Forgive me. I did not see him.

Mr. RIEGLE. I will be brief in summing up.

Mr. DOLE. Mr. President, I have the floor.

Mr. RIEGLE. I beg the Senator's pardon.

Mr. DOLE. I just want to respond briefly, and I will give the Senator the floor back.

Mr. RIEGLE. Very fine.

Mr. DOLE. It is always interesting to listen to the Senator from Michigan because he has never met a Federal program he did not like, particularly if it spent money. He is consistent. His idea is to raise taxes and cut defense spending, and cut defense spending, and cut defense spending. But I would guess there is an overall feeling in this body that there are limits on how much we can do in just that one area.

I remind the Senator that one-third of the savings in this $300 billion package are from the defense budget. I would also remind him that it was Senator Lyndon Johnson, who was not a Republican, who dreamed up the unified budget, so that the overall budget would include Social Security. It was Richard Nixon, a Republican—not some Democrat—who advanced the cost-of-living adjustment idea in the first place. I do not think we should let that go unnoticed.

But to indicate that somehow only a former Republican, who is now a Democrat, the distinguished Senator from Michigan, can be concerned about the elderly and that everybody on this side somehow wants to dump on the senior citizens I think is a bit unfair. But again, that is within certain limits the right of Members, to be unfair. But the record ought to indicate that the biggest threat to the senior citizens is a decline in the state of the economy. We can all point the finger of blame at each other, but in the final analysis I think most senior citizens who have children and grandchildren trying to get in the work force have been fairly sympathetic to the view that we ought to reduce Federal spending.

Second, the fact that you could borrow money out of the trust fund was in the original act. That was proposed by Franklin D. Roosevelt. That was not some Republican initiative. That was way back in 1935. So I do not know precisely the point the Senator from Michigan was making, but I think the historical record ought to be clear.

Finally, Mr. President, this money in the trust fund will make it even stronger. I know there is some negative feeling on the Democrat side because they did not get to offer this amendment, but I am not so certain that is the real issue with the people. I think the real issue is are we doing anything other than arguing with each other about who gets credit for what. If we do not solve the deficit problem, we are all going to get credit. We are going to get credit for doing nothing, we are going to get credit for higher inflation, we are going to get credit for higher interest rates, we are going to get credit for higher unemployment. There will be all kinds of credit. There may be more than enough credit to go around.

I hope that we can get on with the amendment. We can argue with each other about who feels the strongest about the elderly, the handicapped, the workers, or the farmers, and that is all legitimate debate. But in the final analysis, it seems to me the bigger problem is how do we reduce the deficit—raise taxes? Take it all out of defense?

Well, yes, we have taken a big chunk out of defense. But I hope we do not go back to the tax increase route. That

has been tried in Michigan without much success. There have been a few people recalled in the State of Michigan in recent years because of their attitude on taxes. They are debating now in Michigan whether they ought to pass a resolution—a petition to Congress—to have a balanced budget constitutional amendment. I do not know what finally happened in the Senate, but I do know they brought it up Tuesday in Lansing. Already 32 States demand that we have a constitutional convention for a balanced budget amendment because we do not seem to have enough discipline or enough will to do what we need to do and we need that as reinforcement, as a discipline that we ought to have, whether we are Democrats or Republicans. It is not a partisan thing. So I do not quarrel with those who have a different view of the COLA's. I hope my record reflects fairly substantial support in this area, but I have to believe that the problem may be greater than trying to protect every interest group, whether they are from Kansas, Michigan, New York, Florida, wherever.

If we fail at the end of 7 or 8 days, then no one is going to win. We would not take anything away from anybody. Instead, we would just let the interest rates go up, inflation go up, people go out of work, and then we will all blame each other and impose some protectionist legislation which will make us feel good and hope there will not be a recession in the next couple years. But in any event, I do hope that when we finish we will try to keep this package together as much as we can. A week from now we may have put it all back together like Humpty-Dumpty.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I respectfully address my friend, the majority leader, on just one detail. There is no provision in the Social Security Act of 1935 for borrowing money. I think the majority leader meant the provision by which any surplus in the fund is invested in Government securities.

May I say to the majority leader, only two persons have spoken on this side. We have not made any charges about the levels of concern for this system by the party opposite. There have been persons opposite speaking against this amendment, but in our view this is the majority leader's amendment. He said so. And from my view, it is a vindication of the position the Democratic Party has held since that day on May 22, 1981, when he offered his amendment as a substitute for my amendment. He asked me, very courteously, to cosponsor it. The amendments said that the system was basically sound, that we would not change it but would adjust it. Today, the system is sound, and that is why he is, in effect, offering this amendment. The majority leader technically did, I believe, offer the pending amendment.

I yield 2 minutes on the resolution.

Mr. RIEGLE. I thank the Senator.

I might say that I really welcome the majority leader into the debate on this issue because it is interesting that after the package was put forward last night and adopted by a one-vote margin, 50 to 49, the majority leader rises on the floor today and as the very first order of business with respect to amendments, offers this amendment to restore the COLA's under Social Security.

I do not know how we make sense out of that in light of the fact that we were told last night that Social Security needs to be cut and should be cut, and so forth, and yet we are seeing an effort here to offer this amendment, to undo one cut you made last night.

I tell you why the amendment is being offered, Mr. President—because we have the votes to carry it. We have had the votes to carry it since we had the fight in the Budget Committee.

Now, I do not know that strongarm tactics were used in the Republican process down at the White House to bend people into shape or who was part of that deal to get them to go along with the Social Security reductions, but it was a mistake.

But it was a mistake, and you are going to find that out when the votes are taken today. And every other time you have tried to cut Social Security, you have found that it was a mistake. But you do not seem to learn from it. You seem to keep wanting to go back and do it over and over again.

David Stockman, in a Fortune magazine article last year, said this:

> As for Social Security, you are not going to take the checks out of the mail. The best you can do is erode their purchasing power by capping COLA's below the inflation rate. But capping COLA's will take several years to have a significant fiscal effect.

So that is what you are doing. This is the Stockman approach—take it out of the hides of the seniors. You have done it any number of times before. But the heat is very intense because you are so wrong on this issue. Despite all the pressure, two people on your side have had the strength to stand up and say it is wrong.

And it is so wrong that even the majority leader himself has had to come in here and offer the amendment as the very first order of business. I take some satisfaction in that because I think it shows where the merits of this case lie as the votes will later show.

When I hear talk about people saying that there are just a few politicians interested in this, every major senior citizen's organization in this country lists this as their No. 1 priority. The American Association of Retired Persons represent 18 million people—that is more than the population of some States, I might say, and some by Senators who have spoken here saying there is no one really interested in this other than a handful of politicians; the National Council of Senior Citizens, SOS, and any number of a very long, large list of other groups have said it is absolutely wrong to take and squeeze down the living standards of people on Social Security.

These are not lavish payments to start with. They are very modest in most cases. When you go out and start talking to someone who is living on $150 or $160 a month——

The PRESIDING OFFICER. The time has expired.

Mr. RIEGLE. I ask for 1 additional minute, if I may.

Mr. MOYNIHAN. Mr. President, I yield 1 additional minute.

Mr. RIEGLE. I thank the Senator.

We have people out there today receiving Social Security payments of maybe $170 a month, $180 a month, $220 a month. They literally do not have one dime left at the end of the month to spend on anything other than the basic necessities of life and many are doing without some of those. That is who we are talking about targeting here so we can have a bigger surplus, borrow the money, send it over to the Pentagon for all the inflated spending.

It is wrong. It was wrong before the election when the President made his promise, and if he can keep his promise to go to Bitburg, he can keep his promise to protect the senior citizens. It is a much more important promise. In fact, it is the promise that counts. The one with respect to Bitburg is a mistaken promise that should be changed. This one is real, and it ought to be kept. And I hope the Senate will have the courage when it votes shortly to keep that promise to the senior citizens and hold Social Security intact.

Mr. DOLE. Mr. President, I remind my colleagues that there are a couple of proposals floating around on that side. I think the Chiles proposal, which has a number of cosponsors on that side, has a Social Security freeze. The Hollings proposal also has a Social Security freeze. I do not know why all the remarks are addressed to this side of the aisle. I remember last year—I do not know the actual count—but I think there were 18 or 20 Senators on that side who voted for a Social Security freeze, the so-called KGB plan, as I remember it.

So I just hope in all this self-righteous rhetoric that we understand that there are some Senators on both sides who are concerned about the Federal deficit and about what that deficit might do to senior citizens if we do not attack it.

When you try to isolate each little piece of this package, there is no way

you are going to put everything together. Why should we do anything to the American farmer? Why not put everything back in for farmers and why not put everything back in for Amtrak and everything for mass transit, because you can make the same argument for every group in America.

If we do it on that basis—I hope that is not the case—then we are going to fail. And then maybe 2 years from now we will be back here saying, well, it is too late to do anything, too late to cut spending, too late to raise taxes even if we wanted to; we would be in a recession.

I think Senator DOMENICI may have referred earlier to the headline in USA Today, where it says: "Latest figures show wobbly 1985 economy." And that has been repeated in nearly every newspaper, radio, and television. So we have a problem over there on the horizon and it is not just those under 65 who will have the problem. It is going to affect everyone.

This administration has reduced inflation. It has reduced interest rates. There are more people working. But the one area in which I think we have probably been a little short is trying to get a handle on the deficit. And I will accept that.

But, hopefully, we will all be working together here after a few days, most of us, and we can hammer out some proposal.

Mr. President, I yield 10 minutes to the distinguished Senator from Alaska [Mr. MURKOWSKI].

Mr. MURKOWSKI. I thank the majority leader. I am sure my comments will take much less than that.

Mr. President, I rise basically to make two points, that is, the point of the debt and the point of equity.

In discussing the budget compromise and amendments offered to it, what we are really discussing is debt. Adoption of the amendment can have no other result than compounding the burden that we are leaving to those who follow us on this floor and to all other Americans.

Today, there is beginning to be some doubt in the United States about the economy in our country which, of course, is the most dynamic economy on Earth. The question really is, can we continue to have the means to repay our debts? And the question today is, will we demonstrate the necessary character needed to repay our obligations?

As a former banker, Mr. President, I would be remiss if I were to have approved a loan to a borrower when the repayment plan was really nothing more than to roll the debt over and hope something turns up.

Much has been said, Mr. President, today about this debt and the necessity of reducing the rate of growth of our deficit.

It is no secret our accumulated debt is over $1.8 trillion. The interest on that debt takes 18 cents out of every dollar.

But it is interesting to reflect, Mr. President, that next year the interest on the debt will approach or surpass the anticipated deficit.

One does not have to project too long the realities of just what the path ahead is strewn with.

Another significant thing to contemplate is the fact that this Nation has become a debtor nation for the first time in 65 years. We reflect on our trade problems, the trade imbalance, and recognize that for the first time in 65 years there is more foreign ownership in the United States than there is U.S. ownership overseas, a rather interesting situation.

Mr. President, the amendment before us certainly would spare a worthy group of citizens the pain of reduced protection from inflation and it might on its merits seem to be a reasonable end.

However, I ask my colleagues to consider the impact if this amendment to protect one group of worthy Americans is adopted, and we have heard the Senator from Colorado call it a killer amendment. Mr. President, I suggest it be better described as a series of killer bee amendments.

The equity will demand that other worthy Americans receive the same protection, and I know of no other group of Americans more worthy than the veterans of this country. It is in the service and sacrifice of the men and women who answered our Nation's call to arms that allows us the luxury of standing here today in freedom to debate these issues and reflect on our own destiny.

Mr. President, it has been the consensus of the majority of the veterans and the veterans' organizations that I have talked to that they are willing to make an equal sacrifice with all other Americans, as we reflect on the necessary steps that must be taken to reduce the rate of growth of our deficits.

But, Mr. President, the floor vote which will be taken on this amendment would restore the full COLA for Social Security recipients. It is stated by the proponents of the amendment that if the amendment is adopted there will be an increase in our country's debt of approximately $2.9 billion in fiscal 1986 and $22 billion over the next 3 fiscal years.

I think it is important to point out that this figure is really erroneous, for should the amendment be adopted, as I indicated, the killer bees will come forth and I will be compelled to offer an amendment to provide the same benefits to our Nation's veterans.

This will increase the debt by another $200 million in 1986 and over $1.6 billion for the 3-year period.

So, my esteemed colleagues, it is important to know that with this amendment we are opening up the door to a rather enormous increase in our public obligations, and I am sure that there are other Senators who have other programs which will seek reconciliation.

So I would reflect that if this amendment prevails, equity demands that the veterans of the United States receive protection at least as effective as those they serve.

If this amendment prevails, as I have stated, I will be compelled, as chairman of the Senate Committee on Veterans' Affairs, to offer the amendment to secure comparable inflation protection for the veterans' benefits. Then, Mr. President, and only then will we have our debt and equity, too, which is as the case should be.

I thank the majority leader for yielding to me. I yield back to the majority leader.

Mr. DOLE. Mr. President, I would like to include some information in the record at this point, just to make the record complete, not in criticism of anyone, but to sort of get this issue back in perspective and get it out of the politics.

On May 2 of 1984, we had a vote on the so-called KGB plan, the Kassebaum-Grassley-Biden plan. It received 33 votes and a part of that package was a Social Security freeze. Senators BAUCUS, BIDEN, BINGAMAN, BOREN, BUMPERS, BURDICK, DIXON, DODD, EXON, HOLLINGS, INOUYE, MELCHER, MITCHELL, PROXMIRE, PRYOR, RANDOLPH, SASSER, TSONGAS, and ZORINSKY voted for that package.

And I do not say it critically, because there also were 14 Republicans: ANDREWS, ARMSTRONG, EVANS, GRASSLEY, HATFIELD, HUMPHREY, JEPSEN, KASSEBAUM, KASTEN, MATTINGLY, NICKLES, PRESSLER, SIMPSON, and SPECTER.

Again, I just wanted to get the debate back into the real world, if there is a real world around here, to indicate that there is bipartisan support for COLA modifications. And that support exists not because Members have anything in for senior citizens. They were trying to reduce the deficit. The KGB plan was a good plan. Many of us could not support it at that time because we were working out an alternative plan.

Obviously some feel very strongly about it. But of the four budget plans offered last summer that included COLA changes, 59 Senators voted "aye" on one or more. That is 59 Senators out of 100. And there were seven other Senators who supported the leadership plan with no COLA's but supported COLA changes at other points. That is a total of 66 Senators that are on record in just last year in favor of some action on COLA's.

So I would hope the record would reflect this is not sort of the good guys versus the bad guys. No one takes any pleasure in doing any spending restraints or freezes or whatever to try to reduce the deficit. That is not even an argument. It is the alternative that frightens many of us, if we do not do anything and spending goes on unrestrained and nobody makes any sacrifice. And that is why I think it is important that we focus on this issue.

Obviously, there are some who just cannot vote for the 2-2-2 plan or a COLA freeze. And that is the right they have. But I think they may help at least make a record that indicates there is some bipartisanship on this issue. No one is against Social Security, as far as I know. Most Members support it. Some will be eligible for it. I hope that the debate will reflect that.

Mr. MOYNIHAN. Mr. President, I would like to acknowledge the remarks of the majority leader which were temperate.

Although the distinguished Senators from New York and Florida are the authors of this amendment, it was introduced by the majority leader, and in our view, and I hope he will not begrudge it, it is an indication of a position we held on this for 4 years on this floor and in which he joined us almost invariably. And that is why it is going to pass.

Mr. President, I yield 10 minutes to the distinguished Senator from California, our No. 2 man in this hierarchy, such as can be said to exist on the Democratic side of the aisle.

Mr. CRANSTON. I thank my friend from New York. He is No. 1 in the battle for protecting Social Security. I applaud all that he has done, along with Senator RIEGLE, who is currently No. 2 or shares No. 1 on that issue. I am delighted to join with them and others.

I rise in support of this amendment which bears a false Republican label. If we had truth in lending in the Senate, it would bear a Democratic label. This amendment constitutes a move by a number of Republicans to repudiate Ronald Reagan on Social Security.

In proposing a cap on the Social Security COLA, President Reagan has broken not only one but two promises.

He has broken his promise not to touch Social Security.

And he has broken his promise not to call for a tax increase.

The COLA cap actually constitutes a 2-percent cut in Social Security payments which elderly and disabled Americans are entitled to by law.

That 2-percent cut in money which millions of people expect, are entitled to and depend upon is—for all practical purposes—a 2-percent tax increase.

To make matters still worse, President Reagan calls this an increase in benefits.

We have a truth-in-advertising law.

We have a truth-in-labeling law for commercial products.

We desperately need a truth-in-labeling law for proposals coming from the White House.

Double speak is rapidly becoming double talk and double cross.

My reference to broken promises does not relate just to the promises President Reagan made during his reelection campaign.

I am referring also to the fundamental promises made to American workers that the Social Security trust fund would not be manipulated for political purposes.

I am referring also to the promises made to the millions of individuals who have paid into the Social Security system in the belief that adequate benefits would be there to protect them when they retired or became disabled and unable to continue working.

Mr. President, the White House has been playing a series of cruel games with Social Security recipients—making and breaking promise upon promise.

First we had a cynical shell game. Social Security recipients were told Social Security would never be touched.

Then they were told it would be on the bargaining table only if a bipartisan majority of Congress asked for it.

When that did not work, the White House and Republican leadership came up with a new plan to cut Social Security COLA's.

Mr. President, we have heard the President tell the American people that Social Security is not contributing 1 dime to the deficit problem.

But then Social Security recipients have been told that they have to accept a reduction in the COLA to help bring down the deficit.

Now, elderly and disabled Americans are being asked to play in a new national lottery game. Under the rules of this game, maybe they will get a 2-percent COLA; maybe more. Trust us, say the Republicans.

Finally, along with the shell game of "now you see it, now you don't," and the take-a-chance national lottery, we have the "Cruel Hoax."

That is the one where Social Security recipents are told that a cut of 2 percent in the COLA that the law requires they receive is not really a cut—it is an increase.

The issue before us today is whether we are going to stop playing these games, whether we are going to keep the promises made to elderly and disabled Americans, or whether we are going to renege on those promises in order to keep feeding an already-bloated defense budget and allowing major profitmaking corporations to avoid paying their fair share of taxes.

It is an indisputable fact that passage of the White House-Senate Republican leadership cut in Social Security benefits will throw more than half a million elderly and disabled Americans below the poverty line.

Between 1981 and 1983, Congress cut Social Security by massive amounts. Together, those changes enacted in 1981 and 1983 will reduce Social Security benefits by more than $100 billion through the 1980's. The White House/Senate Republican leadership plan would add to that another $22 billion in Social Security benefit reductions over the next 3 years.

That is not a shared sacrifice. Social Security recipients and their dependents have already made significant sacrifices. They have already paid their dues.

This budget provides a hefty increase for defense while Social Security recipients would get a hefty decrease. They face a very real dollar loss in buying power if their benefits are not allowed to keep up with the full increase in the cost of living.

The average monthly Social Security benefit is $412 a month. How much more tightening of the belt are we going to ask from Social Security recipients.

If this hijacking succeeds, who believes that the COLA raids will stop after 3 years? Will it not be irresistible to keep a successful ploy going? Will there not be a major effort by this administration, as the Reagan legacy, to turn this temporary disability into a permanent crippling of the Social Security system and thereby enshrine forever this special new deficit-reduction tax on Social Security recipients?

Mr. President, that is what the White House and Senate Republican leadership are proposing—a deficit-reduction tax on elderly and disabled Social Security recipients.

Mr. President, as President Reagan was pointing out until very recently, Social Security spending is not causing the Federal deficit; Social Security is running at a substantial surplus. If we start raiding the Social Security trust fund now to offset spending in other areas, it is going to be a habit that will be hard to break.

It is time to stop the games that are being played with the lives and economic security of the millions of elderly and disabled Americans who rely upon the Social Security system for their basic survival.

This body ought to keep the promises that have been made. Common sense, honor, equity, and morality demand no less. We can do no less.

We must not start down this deadly road. We hold a sacred trust on behalf on all those who have paid into Social Security.

Let us do the honorable thing. Let us not breach this obligation.

Simply put, let us keep our word to the American people.

Mrs. HAWKINS. Will the Senator yield for a question?

Mr. CRANSTON. Certainly.

Mrs. HAWKINS. I appreciate the Senator's statements concerning the Social Security dilemma we are now in. Will the Senator from California cosponsor the amendment that the Senator from Florida and the Senator from New York have before the body?

Mr. CRANSTON. No, I will not cosponsor it, but I will vote for it.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mrs. HAWKINS. I yield to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. SIMPSON. Mr. President, I have remained out of the debate on Social Security, but I have found that I should perhaps dip down lightly into it.

I want to say how much I respect and regard those on the other side of the aisle, especially Senator CRANSTON, who just spoke, because, indeed, there is a proven comity and accord that I have had with that remarkable Senator from California that will come again here in a spirit of bipartisanship. It cannot come until we get through this debate, which is tough for all of us. I think it has created a bit of ugliness. I know I have done some rather uncharacteristic things in the weeks past that were not comfortable to me. I recognize that.

We are much like racehorses who are bred to race. When they do not race, they get fractious and jumpy.

We are legislators and we are not legislating, until now. Now we are starting. We legislated a little on the farm bill, but now we are finally legislating again.

Legislators are bred to legislate, and when they do not, they become fractious, jumpy, and irritable. I think we have seen that. We have seen it on our side with ourselves. We see it on the other side among our colleagues.

Yet, we always have that amazing faculty to join together as we walk out of the Chamber or see each other across the aisle: "What is up on your side? What is going on? How do we break this? What will we do?"

Thank heavens it works and has always worked.

I think particularly of my work with the Senator from California. Someone will write me a letter and say, "Good heavens, don't you realize he is up for reelection? You should not say anything about CRANSTON."

That is the point. We do not need a lot more of that in this place.

I have worked with him. I have worked with him in the Veterans' Affairs Committee. I watched the two of us, with a lot of help from people on both sides of the aisle, put to bed a most contentious issue of our day, agent orange. What happened to agent orange? That was resolved by a lot of thoughtful, bipartisan work on both sides of the aisle by a vote of 95 to zip out of the Senate. It went to the House where they were good enough to accept most of our recommendations, and we accepted some of theirs, and it was resolved. There is no need to fan it anymore, to press oxygen into the soaring flames of it.

But here we are again with Social Security and the President's remarks—what he said or what he did not say.

It troubled me a bit during the campaign when he said that he would not have tax increases. I thought, "Boy, that is going to set aside some areas we cannot go into." But in the book of Presidential speeches you will fail to find a single word about cost-of-living allowances in Social Security, veterans benefits, or other entitlements. He said he would not be part of anything which would take away Social Security benefits. He did not say anything about the one thing that continues to just spring out of the woodwork on us on all sides, and that is cost-of-living adjustments—COLA's.

It was a nice idea. It was a nice idea for Wilbur Mills or for former Presidents, or whoever did it, to put COLA's into the system. But when we did it, we ruptured the whole operation.

I remember practicing law in Cody, WY, during that period of time when inflation was 12 to 14 percent. Clients would run in with their Social Security check and say, "Look at this thing. It has gone up 40 bucks. Why is that?"

I would say, "Don't ask me. I am just practicing law in Cody, WY. But it sure is a nice thing."

They would then say, "Well, indeed it is a nice thing."

However, when inflation got down to 3 or 4 percent, all of the people who were hooked on COLA's asked where their 8 percent was. We said, "We did not give you 8 percent. We gave you 'cost of living' based on inflation."

But they said, "That is not enough. Give us 8 percent. We deserve 8 percent. Just because inflation is 3, we should have 8."

They got hooked on that pretty quickly.

We did have the vote then on COLA's. The senior Senator from New York was instrumental in getting that before us. The vote was 95 to nothing. I voting with it. That was that. It was brought to the floor in a parliamentary fashion—the kind of parliamentary fashion we do around here so beautifically. It is within the rules, as yesterday's activity was. It works. That is good, and the issue was before us.

But then after that occurred, we went through an election campaign and people got burned. The issue was used to burn candidates. It was a hot coal and it was used.

I remember the series of ads, if I recall correctly, about a little old lady in calico, rather tattered, opening her mailbox. The camera was in the other end of the box. As she reached in there, you saw her twisted face and she gasped audibly, "Where is my check?"

Then clutching her shriveled bosom, she fell into her driveway and said, "My check was taken from me by 'blank, and blank'" was whoever happened to be the Republican opponent in that particular campaign effort.

That was a doozie. I remember that one. That was certainly a classic of all campaign ads.

So that is what we went through and there was great concern about that. So we raised the Social Security issue fully in that election, in 1982, to partisanship in its highest—or lowest form—whatever people like to think about politics and politicians. We know what we have done and we know how much high old glee we get out of rolling the bomb over to that side of the aisle on Social Security and rolling the bomb over here on this side of the aisle on Social Security, and we love it. It just tickles us to death.

But the American people, I really do believe, and I have always felt this, are smarter than we are. They are smarter than their politicians, or else this country would not have been here for some 200 years plus. And they really are able to discern when they are being joshed along—whether it is on the issues of Social Security or veterans' benefits.

Lord sakes, I chaired the Veterans' Committee and I believe I heard from every veteran—all 30 million of them. I am a veteran and I am very proud of that. I served our country for 2 years. I do not remember that they promised me a GI bill; I do not remember that they promise me insurance and this and that.

If you bring up the phrase "veteran" any more, it is almost as if we are talking about a disadvantaged person. How did we get to that point in America? That offends me. It ought to offend any veterans.

How did we get to the point where we talk about somebody who is old, somebody who is a senior citizen, as somebody who is foraging in the alleys? Is everybody over 65 foraging in the alleys of America? That is not what is happening. Is every veteran disadvantaged and disenfranchised? That is not what is happening.

That is the stuff we have to wade through and it takes thoughtful Democrats and Republicans to put it back together after somebody grabs the microphone and gets everybody all juiced up with a remarkable blend of

hype and hoorah and fear and guilt. That is what makes it tough in this arena.

So, Mr. President, here we are, dealing with a remarkable social program spread on the books by a very able Democratic President named Franklin Delano Roosevelt with a Democratic Congress. It was called an income supplement program. That is what it was called, and it was to give 30 bucks a month to take care of a guy who had been pulled apart by the depression, ripped apart on the farm, and pushed around. Thirty bucks a month of income supplement, and we have taken it and ballooned it and nurtured it. Now it is America's pension program.

If you go up to a guy on the street and say, "Is Social Security a pension program?" He will say, "You betcha. It is the one I am counting on. I am not counting on the one from the National Biscuit Co., where I worked for 30 years and get, you know, $100 a month. I am counting on Social Security. That is my pension program."

That is sad in itself, because it is not a pension program. It is not actuarially sound as a pension program and it cannot work as a pension progam, because there is no real relationship between what you put in and what you get out. How curious. But there we are.

We have a situation now where, if you are a single person, you get all of your contribution back in the first 3½ years of the benefit period. No one will challenge that fact. If you are a couple you get all of your contributions and your employer's back, in less than 6 years.

When we put the plan together and when the remarkable President Roosevelt put it together—and he was and he did—we knew that people were living 2 or 3 years beyond their retirement. Now we have life expectancies which go 10 and 15 and 17 years out beyond the age of retirement. That system cannot continue to work. You can talk about it all you want and we will for years to come, but it cannot work when people are receiving out of the system five times their contribution. That happens more extraordinarily frequently than we had ever dreamed. You can run it on a computer and get into it all you want and it will emphasize this issue.

Then we may have to deal with a means-test issue on the program. We get terribly worked up on the means-test issue. We say, "But in Social Security, we cannot repose that. You pay it in; you should get it out." I say you should get it out, but I say: Why not put something on the books that gives a guy an option to cash himself in, take his compound interest, and step out of the system. You cannot do that now if you are a person of means and wish to give up benefits under the Social Security system. You practically have to fight the Social Security district office person in your hometown to get that done—and then you can't.

So here we are in this situation where we do this to each other on this most extraordinary issue. I do not know where all that is going to end. It seems to me it will end in advertisements in the next campaign, newspaper and electronic, about who did what to Social Security. But there will be enough votes held so that everybody can nail everybody else. Everybody will be able to nail everybody at least once, and say, "But wait a minute; on May 1, you voted so-and-so."

"Yes, but on May 2, I got off the hook; on May 3, I got back on the hook; and on May 4, I got the hook right in me."

That is what everybody will be able to do, to use votes or misuse votes during next year's campaign activity.

I guess I shall wind down and say, If you are considering the United States of America as your bank, then file a net worth statement as you do at your bank. That seems eminently reasonable to me, but I know that is also rather shocking. It means if you are going to use the assets of the Federal Treasury for your own purposes regardless of your income, then file a net worth statement. If that is your banking window, then do what you do at your banking window: Fill it out, list assets, liabilities, debts, notes receivable, payments receivable, or whether your son bought the house you have lived in—and you lived in it for 40 years—but he took it over so you could retain or qualify for some kind of benefits under the existing systems of the United States.

I used to have people come to me—Yes, I know this is shocking—but if we get to tell horror stories on one side of the issue or the aisle, then we get to tell them on the other. This is the story of the family gathering there, with you as their attorney, and saying, "We would like to put mother's house in Frieda's name."

I say, "What for?" And that is a terrible question for an attorney to ask a client.

"Well, if we do that, then she will be eligible for this benefit and this benefit and this benefit."

I say, "Why don't you go somewhere else and get that done?" Because that is my idea of gimmicking the system.

There is plenty of gimmicking that goes on in America today. We are aware of that because we are always trying to correct something around here that was a good idea when it started, but may no longer be so. Then the mail room breaks down because we run into people who try to do it honestly—and there are more people who try to do it honestly than there are people trying to do the tricks.

I ran for public office in November 1984. I went to the senior citizens groups and I said, "You know, I can't go in there just to do anything you want to with Social Security. I think we have some serious problems with Social Security. I think it's not actuarially sound. I am not going to terrify you or curry the vote of the 30-year-olds so they will rise up against the 70-year-olds—although I think that may come. There are those on both sides of the aisle—and on this side of the aisle—who have made some very interesting comments about that situation—where the 25-year-old says, "There is nothing in Social Security for me when I get to be 70." That is a cynical approach. So they say, "Why is it that that guy, who is now in his 70th year of life, who paid in and has obtained every bit of his contribution out in the first 3 years of the benefit period, and is still pulling in payments—Why should that be?"

Indeed, it is a good question: Why should that be?

We know also of those who sit down at a family gathering and say to the spouse, "Why don't you go to work and work for 40 quarters and you will be in the system? You will be right in there with me."

They do that. There is nothing wrong with that. Those are the things that occur.

I made this terrible proposal—or perhaps it was a commentary—I would state to these folks that I felt the Social Security system was in disarray. They would kind of gasp and choke a little, and then I would describe to them why I felt that, because all of them understand fairness.

I tell you what you could do. It would be rather dramatic—certainly political suicide—but you could review all of the remarkable pension plans in the United States of America, take the creme de la creme, the Cadillacs of pension plans, and put one together that was really the greatest one of all, sweeten it 10 percent, call it the Social Security system and, then for heaven's sakes, you would get back to some semblance of the proposition that what you pay in is related to what you get out.

This is where system breaks down. It is called something we still understand—fairness.

Now, that is where we are with Social Security. But until we get some semblance of equity between what you contribute in relation to what you receive, we are going to continue partisan blasting which will continue to take place, and we are part of it. I am part of it. We seem to get great glee out of it. I must say that I have not used that on an opponent, and I am sure that I am fortunate that it has

not been used since. I admire you all greatly when you consider some of the constituencies that you have.

One morning you are meeting in a room with 200 people on one side of the issue—and I might have two from Wyoming who come to see me on the issue—and they say, "You know, if you don't go for us, Senator, we are going to make it rough on you in the next campaign." And that afternoon, you meet with a group on the other side who say, "You know, Senator, unless you come aboard here, we are going to rough you up in the next campaign." And then, no wonder a Senator comes to the leadership and says, "Would you put that baby on the bottom of the pile, would you put a rifle on that thing. I have a hold on it—no, let me put a triple hold on it because I can't win. Either way I am in shreds on that one."

At least that is one reason we stumble along. We have heard from various business groups which said they favored the package, everything that was in it, cost-of-living modifications and all. Then you heard Senator MURKOWSKI speak with great clarity about what is going to happen with the veterans groups if you pass this proposal to increase the Social Security COLA. You will have to include the veterans in the next go around. There is no way they can be left out. They were willing to swallow hard—the Legion, the VFW, the Disabled American Veterans—when we proposed to modify the full COLA. They said, "OK, we will do that if everybody is in it—if it is across the board." Well, they cannot stay aboard if you let this one go through; then you are into the big bucks again, right out where we were before.

So the real issue before us is how do you maintain a sound Social Security System, how can we afford that program without getting the General Treasury funds fully into it, and how do we keep our promise to those who have participated and are participating in the Social Security Program? How do we do that? We are never going to get that done honestly if we just use it as a partisan tool to see who can do a number on the Republicans or the Democrats. That is our deepest problem.

The interest groups remain a factor in this debate. I sent my 5 bucks off, I want you to know, to the AARP, and I am now a member. I fit the age requirement, and I am a member now of the AARP. With that $5, I have received more remarkable things in the mail—ads for various elixirs and devices. Curious things I have received from being on that mailing list. Nevertheless, a large part of that mail consists of advice on how we can assure that we get more out of the Social Security System, on how we can assure that we are not hindered in any way—regardless of income or net worth—from doing this, or how we can seek tax treatment which will be to this advantage or that advantage.

That is the way it is. I believe the Senator from Michigan said there were 18 million people who are members of the AARP. They are formidable, I can tell you that. Reading their material makes me know they are ever more formidable.

But in the process they lose track of the basic truth of this whole issue—that the very best thing we can do for the people of the United States, not just senior citizens, is to have a stable economy.

There is something that gives me the most naive hope in this entire debate—and I have always existed on hope, being a rather spirited person, I enjoy that—it is better than the alternative. That is at least our colleagues on the other side of the aisle, without exception as far as I have heard, are talking about getting to a $50 billion to $60 billion first-year reduction in the deficit, and, in the outyears, my colleagues on the other side of the aisle take us further in several programs than the leadership proposal. Eighteen on that side of the aisle voted to reduce Social Security COLA's last year.

I think that is tremendous. That is why I know we are going to get there. I do not know when or what it is going to be. I refer to it in the final stroke as the "Limburger ball;" it will all be wadded into one great ball and it will have a terrible odor. And we will all then say, "Lord sakes, I got in all my shots. I tried to pull this out or put it in, and I'm going to hold my nose and vote for that unbelievable, abysmal, amorphous bunch of stuff."

That is what I see coming because we are all saying basically the same thing—that the deficit is a really tough issue.

On the other side of the aisle, the figures might not be right. Our figures may be wrong. But the issue is that the best thing we can do for senior citizens, the best thing we can do for the United States is to have a stable economy. I think Democrats are ready to do that and Republicans are ready to do that, and we will do that. That will happen in these next days and hours only if we can wade through the great piles of fibrous waste extract from the male bovine member of the quadrupeds.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. I yield the distinguished Senator from New York 1 minute.

Mr. MOYNIHAN. Mr. President, may I say to my friend from Wyoming just two points in response to his very thoughtful statement.

First, Social Security was not begun as an Income Supplement Program. At the time it was established there were almost no private pensions in existence. It has become an Income Supplement Program.

With respect to the issue of the President's statement about Social Security which he made on October 7, 2 days later Mr. Speakes, who is his spokesman, said there would be no tampering with COLA's; that was included in the President's commitment, and he said, again I quote, "The law is the law."

Finally, Mr. President, we could have a long discussion, but I will not, about the principle of social insurance, which is that a person gets what has been contracted for regardless of merit, regardless of condition. That is why it is called insurance.

Mr. DOLE. Mr. President, I ask that the distinguished Senator from Minnesota [Mr. BOSCHWITZ] be designated the manager on this side.

The PRESIDING OFFICER. The Senator has that right.

Mr. CHILES. Mr. President, I yield 1 minute to the distinguished Senator from California.

Mr. CRANSTON. Mr. President, I compliment the Senator from Wyoming on his thoughtful and temperate remarks. I do not agree with all he said on Social Security, but I admire his approach to the tensions within this body over the issues that confront us.

I am afraid that before the 50 hours allotted to us to deal with this matter has elapsed, there will be some rather intemperate remarks made on both sides of the aisle as tempers rise over the issues confronting us.

The Senator spoke of the way he and I have worked together very frequently in the Veterans' Committee and on the Senate floor and elsewhere on issues with which we have been grappling, and it is always a pleasure to work with him. I have great admiration and affection for him.

I should like now to discuss with him some of the circumstances that we together and other Senators face. Often, someone puts in a quorum call for the purpose of having such a discussion, not on the RECORD of the Senate. I will not do that, because others wish to speak; but I should now like to chat with my friend from Wyoming.

Mr. CHILES. Mr. President, I yield 7 minutes to the distinguished Senator from Illinois [Mr. SIMON].

Mr. SIMON. I thank the Senator from Florida.

Mr. President, first I should like to join my colleague from California, Senator SIMPSON, in commending the Senator from Wyoming. He does bring a thoughtful perspective to things. While I differ with his conclusion on this amendment, I appreciate that kind of thoughtful rationale.

I should like to take a moment or two on the big picture because that obviously is related to the amendment we are confronted with right now.

The Senator from New Mexico [Mr. DOMENICI], for whom I have great respect, this morning talked about the need for balancing the budget, getting that deficit down, and he is absolutely right. There is no question that we clearly have to do something. We are spending an increasing percentage of our tax dollar on interest rather than goods and services; and whether you are a Democrat or Republican, conservative or liberal, that is not a rational way to run the Government.

For the next fiscal year, we will spend approximately $181 billion gross payment on interest. Another way of putting that in perspective is that we will spend 11 times as much on interest as we will spend on all the education programs we have in this country—student loans, aid to the handicapped, title I, all the education program combined. So we have to move on something.

I think there are alternatives, without doing it on the backs of those who are not the most fortunate in our society—our senior citizens.

The preference I have as of right now—there are about three or four programs floating around that I know of as alternatives to the Dole amendment, and I may end up voting for all four; I am not sure—is the Hollings amendment, which has some support on that side of the aisle. I will offer an amendment to put the COLA's into that. But that amendment reduces that deficit appreciably more than does the Dole amendment, which was approved by a precarious one vote yesterday.

The real question is, where do we go from here? There are areas where, over a period of time, we can reduce some of these excessive expenditures. I am going to offer an amendment, when we get to the Department of Defense authorization, to require that those who enlist in the Armed Forces after January 1, 1986, have to serve 25 years, rather than 20 years, before they can retire, and in that area we not compound the cost-of-living increase. Give the full COLA but not compound it. That amendment alone will save many billions of dollars over a period of years.

The real question we face here is this: is the cause of our difficulty those who are recipients of Social Security? I think we all know that is not the cause.

The second question is this: Are we so desperate for funds to balance the budget or to move toward balancing—we are still a long way from balancing—are we so desperate for funds in order to move toward balancing that we have to impose this penalty on senior citizens? Are other options available?

The answer is clearly that there are a host of other options available, some of which I would like, some of which I would not like. But we do not need to take this out of the hide of the senior citizens of this Nation.

So I will join those on this side of the aisle and on the other side of the aisle who are supporting this amendment. I think it is a step in the right direction.

I believe we have to compensate in other ways for this loss of revenue. There are better ways of getting this revenue than the way suggested by the unamended budget that was adopted yesterday. So I will support this amendment.

I thank the Senator from Florida for yielding time.

The PRESIDING OFFICER (Mr. GOLDWATER). Who yields time?

Mr. BOSCHWITZ. Mr. President, I yield 10 minutes on the resolution to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, the Senator from New York would like to put his amendment in proper perspective. Some Members on the other side of the aisle have characterized Members on my side as opposing Social Security. I feel that these statements are grossly irresponsible.

The Senator from Illinois just concluded his remarks by indicating his support for the amendment. If this amendment is not adopted, I think it will be a mistake. If an amendment is offered by a colleague on the other side of the aisle to restore the cost-of-living adjustments, I intend to support it, because it is a matter of principle to the Senator from New York.

Last year, I indicated that I would not vote to reduce the cost-of-living adjustments and I am going to keep that promise.

How is it that yesterday Senator HAWKINS and I voted to support the budget compromise hammered out by the Senate leadership and the White House? Simply because we have to get on to the business of reducing the deficit. Though I insisted on free and open debate on an amendment to restore the COLA. Now the issue is before us for consideration.

I think the Senator from Illinois was correct in saying that we should find another way to reduce deficits other than through a COLA reduction. Let us not say that the Republican Party is against Social Security. That is not true.

Some Members have said that the pending amendment was offered on this side because of some crass political reason. No! I feared that this amendment may be closed out of debate and may be subject to a procedural encumbrance. This was a real threat. So I obtained a commitment to have the COLA restoration amendment up first. I made this clear before my vote on the package last evening. The President, Senator DOLE, and Democrats understood my position.

With respect to arm twisting, there was no arm twisting. I would have liked them to drop the COLA cut from the package, because it is not going to survive in the House. Maybe practicality is something Senators are not supposed to go into. I wonder why we are going through this exercise. If you know something is not going to pass in the Senate, is there a ghost of a chance of it passing in the House of Representatives?

Why torture the American public and 30 million senior citizens who will be terrified for a short time wondering about the fate of Social Security.

I have raised this point to a number of my colleagues, the administration, and to the President. I cannot have made it any clearer.

It is as a result of some of the things that I think my colleague from California [Mr. CRANSTON] touched on, the Senator from Wyoming [Mr. SIMPSON] indicated, the nature in which the business of politics is conducted, that I insisted that we be given this opportunity to get free and open debate on this vital amendment. Is there anything wrong with that? I do not think so.

I suggest if my colleagues on the other side of the aisle were placed in a similar position and had a similar view, they would seek to do the same thing that the Senator from New York understood.

Now, let us get to the merits of the amendment. Are we keeping faith with a commitment not to cut Social Security if we vote for the 2-2-2 proposal? I think we are abrogating commitment that we made. We can attempt to justify it and say times are difficult. But the fact remains that I believe we made a covenant at least in the near future stating that would not be the area that we would look to make deficit reduction.

I think there are areas to get budget savings. I think it is long overdue that we have a minimum corporate tax. This will raise significant revenues.

I think it is absolutely unconscionable to have major corporations that earn billions and billions of dollars and not pay 1 penny in taxes. I would certainly support an effort, whether it be from the Democratic side or the Republican side, to address that inequity and use those funds to reduce the deficit.

So maybe we should have a little less politics. Reasonable people can disagree on this. There are those of my colleagues who very reasonably put forth their fear, their concern, as Senator MURKOWSKI put forth, that if the

COLA cut provision drops out, there will be intense lobbying for other cuts to be restored.

Let me suggest one other thing. My good friend from New Mexico, Senator DOMENICI, raised the point that once the COLA is restored, then all other program cuts will be restored. There is no State that endures more cuts than my State. I have not said you should not touch mass transit at all, or UDAG grants at all, or revenue sharing at all, or Medicaid, or any of those programs that mean so much to my constituents. I am willing to absorb cuts in these programs that help my State. This is not easy for me to say, but deficit reduction is important business.

But I have said very clearly, that this Senator draws the line at Social Security. I will not vote for a package that reduces these benefits.

So, Mr. President, I hope this will make my position clear. There was no arm twisting. I think it was good, hard, tough negotiating that brought the issue to this point. I have made my position clear.

But in terms of arm twisting I think I am satisfied that at least we take this issue up right away, put it on the front burner, exactly where it belongs, let people have an opportunity to debate it and, yes, to be quite candid this Senator wanted to go down very clearly with a record for all to understand that I am going to keep that commitment and vote against any packages that would reduce Social Security.

Thank you, Mr. President.

The PRESIDING OFFICER (Mr. CHAFEE). Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BOSCHWITZ. Mr. President, I will again call for a quorum call and I ask unanimous consent that time of the quorum call be equally divided between both sides.

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Who yields time?

Mr. CHILES. I yield 2 minutes to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. I thank the distinguished Senator for yielding to me.

Mr. President, first of all, this proposal to allow cost-of-living adjustments for those on Social Security should not be looked at as somehow depleting the U.S. Treasury. That is not the case at all. The separate trust fund for Social Security is not only solvent, is has a surplus, and the law provides that there be an annual cost-of-living adjustment for those on Social Security. So it is a very normal procedure to allow that to happen.

I think what is disturbing a lot of senior citizens around the country is that they are embroiled in an argument in Congress that seems to indicate that they are part of causing the huge Federal deficits. That is not the case. And these cost-of-living adjustments for senior citizens on Social Security should not be used as a scapegoat to attempt to balance the budget because it will have no effect on balancing the budget. The trust fund is separate and the surplus is there.

Nor should it be treated as somehow being overly generous. These people have earned the right to some comfort and some security in their golden years. They should have some certainty of not being tampered with on Social Security matters. Cost-of-living adjustment should be automatically allowed. The fact that the package before us does not allow that is a terrible oversight and a terrible indication that senior citizens rights are being trampeled on, their rights are being abused.

Making sure we do have full cost-of-living adjustment has been long recommended by Senators MOYNIHAN, RIEGLE, BYRD, and CRANSTON, and I would say all the Democrats over here on this side of the aisle. This, by all means, should be allowed to go through without monkeying with, without tampering, and without threatening the income of the senior citizens on Social Security.

The PRESIDING OFFICER. Who yields time?

Mr. CHILES. Mr. President, I yield myself 5 minutes off the resolution.

Mr. President, the debate has covered many areas. I think now we are getting close to the time to vote on this amendment. I certainly support the amendment and I hope it passes because I think it will take out of the package the danger of a structural change in Social Security, a change that, while it purports to be COLA minus 2 for 3 years, I think is a major structural change because what we do for the next 3 years is going to be what we do with COLA's for Social Security from now on. So that, I think, is something that would not only be a tremendous breach of faith on the part of the administration, but also a very unwise thing to do to our Social Security recipients.

We are all concerned about this deficit. I notice in arguing against this amendment and for the 2-2-2 proposition, a number of distinguished friends on the Republican side have said in their arguments, "Well, this is a COLA change, but, after all, we are not the only ones that have had these COLA changes." They have alluded to the fact that the Hollings freeze in past years had a COLA change and the KGB budget plan that was voted on had a COLA change. They have alluded to the fact that the Senator from Florida has a package that has a 1-year COLA freeze on Social Security. So they have said this is just a part of that package.

But I really think maybe my colleagues have not understood the package of the Senator from Florida. While they like to mention the COLA freeze, I do not hear them at this stage supporting the other steps of that package. I think it is important to point that out that the Senator from Florida felt the only way we will be able to attack the deficits is to have everybody share in the plan of putting together a deficit reduction package.

I attempted to put together a package that did that. And it was my strong feeling, and continues to be my strong feeling, that every time you leave out any element of people or groups that should share in the pain, you begin to lose votes. For example, the President said at one time, "Don't cut defense, don't touch revenues, and don't do anything on COLA's." That was his original proposition. Well, that left us with about 25 percent of the budget to work on. That happens to be the 25 percent of the budget that we have continually cut, and we cut it again in this package. But it began to lose votes, and only when the President began to change did he begin to pick up the support of the members of his own party.

But now, as I see the package before us, it does not share the pain equally. It does not ask anything of those people who are not paying any taxes, or those companies who are not paying any taxes. It does not do anything to them.

The proposal that the Senator from Florida was trying to put forth provided that if we are going to attack $200 billion deficits, if we are going to do something about reducing $143 billion-a-year interest, if we are going to do something to keep this country from going into another recession, which will hurt everybody, including senior citizens, then we have to be willing to say we are going to come up with a package that says there will be some responsibility in that for everyone.

That is a lot different, Mr. President, from saying there is going to be a structural permanent change in Social Security I think that would be a

drastic mistake. What my approach says is this:

This is an emergency. We are going to restrain the defense buildup. We are going to freeze or go below a freeze in many, many domestic programs. And we are going to ask some of those people who have not paid their fair share before to stop taking advantage of the $400 billion in tax expenditures now available to them.

My good friend from New Mexico suggested that everyone who gets a Government check ought to be prepared to give up something. Well, those corporations getting Government checks—and there are also those getting money back in refunds; not only are they not paying any taxes, but they are getting a Government check back in refunds—those corporations ought to be called upon to add a little something to the ante as well.

Only, Mr. President, if we were talking about that kind of proposition do I think we ought to be talking about imposing some pain on senior citizens. Only if we were going to do something on a fair basis.

What I find in my State talking to my seniors is that they are willing to participate, and they will participate if they feel that everybody is sharing in it. What they resent is the idea that someone is going to attempt to balance the budget on their backs and do it in a way that is not fair and does not ask everybody to pay their appropriate share.

So, Mr. President, I hope this amendment will pass and we will strike from the package the provision which would make a total structural change in Social Security.

Mr. BYRD. Mr. President, I yield myself time off the resolution.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, as we debate priorities during our consideration of the 1986 budget, I am reminded that the preamble to our Constitution, written nearly 200 years ago, enumerates a set of objectives for the Government of our country. The preamble states:

We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

It goes without saying that liberty and justice are the core principles upon which the essence of our democracy depends. But our Founding Fathers wisely understood that among the important objectives for this new country, if it was to stand the test of time, would be the promotion of the general welfare of its citizens—the general welfare, not exclusively the welfare of the ruling landed gentry or of the merchant princes, for this was to be a country without titles, or monarchy, or rigid class structure.

It is that objective—the general welfare—to which I direct my remarks today.

It is my belief that history reflects that our Government has been guided generally by this objective in its decisions. We strive for laws which increase opportunity, not restrict it; which foster and reward initiative, not penalize it; and, which encourage realization of potential, not discourage it. And in so doing, we strive for policy which is fair and equitable, and which is humane and just. This, to me, is what it means to promote the general welfare.

There are innumerable examples of where we have been very successful in reaching this objective. The landmark Social Security Act of 1935 is probably the premier example.

Mr. President, contrary to what Mr. Stockman of the Office of Management and Budget would have the American public believe, the Social Security Program is not an expendable middle-class program. It is much more accurate to describe it as a bedrock against poverty. Upon signing into law the Social Security Act, President Franklin D. Roosevelt explained that it was intended to "give some measure of protection * * * against poverty-ridden old age." Today, 50 years later, there is widespread agreement that the program has achieved its stated purpose. Today, older Americans live a far more economically secure life than their counterparts 50 years ago—largely because of Social Security. Our challenge today is to assure that this progress is not reversed.

Data from the U.S. Bureau of the Census reveal that Social Security remains a necessity for many elderly Americans who fall into lower income brackets. Nearly 43 percent of elderly headed households had total money incomes below $10,000 in 1983. Over 73 percent of elderly households had incomes below $20,000. Furthermore, the low-income elderly cluster around the poverty line:

In 1983, 14.1 percent of the population age 65 and over (3.7 million) had incomes below the poverty level, counting Social Security benefits;

An additional 8.3 percent of the population age 65 and over (2.2 million) in 1983 had incomes between the poverty level and 25 percent above the poverty level, counting Social Security benefits.

In other words, in 1983, nearly one-quarter (22.4 percent) of the total population age 65 and over, or 5.9 million elderly Americans, had incomes below or near the poverty level.

Further evidence that Social Security remains a bedrock that keeps many elderly persons from destitution is revealed in the percentage of income that Social Security constitutes for the Nation's elderly:

In 1982, Social Security supplied more than half of the total income for 65 percent of its beneficiaries 65 and over;

In 1982, Social Security supplied 90 percent of the total income for 27 percent of its beneficiaries 65 and over;

In 1982, Social Security supplied 100 percent of the total income for 15 percent of its beneficiaries 65 and over.

A 1983 special report by the House Ways and Means Committee, "Background material on Poverty," found that, if there were no Social Security, there would be about 3.5 elderly poor persons for every one who now falls below the poverty level. In other words, Social Security reduces the incidence of poverty among the aged by 70 percent.

Furthermore, according to a report issued by the committee in February of this year, titled "Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means," payments to aged and non-aged Social Security recipients combined in 1983 probably kept 17 million persons of all ages out of poverty. Nearly 9.7 million of these would-be-poor are persons age 65 or older.

Clearly, Social Security is a program which has kept its promise to the American people. It is insurance against destitution in old age. It is a contract between this Government and the citizens of America, a contract based on the contributions of hard-working Americans, employees, and employers. It is a contributory program, not a handout.

Over the years we have made reforms in the program—reforms designed to make the program fiscally sound, administratively efficient, and responsive to the demographic requirements of its beneficiaries.

In 1972, the Congress determined that it should be a matter of permanent policy to preserve the purchasing power of Social Security benefits in the face of inflation. A law was enacted that year providing for benefits to be adjusted annually to keep pace with the consumer price index [CPI].

The purpose of this cost-of-living adjustment [COLA] was not to increase the benefit. The purpose was to keep the benefit whole, by adjusting its amount so that it did not lose value as a result of inflation.

Constricting Social Security COLA's for 3 years, as the President and Senate Republicans are proposing, is a reduction in benefits, no matter what impression to the contrary the President is trying to present to the American people.

These reductions would result in very real and destructive consequences for hundreds of thousands of elderly Americans. The Congressional Budget Office [CBO] has analyzed the projected financial impact on beneficiaries of the provisions of the Republi-

can's compromise proposal that reduces the COLA's to 2 percent in each of the next 3 years, and increases supplemental security income [SSI] benefits for the impoverished aged, blind, and disabled by $15 per couple and $10 per individual. The CBO concluded that, using its inflation assumptions, the proposed reduction in COLA's for non-means-tested program benefits, combined with the proposed SSI increases, would increase the poverty gap—the aggregate amount of income needed to raise the incomes of the 35 million Americans living below the poverty level up to the poverty threshold by an estimated $430 million and would increase the number of poor people by about 530,000. With respect to the effect of the COLA reduction alone—not partially offset by the proposed increase in SSI benefits—the CBO concluded that the 5.4-percent reduction in real benefits would increase the poverty gap by an estimated $610 million and would increase the number of people in poverty by 600,000.

Using the administration's inflation assumptions, the CBO found that the numbers of affected elderly increase to 570,000 persons in the case of the 2-percent COLA reduction offset by the proposed SSI increases, and to 650,000 persons when the COLA reduction is not offset by the proposed SSI increases.

The effects of the compromise proposal to reduce the COLA by 2 percent in each of the next 3 years are equally as startling when analyzed on the individual level. Using the OMB's assumptions and the Social Security actuaries' alternative II-B assumptions as to what inflation will be in the coming years, the average couple retiring this year—1985—will see, over their expected retirement lives, a reduction in their benefits totaling almost $13,000—$12,948—below that which they would receive without this proposed COLA reduction. The effect on the average retired couple just for the period 1986 through 1990 would be a reduction of $2,592 below that which they would receive absent this proposed COLA reduction. Finally, the effect on the average individual retiree, for the period 1986 throught 1990, would be a reduction of $1,500.

In the early part of this decade, we were faced with the impending insolvency of the Social Security trust fund. The Congress responded by enacting a number of reforms in the program starting in 1981, most significantly a comprehensive solvency package passed in 1983. Some of these were very painful, but nevertheless necessary to insure the program's sovlency. All told, these reforms will result in roughly $100 billion in reductions in Social Security benefits between 1982 and 1989. The largest portion of these savings, $40 billion, resulted from a permanent 6-month delay of COLA's.

In 1983, we said to Social Security beneficiaries that we were forced to take these actions in order to protect the solvency of the program. Such circumstances do not now face us—in fact, the Social Security Program is projected to be solvent into the next century. I believe we would violate the trust of all Americans to revisit this issue in the present circumstances.

Repeatedly, throughout his reelection campaign last fall and since his second inauguration, President Reagan has promised not to touch Social Security. I am quite familiar with the canard that promises are made to be broken. But this is one promise I and my colleagues intend to help keep, even though the President has since broken his own promise.

I am committed to seeing that our contract with this Nation's elderly and disabled Social Security beneficiaries remains intact.

Mr. President, the debate on the budget is really a debate on the priorities that guide this country. Democrats believe those priorities ought to ensure a future of hope for all Americans. We believe the priorities reflected in the compromise budget worked out between the White House and the Senate Republicans must be challenged and changed.

And we believe that it is appropriate that one of the first questions we address in changing those priorities concerns the protection and preservation of a contract we have with the American people—a contract they have counted on in planning their futures—a contract that keeps almost 13.5 million senior citizens out of poverty.

The Social Security Program is one of our most successful efforts in our continuing struggle to realize the objectives set forth by our forefathers in the founding of this great Nation. We must not turn our backs on that progress, or on those individuals who today are depending in Social Security and on their elected representatives to protect and preserve it.

I intend to vote for this amendment and I urge my colleagues likewise to support the amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ARMSTRONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I yield myself such time as I may consume from the resolution.

Mr. President, I do not want to quibble, but I have listened with mounting concern over the last couple of days to the kind of statements such as the one just made by the distinguished minority leader, in which he has characterized, in my opinion improperly, the actions and attitudes of the President of the United States. He has made such comment about the President not once but repeatedly, which I believe is in error. Rather than letting it pass unnoticed, I would just like to call the attention of the minority leader and others to what I believe to be a fairer characterization of the President's position on Social Security. I say this as one who has discussed the matter on numerous occasions with the President and with others.

It, of course, is up to the minority leader if he wishes to accuse the President of breaking his word, but it so happens that I was among the millions of Americans who heard the President's statement on this matter when he made it during the course of the Presidential campaign. I understood him to say that he would not be willing to agree to reducing the benefits of people who are now getting them. When questioned about it several months later, that was the interpretation he put on it, which was entirely consistent with my understanding at the time. The amendment which is suggested by the leadership, which the President has agreed to, does not cut anybody's benefits. The question is, at what rate should the benefit increase? Should it increase according to the present law, which is to say no increase at all until we have 3 percent or more in inflation? Should it increase according to the leadership amendment, which is guaranteed 2 percent? Or at some other rate of increase?

I believe the President is getting a bum rap on this. I want to put it in perspective and make it clear that I am not speaking for the President, but only how I think it must have appeared to him.

He was sitting down there at the other end of Pennsylvania Avenue, confronted with the following public declarations: First, that many Members of the Senate on both sides of the aisle were talking about freezing the cost-of-living adjustment for Social Security. Not only had the Senate Budget Committee voted to do so on one previous occasion, but, in fact, the Budget Committee had even more recently agreed to do so, just a few weeks ago.

Moreover, while not supporting the package recommended by the Budget Committee, a number of the minority members of the Senate, including Budget Committee members, had developed their own budget alternative package, one feature of which was an across-the-board freeze of cost-of-living adjustments.

Meantime, in the U.S. House of Representatives, the chairman of the House Budget Committee—a member of the minority leader's party, I point out—made it plain in a number of public statements that he thought

that was a reasonable alternative and a likely possible outcome. In addition, at a meeting at which I was present as was the minority leader, the Speaker of the House said, not on one occasion but twice, that all programs were on the table. And he repeated to emphasize, "I mean all programs."

I think in those circumstances, it was natural for the President to assume that some change in the social security cost-of-living adjustment was in the wind, even though it might not be a change of his making or of his desire. So, at his instruction, I assume, representatives of the White House bargained with the leadership of the Senate to adopt the proposal which appears before us today as the leadership-White House plan.

Mr. President, I am sure that if he has erred in characterizing the President's attitude, it was not the intention of the minority leader to do so. But I think since the President is not here to defend himself and since, if a similar charge were made against a Member of the Senate, it might well be a violation of rule XIX of the Senate and since, in any case, such a charge serves no real purpose in the debate and does not go to the merits of the question before us, I would be hopeful that, having now made the point not once but repeatedly, perhaps the Senators on the other side of the aisle would be disposed to lay that issue to rest and not come back with it again. It seems to me it improves the dispassionate consideration of the issue to not engage in personalities.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I yield myself such time as I may need from the resolution.

The PRESIDING OFFICER. The minority leader.

Mr. BYRD. Mr. President, I think we can all talk dispassionately about this matter. I was interested in what the distinguished Senator was saying.

The distinguished Senator may characterize my comments in any way he wishes. I simply am stating a viewpoint which is based upon quotations from the press, quotations which, I think, would leave the elderly citizens of this country—and others who are not yet in that category—with the clear impression that the President is now doing what he had said during last year's political campaign he would not do.

The distinguished Senator from Colorado has spoken "in defense of the President."

The Senator used the words "how it must have appeared to him," meaning the President of the United States.

Mr. President, we should be a little more concerned about how the statements of the President must have appeared to the voters of this country; and especially how the statements by the President and those who often are chosen to speak for him at the White House, must have appeared to the elderly citizens of this country. Millions of people were preparing to cast their votes in this country last November, and a great percentage of those were elderly citizens. So let us take a look at some of the President's public statements as they appeared in the press. Suffice it to use but a few.

President Reagan had on an occasion charged that anyone who said he was breaking his promises not to reduce Social Security benefits would be "lying in [sic] their teeth." The following statements from the President and his chief spokesman are revealing.

So here we have, then, Mr. Speakes, the White House Deputy Press Secretary. He said:

> The President has made it emphatic that he will not touch social security in any shape or fashion.

Well, how do you suppose that statement must have appeared to the recipients of Social Security and their families?

It seems to me it is very clear that, according to Mr. Speakes, the President would not touch Social Security—in any shape or fashion.

The distinguished Senator from Colorado would argue that, well, the President did not mean that he would not support a reduction in the COLA increases, which, by law, the people on Social Security would be entitled to in the event inflation went up.

The next quote is by the President. This was on November 3. He said:

> There is no secret plan to do anything about depriving people who are dependent on Social Security, and there never will be as far as I have anything to say about it.

Those were remarks by Mr. Reagan at Wesley Park Senior Center in Milwaukee, WI, on November 3, 1984.

On October 16, 1984, the President said: "I made it plain that I would never hold still for any"—a-n-y—"any change in Social Security that pulls the rug out from the people that were depending on it."

That was Mr. Reagan in a question-and-answer session with students at Romeoville, IL.

The next quote from Mr. Reagan:

> I will absolutely battle against any suggestion of reducing or taking the benefits these people on Social Security are getting. They are going to get those benefits the way they are.

Well, it seems pretty clear what he meant there: He would battle against any suggestion of reducing the benefits the people on Social Security are getting.

I should think that, using the verbiage of the Senator from Colorado on how it "must have appeared" to him—meaning the President—well, how would it have appeared to the elderly people of this country?

Then the President again said:

> We are not going to do anything to double-cross the people dependent on Social Security * * * Their benefits are going to remain with them.

President Reagan was speaking at a political rally in Ottawa, OH, on October 12, 1984.

Then on October 10, 1984, the President said: "We're never going to take away from those people who are dependent on Social Security, now or in the future?

Well, how should anyone interpret that statement?

Is the President to hide behind a word or a sentence which it so happened may not have been directed specifically to future reductions in Social Security COLA's, to which individuals would become entitled under the law.

Well, then, Mr. Speakes again, the White House Deputy Press Secretary, on October 9, 1984, said: "The President will never stand for reduction of Social Security benefits for anybody."

The President said on October 7, 1984: "I will never stand for a reduction of the Social Security benefits to the people that are now getting them."

So now, Mr. President, are we to hide behind the composition of a particular sentence, or the use, or nonuse of specific words, or is it going to be the approach in the future that we hedge by simply not addressing a remark specifically toward a particular kind of cut?

The clearest quotation is in the President's answer, during an interview with Tom Winter and Joseph Baldacchino, Jr., of Human Events, November 6, 1984.

In answer to a question, the President said:

> Well, I have to say my pledge during the campaign carried with it the clear implication that the present Social Security beneficiaries would get their cost-of-living increases as well. I made that pledge and so, therefore, I feel bound by it.

This statement by Mr. Reagan could not have been any more clear, and there could be no doubt whatsoever as to the President's promise not to support cuts in Social Security COLA's.

Mr. RIEGLE. Will the minority leader yield for a moment at that point if this is not an awkward time for him?

Mr. BYRD. No. I yield.

Mr. RIEGLE. I think what the leader is pointing out is very important to fill in the record. There is an additional quote, I might say. Prior to the election, reporters asked Larry Speakes, the President's spokesman, some very pointed questions about the COLA increases specifically. When those questions were put to him, he responded in the name of the President on the record, before the election, that there would be no tampering with the

COLA adjustments specifically. And the way that reads—I am giving part of that quotation. I do not have all of it in front of me, but I will have it and put it in the RECORD. Speakes was asked:

> You say that benefits will not be reduced. The law includes a provision for increases in benefits based on cost of living. Does this guarantee those increases as well?

Speakes' answer on the record—and by the way, it is in the White House transcript—was, "Yes. The law is the law."

And of course it was the law before the election, but then it became negotiable after the election.

I thank the leader for yielding to me.

Mr. BYRD. I thank the distinguished Senator. I was preparing to use that quote which occurred from the press conference of October 9, 1984, where Mr. Speakes did say,"Yes. The law is the law." And the question then was: "And you say it does include that there will be no tampering or"—Mr. Speakes broke in and said, "That is right." And then the question: "Delaying or trimming of cost of living?" Mr. Speakes said, "No tampering, no nothing. There is no hidden agenda. There is no secret plan. There is no nothing."

Well, Mr. President, the statement speaks for itself. It was made before the election, of course, and Mr. Speakes was quite emphatic about it. He did not leave room for any ifs, ands, or buts, but it is quite different now that the election is over. It reminds me a little bit of the situation that arose sometime ago in connection with CIA testimony about the bombing of Nicaraguan harbors when we were told as much as, "Well, if you don't ask the right question, you won't get the right answer." In other words, we are supposed to depend not on what we see as the answer. But if we are going to get the right answer to the right question, we have to hone in, like the missiles, on the heat of a plane; we have to hone right in on the question exactly or else we will not get the right answer.

I knew very well in my own heart what was going to happen. We all had heard those same promises made during the election in 1980. We saw the promises that continued to be made by the President and the White House in 1981. He said, in essence, "Tell the old folks to go home, get before the TV sets, put their feet up on the fireplace, and forget it; they are not going to be hurt; they are going to be protected by the safety net," yet they were not protected, as we know. The American people were told the same thing about a tax increase in 1982. The President, in January 1982, came before the two Houses of Congress and not once but two or three times, made statements to the effect that, "There won't be any tax increase this year. Just forget it; we are not going to stand for it." Before the year was over, he was among the first to stand up and plant the flag in support of a tax increase. It was a $99 billion tax increase that year. He also said that he would not support an increased tax on gasoline, but before the year was out, he was supporting a tax increase on gasoline, and in January 1983 signed it into law. So we have seen those promises made and broken before. As the distinguished Senator from Colorado said, "If it were another Senator, why, we might invoke rule XIX and make him take a seat." Well, as Dizzy Dean said, "It doesn't hurt to brag if you've done it."

I would not be daying this, of course, about our President—I respect him, I think he is very friendly and warm and congenial and I like him, very much—but these are his quotes, not mine. And I do not know, to use the distinguished Senator's words earlier, how it "must have appeared" to the President. I know how it appeared to me and I know how it appeared to the old folks in West Virginia. You go down to West Virginia, go out to Colorado and say to senior citizens there, "The President, he didn't say he wouldn't cut your social security COLA's." You tell them that.

Mr. President, I yield the floor.

Mr. ARMSTRONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ARMSTRONG. I do yield myself such time as I may consume from the bill.

We have had our say, and one of the great things about this body is that we can all look at a set of facts and reach different conclusions. It is obvious that the minority leader and I see this issue in a different perspective. I am not trying to have the last word, but I do want to make two points in closing. One is that whether the Senator from West Virginia's characterization of the President's remarks and his attitudes and his habits of mind and integrity is correct or whether or not my own view is correct really says nothing about the merits of the amendment in any case. Engaging in personalities no matter who might be proven correct in the final analysis, does not say anything about whether or not this is a good amendment.

I just want to remind Senators that this remains, regardless of who said what to whom, a killer amendment. This is an amendment that undermines the package which is before us at the present time, the only real hope for taking strong action on balancing the budget at any time in the foreseeable future and reducing the deficit at the present time.

Second, I close with a word of friendly advice to Senators who want to pick personal fights with the President. A lot of people have tried that over the years, and there are not many who have come out on the long end.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield such time to the distinguished Senator from Washington as he desires.

The PRESIDING OFFICER. Does the Senator from New Mexico yield time for the resolution?

Mr. DOMENICI. From the resolution.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I should like to start my remarks by asking the distinguished Senator from New Mexico if he will answer a question for me.

Mr. DOMENICI. I will be pleased to do so.

Mr. GORTON. Mr. President, as the distinguished chairman of the Budget Committee knows, the proposal which is sought to be removed by this amendment on Social Security cost-of-living adjustments differs from that which was passed by the Budget Committee some weeks ago. The latter was a single-year freeze on cost-of-living adjustments on all programs to which they apply. This one is a reduction by 2 percent less than inflation for each of 3 years.

I understand by reading the budget resolution that the total number of dollars involved, the total amount of the savings involved, over that 3-year period is approximately the same but the pattern is somewhat different.

My question to the distinguished manager of the resolution and the author of the Senate Budget Committee resolution, the chairman of that committee, is this: Should this amendment be rejected, should the Social Security cost-of-living adjustments proposal contained in the President-Senate leadership compromise be adopted, could it be met by the Finance Committee by a single-year freeze, by the proposal of the Senate Budget Committee, or is it in such a structure that this is the only way in which the Senate Finance Committee could meet the requirements of the resolution as it is before us now?

Mr. DOMENICI. I say to my good friend and distinguished member of the Budget Committee that it would not be possible to meet the savings assumed in the Senate Republican leadership-White House agreement by a 1-year freeze on Social Security cost-of-living increases. While reconciliation is certainly less than a perfect science, and even in those areas where it is directed at a committee such as Finance, which has entitlement and direct spending jurisdiction, and even though you can accomplish the reconciliation

instruction for the most part by various approaches, based upon the traditions and precedents, my answer would continue to be no. Based on the way we have handled reconciliation in the past, the Finance Committee would not be in compliance even if the savings over the 3 years was reached, but the assumed savings in the first year were significantly off the pending resolution's assumption.

Mr. GORTON. That is my question. I am not surprised with the answer of the Senator from New Mexico, because I believe it to be correct.

I must say that I am disappointed by that answer, and it is an answer which affects my vote on the amendment which is before us at the present time.

Mr. President, I must say that I regard this so-called 2-2-2 proposal as unwise and distinctly inferior to the proposal on cost-of-living adjustments which was reported by the Senate Budget Committee at the time it began this process.

In the first place, of course, this alternative simply produces a 3-year struggle, a 3-year fight, with no great prospect for success, as opposed to one which would have the savings up front and which would not cause us to revisit this issue again in 1986 and again in 1987. I do not believe we can have any real confidence, even if this proposal were to win here today, that in fact we would obtain the savings outlined in the budget resolution as it appears before us.

Second, while a 3-year figure of savings is roughly equal in respect to the two proposals, as we went further down the line, the reduction in cost-of-living adjustments as to Social Security and other recipients by this proposal was substantially greater than that which would be asked by a single year freeze.

Next, of course, this is inconsistent with the general thrust of this budget resolution. The great promise of the budget resolution which was reported by the committee, and I think the great promise all of us would like to have redeemed, is that we can take very drastic steps, make significant reductions in spending programs, make change in basic laws in 1985, right now; and that if they have the desired effect on economic growth, if they produce savings of roughly $55 billion in fiscal year 1986, we will not have to revisit this issue again; that we simply need to act in a fiscally responsible fashion next year and the year after, to see that Federal spending programs grow no more rapidly than inflation, at least to have a reasonable opportunity to lower our deficits and eventually approach a balanced budget.

Next, of course—and I think this is quite significant—this particular proposal is anathema to all the organizations, including the largest and most responsible, which purport to represent senior citizens.

The executive director of the American Association of Retired Persons, for example, feels it very undesirable either to start down what he, with some reason, considers to be a permanent road or, for that matter, to change Social Security into what amounts to a means tested program. The week's National Journal reports, however, that he has conditionally stated that he would accept an approach not unlike that recommended by the distinguished Senator from Florida, the ranking minority member of the Senate Budget Committee, which would balance a freeze on Social Security for 1 year with freezes on other spending programs, including defense, and some attempts at least to balance those sacrifices by some modest taxpayer sacrifices, such as a freeze on indexing and the like.

I must say that, while I do not by any means agree with everything which is proposed by the Senator from Florida, it does meet those basic requirements and in many respects is closer to the Senate Budget Committee resolution than is the proposal we have before us at the present time.

As a consequence, Mr. President, it is with regret that I say that I intend to vote in favor of the amendment which is before us at the present time—not for the reasons stated by most of its proponents to this point, but because I think that, rather than being a step backward, it is a step in the direction of coming up with an eventual package which is fair to all elements in our society and which, equally important, is perceived to be fair to all elements in our society, and one which has the great advantage of getting all the savings which it purports to authorize up front in one debate in 1985, and not leave very important parts in a somewhat inequitable fashion to future years.

Mr. DOMENICI. Mr. President, I yield whatever time I require from the resolution.

I wonder if I may ask the distinguished Senator from Washington a question. I listened with attention not only to his question, which I answered, but also to his observations with reference to a number of other things.

I ask this: Is it fair to say that the Senator is going to vote for the amendment, but that, in the appropriate circumstances, he would vote for a 1-year freeze on cost-of-living indexes on pension programs of the Government, including Social Security?

Mr. GORTON. Mr. President, I think its fair to state, in response to my distinguished chairman, that I already have said that, that I do so as a part of his Budget Committee process, and I intend to do so in the future.

I do not feel the Budget Committee resolution to be the perfect solution to this problem. I am not sure that I have seen the perfect solution to it yet. But I do believe that a 1-year freeze on all cost-of-living adjustments accompanied by freezes and by some very significant reductions in programs which I like but which I nonetheless regret to say we can no longer afford, accompanied very likely by a freeze in tax indexing for 1 year, is something which will be both effective and fair.

I should say it seems to me that any budget resolution, any approach to the budget deficit problem which we face this year must meet two tests. It must be effective and it must be fair. By effective I mean that it should come very, very close to $55 billion in savings which has constantly been the goal of the chairman of the Budget Committee; that is to say, a budget deficit of approximately 4 percent of the gross national product.

The resolution which is before us now is effective. It comes fairly close to that number.

I regret to say it is very possible and very highly likely that we can meet that effectiveness when one is charged with a resolution which is more fair and equitable in a way that it distributes the pains of the cuts.

Mr. DOMENICI. I thank the Senator.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. DOMENICI. Mr. President, I had not yielded the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I will gladly do that.

Mr. ARMSTRONG. Mr. President, will the Senator yield so I could follow up on the statement of the Senator from Washington?

Mr. DOMENICI. I yield.

Mr. ARMSTRONG. The question which the Senator from New Mexico put to the Senator from Washington underscores the dilemma that we find ourselves in.

The statement of the Senator from Washington really was a masterpiece of careful thought and analysis and, of course, that is not surprising because whenever he has risen in this Chamber to speak so far as I know he has never failed to bring great intellectual horespower and commonsense to the problem, as he just did, and basically, I agree with everything he said.

I really like the 1-year freeze better than I like the 2-2-2, but I am not aware that we are ever going to get a chance to vote on a 1-year freeze amendment as part of a package which includes a lot of other things.

So in order to get the Senator from Washington or the Senator from Colorado on board for the 1-year freeze on Social Security, we have to take some

other things that is going to cause a bunch of people to get off the battle.

Mr. CHILES. Try it. You might like it.

Mr. ARMSTRONG. I say to the Senator from Florida who, by the way, while I am on my feet, let me observe for the record what I have said off the record a number of times: The Senator from Florida has shown more statesmanship in his handling of this particular issue than almost any Member of this Chamber and has done so under circumstances when it would have been easy for him to run away from a difficult political issue, and he has not done that. He faced up to it and he has called for the passage as a part of a package of a Social Security cost-of-living freeze even though he comes from the State that has a huge number of Social Security recipients.

I applaud his statesmanship. But we still have the problem.

Is the Senator from New Mexico or the Senator from Florida or the Senator from Washington, or anyone else, aware of an isolated amendment on this subject? Or are we really saying if we adopt the amendment offered by the Senators from New York and Florida that is now pending we get nothing and we end up faced with the prospect of a stampede developing for popular amendments and how do we put it back together at the end?

I mean, we are not choosing from among perfect choices but from among real choices.

Mr. DOMENICI. Mr. President, as I understand it, although I will not hold anyone to this, I do not think you can address the question to everyone on my time, but I ask unanimous consent that that be permitted in this case. If Senator CHILES wants to answer it, it is on my time off the resolution, and I wish to make sure that the Presiding Officer understands that and that is satisfactory.

The PRESIDING OFFICER. Without objection it is so ordered.

The Senator from Florida.

Mr. CHILES. Mr. President, I wish to say to my good friend from Colorado who has been so kind in his remarks about me that I hope we do not adopt anything like this isolated instance. I think that would be tragic, and the Senator from Florida certainly would not be for that because that would be sort of saying to the seniors, "Look, we are willing to just put this on your back, and this is a place where we can save some money, and we will take it out of your hide."

You know, I do not think that should be the case at all. I think only if we can assure them that we will do enough on deficit reduction, that we will not go into another recession, that interest rates will go down rather than go up, and also that we can assure them that we are putting out a package that treats everyone fairly and requires some sacrifice on the part of everyone and every group in this country, in that instance then I think we can say, "We feel we asked you to join with the rest of the country in that," but I would certainly hope we would not do that on any isolated basis.

My friend from Colorado may not ever be able to vote for the package that the Senator from Florida would propose, because that would be the criteria I would insist upon.

Mr. ARMSTRONG. Mr. President, I think we made the case, and I only want to clarify it. When I say "vote for it in isolation," I mean as a single amendment.

The problem is that all the various packages carry with them someone's approval and someone's disapproval. As I understand the package which will be presented at some point by the Senator from Florida, it contains things which would not be acceptable to a large number of Members on both sides of the aisle and which would not be acceptable to the President, specifically tax increases and a larger cut in defense spending.

As far as I am concerned, I could tolerate a deeper cut in defense spending as I suspect could the Senator from Washington, because I was there when he voted to cut deeper on defense.

But there is a point that I wish to stress, and then I would just like to yield the floor, because I am not trying to replow the ground more than I should. The point I wish to make is that we are faced with practical interest choices of what has any possibility of getting through, and I am not saying the package presented by the Senator from New Mexico is the only package, but that it is the only one I know that has any real chance of making it, and that is the reason I am prepared to vote for a little more defense than I originally thought was right, that is why I am prepared to vote for a Social Security provision different than I think is best, and that is why I am prepared to vote in agriculture, and a number of other budget functions for proposals, and dollar figures that are at variance with my own best judgment of what would be absolutely certain, because it seems to me it is the best chance we have.

If someone can come up with a package that can pass then that is fine. I am ready to take a look at that.

I do not think you can do that if you start by loading up things that are unacceptable to the President, and unacceptable to this group, or unacceptable to that group, or rule off the reservation altogether that 25 percent of the budget as the pending amendment would do.

Mr. GORTON. Mr. President, will the Senator from New Mexico yield for a comment?

Mr. DOMENICI. I yield under the same conditions.

Mr. GORTON. Mr. President, the Senator from Washington at the same time is both pleased and a little bit apprehensive to have the answer to the question of the Senator from Colorado that my distinguished friend from Florida did. I do not believe that this specific proposal will be voted on in isolation. I doubt it would pass in isolation. I think that it can, as the Senator from Florida has said, pass as a part of an overall package.

I am relieved, I may say, Mr. President, by the kind comments which the Senator from Colorado made about me. I have not found in my 4½ years in the Senate anyone with whom I have been more apprehensive when I find myself in disagreement than is the case with the Senator from Colorado because he is so thoughtful, intelligent, and persuasive, and so I am relieved that once again while we may disagree on the tactics, on the way by which we reach a particular goal, the goal is ahead.

Mr. ARMSTRONG. I thank the Senator.

The PRESIDING OFFICER (Mr. PRESSLER). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I think the Members of the Senate have heard a discussion here in the last half hour which has really put into perspective the difficulty that we confront.

I do not have any illusions about this amendment. I think the amendment is going to pass.

I did this morning make a couple of predictions. I made a mistake in the prediction because, as I indicated what would follow, just as sure as night follows day, I said all the other pensions with their restraints in this budget that they would all be reinstated to current law so we would go back to automatic cost of living, but I failed to mention—I said Federal retirees and I am sure we are going to take off the restraints there shortly in the Senate, and I think I said military retirees, and I am sure we are going to take that off since we seem to be talking about fairness, and clearly fairness would say everyone gets their cost of living—I failed to mention some veterans programs that we have some restraint in and that the Budget Committee resolution had some restraint in. I think that will come off also.

And we will be talking somewhere around $33 billion in restraint.

I wanted to mention one other thing. Yesterday, without having the RECORD checked, I was speaking about cost-of-living freezes. And I made a mistake. I said without checking the RECORD I would give the Senate my best guess, and I guess it was that plus some intuition, that at least 60 Senators have either cosponsored with very formal proposals or voted for a cost-of-

living freeze across the board for 1 year.

I now have checked the RECORD because I was wondering whether I was right or not. I would like Senators to know that I was pretty close. Instead of 60, which I guessed, I find that on official votes at least once, in many cases twice in the last year, 59 U.S. Senators from both sides of the aisle have actually stood on the floor of the U.S. Senate and said "aye" to an amendment which would freeze the cost-of-living index for everyone, including Social Security. I did find, in checking beyond that, that six more, six that did not vote "aye" standing on the floor, are now on official amendments, either the one that is pending, or at the desk awaiting an opportunity to be called up. So there are 65 that clearly have either voted "aye" or are clearly on record as being for freezing cost-of-living indexes for 1 year.

I will not under any circumstances, having heard the very excellent discussion that precedes my remarks, attempt to pass judgment on what that means. I do not know what it means. But I do think it means at a minimum that 65 U.S. Senators from both sides of the aisle—I have not been able to say how many from that side and how many from this side, but my recollection again there would be that it is about even, maybe slightly more on this side but pretty close to even. I think what it does mean is that there is a set of circumstances when a compelling majority of this body would vote for that.

I do not stand here and argue that the proposal which the distinguished majority leader, and myself, and some others on this side of the aisle worked out with the President should today be vested with the same kind of fairness that would get 65 votes.

But, basically, it appears to me that that brings us to a very interesting issue. We will vote for this when it is fair.

I met in the last 2 months, 3 months, I guess, with 50 organizations where 20 or more people were present. I guess I have been in the last 2 or 3 months with groups, a total of which might be 4,000 or 5,000 people. I had no trouble, when we talked about reducing this deficit, with almost every one of those groups as groups and individuals saying: "We want to dramatically cut this budget and so long as it is fair, we are for it."

The problem is—and I do not say this in any way critical of anyone else's definition of what is fair—that I know that it is very hard for everyone, or even 51, much less 65, all of whom will say, "If it is fair I will vote for it," it is very hard, even though fairness means something and can be looked up in a dictionary, it is very hard to put together a package that meets everybody's test of fairness.

I have, from time to time, had people say that, "We will vote for it if it is fair." And then you tell them, if you freeze everything, how big the deficit is that is left, freeze everything in the budget, and would it be unfair to freeze everything and do some more. And therein you run into some colorations of fairness.

It is easy, though, for them to say, if none of them are concerned about Amtrak, "Well, we got the fairness. Everything gets frozen. But can we do a little more?" And you say to a group that does not care about Amtrak, "Well, what about taking out Amtrak? That is still fair, right?" That whole group says, "That is fair."

Then you go to another group and say, "Everything is going to get a freeze."

"Well, that is fair."

"Well, that is not enough to fix this thing. How about Job Corps?" And you tell them a little bit about the Job Corps. They say, "Well, when we are in this big of a predicament" none of them have any interest in that—"that is fair." They will all vote to freeze everything—take that one out; it does not affect them.

Then you go on over to another group and it is businessmen now. You run into a little problem because you say, "We are going to need more than a freeze and you all are saying this freeze is fair. What about Eximbank?"

You tell them, "That helps about six corporations directly and maybe some other subcontractor companies. We just can't afford it."

Well, you get in interesting thing. If there are 30 or 40 businessmen, they all look at each other and about 25 will say, "Oh, that is fair." But five will say, "Wait a minute. Wait a minute, now, that is not fair. All that other is all great, but I get something from the Eximbank."

And so now you already have a little group suggestion that is not fair because they get something from it. And that can go on and on.

I, frankly, have difficulty defining what is fair. But I do not have any difficulty saying what is going to happen if we do not dramatically reduce the budget deficits. I do not have any problem with saying to everyone that there will be very, very few Americans that that will be fair to if this economy starts to go down dramatically and we have the kind of thing that does not put 200,000 or 300,000 senior citizens $5 under the poverty line with a freeze, because that is about half. They go $5 under the hypothetical and the other 50 percent will go $10 under the hypothetical.

That is all we have been hearing about, about throwing people into poverty. Nobody is saying anything about the fact that those are the ones that are on the fringe. We have taken about 4.5 million senior citizens that are on Social Security with nothing else. They are down there in poverty. They are moving up every year, but they are still there.

Mr. MOYNIHAN. Will the Senator yield?

Mr. DOMENICI. I will yield in just a moment. So I think the discussion this afternoon about whether a 1-year freeze is more palatable than 2-2-2 with a guarantee, and, as described by my friend from Colorado this morning, which may over the 3 years be more than current law entitles senior citizens to under some economic circumstances.

I do not know which is more fair. Frankly, I voted for a 1-year freeze in the Budget Committee. I proposed it. It was in my package. It was in it three times. I will vote for it again.

But, frankly, I am going to vote for the proposal that we worked out with the President because it accomplishes the same purpose. I do not think it does any more harm. And if you are looking at fairness it is just as fair if not more fair than a 1-year freeze, if you just talk about that as part of this package.

So I do not have that kind of difficulty, because I have found what I think is a fair package. But I really want everyone to understand—and I think they know me well enough—that so long as we end up acting on good faith trying to put a package together that is real and meaningful, I have plenty of flexibility in my mind as to other definitions of fairness that might put a package together. And I hope we are going to do that because I think that is imperative.

Now, I would be pleased to yield to my friend from New York.

Mr. MOYNIHAN. May I ask the distinguished chairman, in the spirit of comity which he tries to bring to the floor, does he recall that just 1 year ago, on May 1, we were debating a proposal put forth by Senators HOLLINGS, EXON, and ANDREWS? And in rising in opposition, the chairman spoke of an excellent bipartisan commission which he called the third major reform in the history of Social Security and which made the funds solvent. He objected to the proposal to cut Social Security. And he said:

> So that everyone will know, using the same logic and the same approach, this proposal will cut social security, after all the things we just did. We attempted to reform it, and I thought we did reform it. According to what I understand, nobody wants to balance the budget on social security or on social security recipients. This proposal will cut social security over what we just fixed in that reform, so that the average retired couple will lose $1,848 in benefits. The average disabled worker with a family will lose $2,100 in benefits.

Without holding the chairman to that statement, the Senator does recall it. So the Senator does see that

there could be two sides to this position. The Senator has been on both sides.

Mr. DOMENICI. That is correct. The Senator is absolutely correct. From my recollection, I made that statement. I have no trouble saying that I did. I will say there is one slight difference, and it does not have anything to do with it, but just to make the record right that was a 2-year freeze of cost, of living. But in any event, that is irrelevant to the point you are making.

But let me say for everyone out there that might make a difference. I frankly believe that we were putting together the best possible package then to set this economy straight. We did a pretty good job. We did not have to burden the senior citizens at that point with taking any restraint on the cost-of-living. I look back and most of the things we tried to do in that package that I referred to we accomplished.

But the truth of the matter is that we are still looking at $200 billion to $250 billion deficits for as far out there as you can see. I am not an expert on the workings of that commission, my good friend from New York was on it, and is an expert. But I frankly believe that the deficit is so serious that the solvency of the trust fund is in jeopardy. I know that will bring another discussion by my friend from New York. But I know enough about it to tell you that if we have the kind of economic problems that I think we are going to have with this kind of deficit, then you have to put some different economics into that commission's report and you have to put some tremendously different economics into what the commissioner that runs that program has currently reported.

And I will just again make an educated guess. I think I could put down the scenario where the economy would get bad enough in the next 3 or 4 years where that great solvency that my friend from New York says is there—and it is there, Senator, and I am saying you are right in saying it is there—but I think I can put down an economic scenario, a set of assumptions that, if we do not fix this economy, would have the senior Senator from New York and others on this floor saying, "Yes, when we brought you the reform package." I would then ask him the question: "Do you remember saying that this is solvent until 2010?" And he would say "Yes, indeed, Senator from New Mexico, I said it. But I did not think we were going to have the economic situation we have." And I do not believe my friend from New York, as expert as he is on that fund and as strong an advocate as he is for what was done with his hard labor and others, including our distinguished leader, Senator DOLE—it was bipartisan, and some non-Senator I guess was there, and I guess Alan Greenspan was the chairman. I do not have any doubt that they believe as I believed when I made that statement that we were moving in the right direction, and we did not have to change the COLA's because we were taking a great big bite off the deficit just as I was wrong—and I am certain I was wrong because the deficit is larger, not smaller and no set of predictions say it is going to get smaller without a package like this in deficit reduction. So I feel very comfortable saying to the senior citizens, share a little bit of the sacrifice. I think it is, fair. I understand others are not sure the package is fair. But I think it has a great deal to do with whether you ought to believe that fund is going to be solvent or not. And I believe it has a lot to do with where the young people in this country paying into that fund ought to believe that they are paying into it, and paying into something that will be there for them because without fiscal responsibility, continued growth, low inflation, interest rates coming down so we can indeed continue prosperity, both groups, the seniors and those who are paying for their seniors, will say it is not right. The fund is not going to help us, and those paying into it are going to say it will not be there.

So that is my answer, a very long one, but it permitted me to—I thank my friend from New York—explain my position as I see it here today.

Mr. GRASSLEY. Mr. President, for 3 years I have proposed an across-the-board budget freeze as the best mechanism to halt the momentum of soaring Federal deficits. Not only would an across-the-board freeze have a substantive impact on the deficit, but it is also the fairest route to budget restraint. In my proposal, every program and beneficiary would be asked to sacrifice equally, and it is this aspect of equity that has been the strongest rallying point behind such a concept. In my budget freeze plan, defense spending and discretionary programs would be frozen at their fiscal year 1985 levels, and cost-of-living adjustments would be frozen as well for entitlement programs—including veterans pensions, railroad retirement, military pensions, civil service retirement, Federal civilian pay and Social Security.

The decision not to exempt Social Security COLA's from my across-the-board freeze proposal was not an easy one to make. But in the interest of affecting all segments of the population equally, I felt no exceptions could be made. Many Iowans have agreed with me that reducing the deficit should be done in such a way that no one group would be favored over others. Many senior citizens have agreed and they are willing to sacrifice to prevent soaring deficits, if everyone is asked to sacrifice equally. Those were my feelings if—and I emphasize—if the Senate had chosen to pursue my across-the-board freeze. However, the proposed budget that we have before us is far from my fair and equitable freeze.

The so-called Senate-White House compromise provides 3 percent real growth for defense programs, a partial COLA for Social Security recipients and cuts many discretionary programs well below current funding levels. I cannot justify freezing Social Security COLA's for our senior citizens if we are going to allow a 7-percent increase over current spending for defense.

Therefore, I am going to support my colleagues in voting to restore full COLA's for Social Security recipients. We have lost the element of equity already in the budget process. I will not ask our elderly citizens to sacrifice more than the Pentagon in an effort to reduce Federal spending.

Mr. LEAHY. Mr. President, the President of the United States made a promise to the elderly citizens of this Nation last year—and I am going to see that he keeps it.

In 1983, when we passed the Social Security Amendments, the elderly accepted a 6-month delay in COLA'S—a delay that will have cost them $40 billion by 1989. The promise was made then to leave Social Security alone.

But for days, weeks, and months now they have had to listen to arguments about keeping in the COLA, taking out the COLA, and every other variation on the theme that COLA's are the key to the budget problems and the cause of the Federal deficit.

It is time to realize that the elderly know better—they know why we have a Federal deficit. They know it has nothing to do with COLA's and everything to do with a massive tax cut in 1981 and huge increases in defense spending over the last 4 years.

According to the Congressional Budget Office, by 1990 revenues will be $335 billion less than they would have been if not for the 1981 tax cut. Compared to what it would have been under policies in effect in 1981, by 1990 the defense budget will have grown by $95 billion and domestic spending will have decreased by around $88 billion.

The elderly people I talk with say that like all Americans they are willing to make sacrifices to help pay off the deficit. But a cut in COLA's is a direct transfer from the pocketbooks of the elderly to the defense budget—not a sacrifice to help pay off the budget.

Mr. President, Social Security is a self-financed program. It does not contribute to the Federal deficit. The Social Security Trust Fund is showing a surplus. But because the program is part of the unified budget, the elderly have been unfairly treated. Older people know that cuts in benefits will

create a larger surplus which, in turn, lowers the deficit. All the while, the Defense budget increases. Again, a transfer is made from the pockets of the elderly to the Pentagon.

Before 1935, when the Social Security Program was begun more than two-thirds of the elderly could only rely on friends, family and charity for financial support. Since enacting the Social Security Program, more than 85 percent of all older Americans have incomes above the poverty level.

There is more I would like to say in support of the Social Security Program. Every one of us who has older family members or friends, benefits because of the security and peace of mind this program gives them.

But time is short, and I will only say that the 89,000 Social Security recipients in Vermont—and the 71 percent of them who depend on Social Security as the primary source of income—have been the subject of the budget debate long enough.

The elderly are asked to sacrifice more than COLA's in the "Rose Garden" budget package.

Under this "rosy" package my State of Vermont will lose nearly $42 million in Federal support. Most of this will affect the elderly.

My friends, the safety net is full of holes. Older people in Vermont will have a hard time to absorb the $7 million loss of Medicare support. The low-income elderly will have no place to turn when virtually every safety net program is cut back or cut out—food stamps, low-income energy, employment, meal programs—and on and on.

Mr. President, a vote to cut COLA benefits will put thousands of older Americans into poverty and push thousands of others close to the threshold. Surely, we can find better ways to gain control of the Federal deficit than to jeopardize the well-being of our older citizens who have done so much for us.

I will vote to restore the Social Security COLA's to the budget.

SAVE THE COLA

Mr. LAUTENBERG. Mr. President, I rise in strong support of maintaining the full cost-of-living adjustment for Social Security beneficiaries. The proposals by the Senate Budget Committee to skip the January 1986 COLA and the President and the Republican leadership to reduce the COLA are unfair and should be rejected.

This year marks the 50th anniversary of the Social Security Act. For 50 years, this Government has been promising a floor of support and security to our older citizens. Just 2 years ago, on April 20, 1983, Congress completed its work on legislation to strengthen the Social Security Program and the President signed the bill. With much fanfare, the Government renewed its commitment to a strong and stable Social Security Program for the aged and disabled.

So, why, Mr. President, are we here again on the floor of the Senate talking about Social Security? Did we fail in our efforts to prevent Social Security bankruptcy? No. The program is in good shape. Are Social Security beneficiaries being overpaid? No. Many of them depend on Social Security as their only source of income, and it barely keeps them above the poverty line.

Mr. President, restraint in spending is necessary. For some, the protection against inflation built into the Social Security Program is a very tempting target. Some would give an increase to the generals for defense spending, but take the COLA away from our senior citizens.

But that is wrong. It is wrong to force 650,000 senior citizens and disabled people into poverty by reducing their COLA's. The White House-Senate Republican package, which would reduce COLA's to 2 percent plus any inflation over 4 percent in each of the next 3 years, would hurt that many beneficiaries. Social Security beneficiaries have already contributed to fiscal restraint through the 1983 Social Security rescue bill and through cuts in the program made in 1981. We should not ask our most vulnerable citizens to do more in this budget fight. The COLA was delayed for 6 months in 1983. That is enough.

When President Franklin D. Roosevelt signed the Social Security Act in 1935, he set out the goals for this ambitious program. He said that it would "not offer anyone * * * an easy life. None of the sums of money paid out to individuals * * * will spell anything approaching abundance. But they will furnish that minimum necessary to keep a foothold; and that is the kind of protection Americans want." Those words still hold true today. The annual cost-of-living adjustment is intended to help senior citizens maintain their "foothold." To eliminate or reduce the COLA is to weaken that hold and start some people slipping into the abyss of poverty.

Our senior citizens deserve better treatment from their Government. They struggled through the hard years of the Depression, fought for their country during World War II, and helped build the prosperity of the postwar era. In return for their work and dedication, the Government promised some measure of security for their old age. Part of that promise is the protection offered by the COLA.

Congress must keep its promise. The protection of Social Security must not be sacrificed. The budget deficit fight does not require it. The promises made to senior citizens and disabled Americans should not be broken. This country is unique in the world in the compassion and the value that we place on our citizens. Support for this COLA protection is in the best of that tradition.

AN EQUITABLE BUDGET APPEAL

Mr. DIXON. Mr. President, I support the amendment offered for the junior Senator from Florida and the junior Senator from New York. The amendment would put funds back into the budget to allow full cost-of-living adjustments to be paid to Social Security beneficiaries and railroad retirement, tier 1, annuitants.

I support the amendment because I believe that fairness goes hand in hand with a stable economy. If this administration and this Congress can provide and increase for the military, which includes adjustments for inflation, then it is only fair and equitable to provide COLA's for our elderly and disabled persons.

The issue of COLA's for these Social program functions standing alone, as is the case in this amendment, will receive my support.

However, so that my position is very clear, I also believe that the taxpayers of this country want to make a dent in our massive Federal budget deficit, which now stands at $220 billion. To make that dent, I believe that we must look at the entire budget.

Therefore, my preference for the fairest way to proceed would be an across-the-board freeze on all spending, including military. Last year I supported the Kassebaum-Grassley-Biden-Baucus amendment to the Deficit Reduction Tax Act of 1984, and I would certainly support that type of legislation again so that we can adopt a freeze that is equitable for all of our citizens.

Mr. KENNEDY. Mr. President, I rise in support of this amendment to keep faith with America's senior citizens.

This budget package proposes to reduce the Social Security cost of living adjustment in each of the next 3 years. If this provision of the budget package is adopted, America's senior citizens will be $3 billion poorer next year, $10.5 billion poorer by the end of 1987, and a whopping $49 billion poorer by the end of the next 5 years. An additional 600,000 senior citizens will be thrown into poverty and all senior citizens will see their standard of living decline.

Social Security is a sacred compact between the Federal Government and the citizens of this country. That compact says to all Americans: if you pay a portion of your hard-earned wages to the Social Security system while you are young, we will pay those wages back to you in the form of a stable, predictable, inflation-adjusted pension when you are old.

The President knows how important that compact is to the people of America, young and old. That is why he repeatedly pledged during the course of

the last Presidential campaign that he would never, ever reduce Social Security. Yet today he and the Republican leadership—at the same time they pledge never to raise taxes—propose to levy a heavy and unfair tax on America's senior citizens.

In our efforts to preserve the Social Security Program against the threat of bankruptcy 2 years ago, we in the Congress made a number of program adjustments, including a painful benefit cut that will cost Social Security beneficiaries $28 billion over a 5-year period. Those cuts were necessary to achieve the bipartisan agreement necessary to save the program.

Today, the Social Security Program is on a sound financial basis and actually contributes to deficit reduction. There is absolutely no justification for further benefit cuts.

Our senior citizens should not be asked once again to pay the price of the administration's failed fiscal policies.

The men and women who are senior citizens today kept faith with America through the Great Depression and the Second World War. I urge the Members of the Senate to keep faith with them today.

Mr. LEVIN. Mr. President, I support the amendment to remove from the White House/Republican leadership deficit package the provision which would essentially reduce the Social Security cost-of-living adjustment 2 percentage points below the Consumer Price Index.

We all agree that we must substantially reduce the budget deficit. We all know that it threatens continued economic growth. In fact, in our trade deficit and in the most recent economic indicators, we are already seeing the warning signs of the much larger dangers ahead. My home State of Michigan, which has yet to fully recover from the last deep recession, stands to suffer greatly if we don't take action on the deficit because foreign auto imports will be put in an even better competitive position. The farmers in my State also are in danger of further losing markets to foreign competitors who are able to undercut their prices due to the high value of the dollar. So, the need for action—substantial action—is clear.

If we are going to ask people to sacrifice as part of that deficit reduction, then we've got to be sure that the sacrifices are shared fairly. The package which we have before us right now just does not do that. The package does not touch the Tax Code which allows tens of thousands of profitable corporations and wealthy individuals to get away with paying little or nothing in taxes. The package allows the Defense Department $25 billion more this year than last year.

I urge my colleagues to vote for this amendment, and in doing so, say to the elderly of this country that we will not ask them to bear an unfair portion of deficit reduction. A vote in favor of this amendment will also send an important signal to the President and the majority leadership of the Senate, that Senators are aware and concerned that other members and segments of our society are not being asked to carry their fair share under this package.

Mr. CHAFEE. Mr. President, this is an admittedly difficult vote. Frankly, I would prefer a different approach, the same as that proposed by my Democratic colleague, Senator CHILES, namely, a 1-year freeze across-the-board on all Federal cost of living adjustments, with full COLA's to be assured in the following 2 years. Despite these reservations, I will vote today to uphold the leadership plan. Furthermore, I fully expect we will end up with a 1-year freeze on all cost of living adjustments.

It is absolutely critical that Congress act to control the deficit. It is the No. 1 economic priority facing the Nation, and we will ignore the danger these deficits present at our own peril, and that of our children.

To reduce the deficit, we must reduce spending. Some in this Chamber have talked of tax increases, and I agree that the time may come when additional revenues will have to be considered. But I believe it is imperative that we do everything possible to reduce spending before considering new taxes.

In voting to reduce spending, my overriding concern has been that the reductions be seen as fair to the American public. It is essential that the public perceive that Congress has acted, to the extent possible, to assure that all elements of our society share in the burdens that budget reductions will impose.

It is for this reason that I will vote to further reduce defense spending to zero growth in the next fiscal year. I do not think it is fair to ask the public to support stringent reductions in domestic programs and exempt the military from sharing at least part of the burden. Our national security will not be imperiled if, for 1 year, we tell the Pentagon to live on a diet of zero growth. While a military "freeze"—that is, providing the same number of actual dollars in 1986 as we provided in 1985—would undoubtedly do harm to our shipbuilding, modernization, and conventional arms programs and would likely require shortsighted manpower reductions, I am convinced that the Defense Department could survive zero growth with no real harm to essential components of our national security.

For similar reasons of fairness, I will vote to restore funds for Medicare, Medicaid, and several other domestic programs. It is not my intention today to go into detail on all the restorations I seek, but I would like to say a few words about Medicare, since it is a component of the Social Security System.

The leadership budget not only mandates reduced Social Security cost-of-living adjustments for the next 3 years, but also would require that Medicare beneficiaries finance a larger portion of the nonhospital costs of the program, through progressively higher part B premiums. It seems to me inherently unfair to increase Medicare premiuns at the same time we are restricting Social Security COLA's. Therefore, I would hope that before this budget debate is over, we will see the wisdom of restoring enough dollars for Medicare to make such premium increases unnecessary, at least for the next year.

Finally, I come to the question of Social Security itself.

It seems to me unfair in the extreme to suggest that we freeze or reduce cost-of-living adjustments for Federal workers, as well as retired civil service and postal workers and military personnel, and exempt Social Security recipients. If we are asking part of the population to forgo or face reduced COLA's, we ought to expect the same of everyone.

In an ideal world, COLA restrictions would not be necessary. Sadly, however, it is impossible to secure the minimum level of savings needed—even with a total budget freeze, and even with deeper cuts in the defense budget—without including some action to limit cost-of-living adjustments.

I'd like to close my remarks by addressing myself directly to the elderly.

As much as any Senator in this Chamber, I recognize and appreciate the concern you have. I have anguished over this vote for many months, and I do not cast it lightly. In the final analysis, I have come to the conclusion that it is necessary.

In legislating a reduced COLA for 3 years—or, alternately, to forgo a COLA entirely for 1 year—we are asking you to accept a share of the burden that will be borne by the entire Nation. In times of danger, Americans have always rallied together. This is a time of danger, and your contribution, no less than that of every other citizen, is essential, for your own sake and for that of your children and grandchildren.

This year, we will spend $200 billion that we do not have, and this figure will grow to nearly $300 billion by 1990 unless we take action now. We are borrowing $1 out of every $4 we spend. No American family could long survive if it borrowed at such a level. As a Nation, the United States is no different.

The deficit creates many problems, many of them masked by the relative-

ly good times of recent months. But those problems are real, and they will grow like a tumor unless we take action now.

This year, we will spend 13 percent of total Federal expenditures just to pay interest on the national debt, some $143 billion. In 3 years, that figure will be 20 percent. I can think of a hundred better uses for that money then paying interest, but we'll only be able to put those dollars to truly productive use if we act now to stem the flow of red ink.

If the deficit continues to grow, inflation will surely rise, interest rates will go up, and the essentials of life—food, clothing, and shelter—will increase in cost far beyond what any Government program could protect. Of all the elements in our society, it is the elderly who will suffer the most if this happens. Those on fixed incomes would be devastated, and the quality of life for every American would be severely reduced.

Federal deficits have a devastating effect on the ability of industries in Rhode Island and throughout the Nation to compete in world markets. Our trade deficit in 1984 was $123 billion, up from $39 billion in 1981 and surpluses just as few short years ago. These trade deficits are directly related to the overvalued U.S. dollar when measured against other currencies, and the strength of the dollar stems from the deficit.

Trade deficits mean one thing: fewer jobs for Americans. In Rhode Island, 12 percent of our manufacturing jobs—18,000 Rhode Islanders' jobs—are directly tied to exports; take away the exports and we take away those 18,000 jobs. It's that simple. For the elderly, this affects not only your children, but you directly. Fewer jobs means smaller payments to the Social Security trust fund which finances benefits.

The passage of a budget which imposes the burden of deficit reduction as fairly as possible is more than a challenge; it is an opportunity to assure that prosperous times will continue.

If we have the courage to take action now, we will be acting to assure that jobs will be available for children and future generations, that Americans will be able to buy homes at affordable prices, without 14½ percent interest rates, that small businesses will be able to expand and remain competitive without having to pay 12 percent for their loans, and that the elderly will not be devastated by runaway inflation.

The budget we are debating, Mr. President, is not perfect. As I said earlier, there are elements in this plan that I oppose, and I plan to either offer amendments or to support those of others to correct the inequities I perceive. When completed, it won't be perfect.

But the alternative is worse.

I cast this vote on Social Security with a heavy heart. As a politician, I know this is not a popular step to take and that I will be subject to some criticism.

Yet I would far rather endure the criticism I receive today, knowing the danger our country faces, than to do nothing now and have to face my constituency in years to come and answer the question "Why did you not act when there was still time?"

Mr. MATTINGLY. Mr. President, I rise in support of the amendment that a full Social Security cost-of-living adjustment, as provided for under current law, be paid to Social Security beneficiaries in 1986. This amendment is of vital importance to the 36 million senior citizens of this Nation who rely on Social Security.

No one in this Chamber is more anxious than I to reduce the deficit and to arrive at genuine and fair savings. I realize that reduction of the Social Security COLA would produce a "saving." But before we embrace the "saving" that tampering with the Social Security COLA will produce, let us examine the facts. The first and most important, I believe, is the significant cost at which the budget savings would be achieved. The 2 percent Social Security COLA would push approximately one-half million elderly citizens below the poverty level over 3 years. In 1986, over 200,000 Social Security beneficiaries would drop below this level. So, Mr. President, when we ask these individuals living on fixed incomes to forgo the full COLA, we are asking one-half million of them to undergo hardship. We are inflicting pain on a segment of the population which worked hard to build this country and which now relies upon us to continue to live in dignity above the poverty level at a minimum.

I believe it is too great a sacrifice to require. Knowingly forcing anyone below the poverty level is unacceptable, especially since the action which does this fails to get at the root of the deficit problem. Let us face facts. The Social Security Program is currently financially sound.

In fact, receipts are expected to exceed disbursements by increasing margins in future years. Every Member of this Senate knows that the COLA is paid out of moneys collected through taxes which are earmarked specifically for the Social Security Program. So by denying the full COLA to elderly citizens, what have we accomplished? We have carried out a paper accounting procedure; we have allowed more money to accumulate in the trust fund; we have perhaps succeeded in cosmetically making the deficit look smaller—but we will have, in fact, forced below the poverty level hundreds of thousands of Americans. This is not a solution.

If this amendment fails, it will not be the end of the debate on Social Security. We will be back revisiting the issue of the new Social Security poor in the near future, or we will be spending more money in other programs designed to give assistance to the needy. Having put these individuals into poverty, I guarantee that we in the Congress will not leave them without help. So, I repeat that a reduced COLA, designed to save the Government money, is not a solution. It makes no sense.

We must move to meaningful deficit reduction for the sake of all Americans. And I believe that meaningful deficit reduction must be fair. Let us begin the process by assuring those who rely on Social Security benefits that we intend to protect them. I will cast my vote in favor of the amendment, and I urge my colleagues to join with me.

Mr. BAUCUS. Mr. President, I join my colleagues in supporting the amendment to this budget resolution to restore the cost-of-living adjustment to the Social Security checks of America's senior citizens.

The budget resolution agreed to by the White House is not fair and balanced. Under this budget resolution the Pentagon and its contractors get 3 percent more than inflation for defense growth. That's on top of the huge and growing surpluses of unexpended resources for defense that have built up from appropriations in prior years. As the distinguished Senator from South Carolina said yesterday that's like "force feeding a goose".

For the elderly, the administration proposes to share the crumbs which the golden goose cannot consume. They propose to reduce the Social Security COLA over a 3-year period and increase the out-of-pocket health care expenses of the elderly under the Medicare Program.

Mr. President, the administration's proposal is double jeopardy for America's senior citizens, not fairness and equality.

THE ACROSS-THE-BOARD BUDGET FREEZE

Mr. President, last year and again this year I joined with a bipartisan group of my colleages to introduce a 1-year across-the-board budget freeze. That proposal also asks the elderly to contribute their fair share to deficit reduction.

Under our proposal—which I sponsored with Senators KASSEBAUM, GRASSLEY, and BIDEN—the elderly would forgo for just 1 year their cost-of-living increase. But for all future years the COLA would fully adjust for increases in inflation.

Mr. President, Senator DOMENICI wonders how Members who have supported a 1-year COLA freeze could support this amendment for a full

COLA. The answer I have given to the seniors of Montana is: "Yes, I am for a COLA freeze, but only as part of a comprehensive freeze where there is a true sharing of the burden."

What we have before us is not a budget freeze. Defense is not frozen. Tax subsidies are not frozen. That is why I cannot support the budget plan put forth by the Budget Committee and the Reagan administration.

I believe that the American people are ready to accept a 1-year, across-the-board freeze. But I certainly do not see the groundswell for this budget package. We can only ask for sacrifice if it is a sharing of the burden and, yes, that must include defense.

THE ADMINISTRATION'S SOCIAL SECURITY PROPOSAL

The administration's Social Security proposal reduces the COLA over a 3-year period—a permanent and drastic reduction in the value of the Social Security benefit.

The administration's Social Security proposal has been called a "diet COLA". Well, I think that America's senior citizens fully understand the difference between a "diet COLA" and "the real thing" and, make no mistake about it, they don't want to be served the diet substitute.

SENIOR CITIZENS WILL SUPPORT DEFICIT REDUCTION

America's senior citizens are prepared to do their part to reduce the deficit and increase the security of our Nation. No one needs to explain the concept of sacrifice to a retiree living on a fixed income who is struggling to maintain dignity and independence for the years ahead. And no one should ever doubt for a moment their commitment to a strong and secure defense of the Nation.

The senior citizens in my State of Montana and in the rest of the Nation are willing to sacrifice—if that sacrifice is truly shared. I will support an across-the-board freeze. But I will not support a one-sided freeze.

America's senior citizens ask only for fairness and shared sacrifice. They deserve no less. They ask for our support for preserving their security with the same commitment as they once fought for our security and freedom.

CONCLUSION

Mr. President, last week the Democratic leader, Senator BYRD, and President Reagan presented two eloquent and alternative visions of the future. Both talked about budget fairness and shared sacrifice. The elderly citizens of our country will certainly understand what is fair and what sacrifices have been made if the White House budget compromise is adopted. The sacrifices will be their sacrifices in Social Security and in the Medicare Program. But Mr. President, there will be no fairness for seniors if we adopt the administration's budget package.

President Reagan campaigned across America on an ironclad guarantee not to touch Social Security benefits. He had his opportunity to modify or qualify his commitment to the retirees of this country, but he did not do so. Now he wants an overwhelming bipartisan majority of the Congress to help bail him out.

I think the President is in for a surprise. An overwhelming bipartisan majority of the Congress is going to tell the President that his proposal for Social Security is not acceptable. It is not acceptable in this form or in this package. This is not a fair proposal. It is not a balanced package. And we will tell the President in no uncertain terms that we reject it.

Mr. PELL. Mr. President, I am voting today to restore to the budget resolution full cost-of-living adjustments for Social Security benefits.

I am voting to restore Social Security COLA's because the budget proposed by the administration, as a total package, is blatantly unfair to senior citizens. The administration predicts that the cost-of-living will increase by close to 4 percent a year over the next 3 years, but it proposes to limit Social Security COLA's to 2 percent a year.

If approved by the Congress, this proposal would result in a steady and continuing decline in the value of Social Security benefits over the next 3 years. An average couple retiring this year, would lose nearly $13,000 in retirement benefits during their retirement. The reduction in benefits would drop about 360,000 older Americans through the safety net into poverty.

I believe that our senior citizens are willing to make a fair contribution to the effort to reduce our huge and burdensome Federal deficits if all segments of our society share equitably in the sacrifices. But this budget resolution is not fair, not equitable and not balanced.

This budget resolution would impose a 3-year cut in Social Security benefits at a cost to the elderly of nearly $24 billion, while increasing defense spending in the same time by $70 billion. It would impose an inflation tax on every Social Security recipient while doing nothing to require our Nation's largest and wealthiest corporations to pay even a minimum tax.

This budget does not treat fairly our senior citizens who depend on Social Security benefits, and for that reason I strongly support this amendment to restore full cost-of-living adjustments for Social Security.

Mr. MOYNIHAN. Mr. President, parliamentary inquiry. How much time does the Senator from New Mexico have on the amendment?

The PRESIDING OFFICER. Seven minutes remain on the amendment.

Mr. DOMENICI. I yield the floor.

The PRESIDING OFFICER. Who yields time? Who yields time?

Mr. DOMENICI. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself time off the resolution.

The PRESIDING OFFICER. The Senator will proceed.

Mr. DOMENICI. Might I say to my friend, the distinguished minority leader, I have a note that one of our Senators wants to speak; Senator SPECTER.

Mr. CHILES. One of ours does, too.

Mr. DOMENICI. That is why I wanted to yield the floor. We reserve the few moments that I have. I ask unanimous consent that when I yielded the floor that the time run off of the resolution, rather than off my amendment.

The PRESIDING OFFICER. Did the Senator make a unanimous-consent request?

Mr. DOMENICI. I did.

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

Who yields time?

Mr. DOMENICI. Mr. President, I thought the unanimous consent was that the time now would run off the resolution, and that is what the consent request was. I heard no objection. It was my request that it be off all my time. That is the point I was trying to make.

The PRESIDING OFFICER. Who yields time? If no one yields time, the time is charged equally on the resolution.

Mr. CHILES. Mr. President, we are ready to vote.

The PRESIDING OFFICER. Do Senators yield back all time on the amendment?

Mr. CHILES. Mr. President, we yield back. Is there time running on the amendment still?

The PRESIDING OFFICER. Time is running. There are just under 7 minutes remaining to the opposition. There is no time left to the proponents.

Is all time yielded back?

Mr. ARMSTRONG. No, Mr. President.

The PRESIDING OFFICER. Who yields time? If neither side yields time, time will be taken from the available time on the amendment.

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

The PRESIDING OFFICER. On whose time?

Mr. ARMSTRONG. I suggest, Mr. President, in the spirit of fairness, that the time for the quorum call be equally divided.

Mr. CHILES. I object to that, Mr. President.

Mr. ARMSTRONG. Mr. President, I am wounded that objection has been heard. Under the circumstances, I shall suggest the absence of a quorum,

with time to be charged to our side off the resolution.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. DOLE. Mr. President, I yield myself 5 minutes on the resolution.

The PRESIDING OFFICER. The Senator may proceed.

Mr. DOLE. Mr. President, I just wanted to alert my colleagues on both sides that I think we are about ready to vote on this amendment. It will be probably another 5 minutes, maybe a bit longer. I am waiting for the distinguished chairman of the Senate Budget Committee.

I should say at this time, although I have not stated my intention on this amendment, since I offered it many people have been curious whether I am for it or against it. I am against it. I hope that the amendment I offered would be defeated. I am also realistic and I know that it is a very sensitive issue. It is one that is not easy to resolve; there is no way to compromise this issue this early in the process, and that is why it seemed to me appropriate to bring it up.

It is one of the two or three very sensitive issues. On others I would guess that we will see people on each side voting the same way, some voting a different way, but on this particular one some are opposed to the 2-2-2. I have learned that some would vote for just a 1-year COLA freeze. But it is confusing to try to explain the 2-2-2 even though in many respects with the 2-2-2 you end up with about the same savings. Under the 2-2-2 plan that is in the package, if the inflation rate was less than 2 percent, you would be a beneficiary because you would be guaranteed at least a 2-percent increase. So there are I think some strengths in the provision in the package. In addition, that is the provision the President supports. I hope this amendment is defeated.

I do not believe we gain any ground by everybody abandoning ship on the first amendment. If the amendment is adopted, I hope we will revisit this particular area before we complete action on this budget package.

So, unless the distinguished chairman has additional comments, we are prepared to vote.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time does the Senator from New Mexico have in opposition to the amendment?

The PRESIDING OFFICER. Six minutes and fifty-four seconds.

Mr. DOMENICI. I yield myself 5 minutes on the amendment.

The PRESIDING OFFICER. The Senator may proceed.

Mr. DOMENICI. Mr. President, I did not hear all of the leader's remarks, but I did hear the last part of it, about the package and about his hope that we would revisit this issue. I talked about that at length a half hour ago.

As I said then, there are a number of definitions of fairness. It is pretty hard to argue when Members talk on the Senate floor about the fact that they are for a major package so long as it is fair, and therefore a COLA freeze, but it is not this package.

I indicated earlier that I have searched the RECORD and found that 59 Senators from both sides of the aisle have voted at least once in the past year on the floor for a COLA freeze for a year. I know of six or more who are on the amendment at the desk, which we are debating. So that makes it 65 who have stated unequivocally that they are for a COLA freeze.

I hope we do not begin the process here this afternoon of scuttling the package, because I think there are well over 60 Senators who, under the right circumstances, would vote for a 1-year freeze for this 2-percent guaranteed cost-of-living index.

I hope we can find the glue that brings that fairness into play which has permitted many Senators to say that they would do this. I have tried my best, and obviously a number of Senators are not ready. They do not want to wait for the time when there is something more fair. There are some who will never vote for a change in the cost of living, and I understand that.

I also indicated earlier, and I want to repeat, that this is not going to be the only effect on the budget is, over $22 billion added to the deficit. But almost automatically you are going to have all the other pension and cost-of-living restraint gone.

Clearly, you are not going to do a restrained cost-of-living adjustment for the civil servants, for the veterans, for the military. Add that to what we have before us, and we will be at approximately $33 billion in 3 years, and that will follow just as day follows night, because everybody is interested in fairness. Here is one that an overwhelming number of Senators will say is not fair, to restrain the pensions of anyone else, even with a guaranteed add-on, if you are going to let Social Security get the full cost-of-living index.

Make no bones about it. This is not a little item; it is a very big measure. Over $33 billion will be taken out of this package before the night ends, I imagine—as soon as somebody can get the floor and offer a subsequent amendment for the other pensioners to get the same treatment as this amendment is going to yield, if it is adopted, as I assume it will be. I hope it is not adopted, but I assume that it will be.

At various times during the day, I also have tried to explain how tough it is to find a package that is fair, because most groups will start with a freeze on everything as being fair. Then you start running into a group that does not care about Amtrak, and they tell you to get rid of it and that is fair. Another group does not care about one of the other programs, and you say you will get rid of it, and that is fair.

Sooner or later, fairness means that even if you treat all pensions the same, even if you treat everything the same, it begins to mean something else. It means, "Don't touch my program, even if you freeze everything else." Do not go beyond that, even if it only affects a few hundred people or a few thousand people.

So it becomes more and more impossible, as you try to accommodate everyone in the constituency, as to their notion of fairness.

Mr. President, I yield myself 3 additional minutes on the resolution.

I would rather talk about what is unfair. What is unfair is not to get a major deficit reduction package that makes sure we have prosperity and lower inflation rates and lower interest rates; because if that goes by the board, the unfairness will be to everyone, because everyone will suffer.

As I said to the distinguished senior from New York [Mr. MOYNIHAN] without a great deal of difficulty I can even come up with a credible set of economics that will put the trust fund in trouble in the short term, in serious trouble, if we do not fix this so the economy can continue on. So we are even talking about a very high probability of unfairness to the seniors we are protecting. No one can stand up and say that the Senator from New Mexico is wrong about that. If I am challenged, I will get a set of economic assumptions and plug them into that fund, and I think I can prove that, given a certain condition of this economy where, instead of one group, you get another group for a couple years; where, instead of 2 percent inflation, you get 8 percent or 10 percent, and add a couple of other things that are hanging around which could happen if we do not fix this deficit, we will have the senior citizens trust fund in trouble.

Frankly, I do not think they are the ones out there causing the trouble. As a matter of fact, I do not think they would like very much to be labeled a group of Americans who do not want to share in the sacrifice. If there has to be shared sacrifice, they will join in that.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. DOMENICI. Mr. President, I yield 5 minutes to the Senator from the resolution.

Mr. SYMMS. I thank the distinguished Senator for yielding.

Mr. President, I compliment the Senator from New Mexico for the job he has done and the case he has made for fairness in this debate this afternoon. I also heard part of what was said by the Senator from Colorado. I think they are making an excellent case against the amendment. I believe that my colleagues who think there is good politics to be had by voting to break up this budget package are making a mistake and misleading as to what the American people think.

When one looks at the record, the fact is that after 15 years of having cost-of-living adjustments, the Social Security benefits have increased faster than either inflation or wages. Between 1969 and 1984, Social Security benefits increased by 247 percent. Inflation increased by 188 percent. The average wages increased by 162 percent.

So what that tells us is that we have a system that has gotten slightly out of balance. This program does not cut anyone's check, but I think the other side of the coin is going to be much more detrimental. As the Senator from New Mexico just pointed out, if we do not stand together and pass a budget close to this package as we have worked out to demonstrate to the market and the American people and the people who are out there making those daily decisions of what happens in our economy, and they point the finger and say, "It is the same old business in Washington," then we are going to see higher interest rates, declining growth in the economy, more unemployment, and all kinds of problems will befall upon this Nation and the very people who are trying to be helped by the authors of this amendment will be some of those who will not be benefited from a declining slowdown in the economy.

So I appeal to my colleagues to take a very, very careful look before they vote for this amendment, because once this amendment, if it does pass, as Senator ARMSTRONG said earlier, it is a killer amendment, it is a big issue and no matter how you cut it, if you vote for the amendment, you are voting to spend more money and not help with the overall costs, and the problem is in this country it is not a deficit problem; it is we spend too much money. The Federal Government is spending 25 percent of the gross national product; the revenue flow to the Treasury is about 19.5 percent of the gross national product, and the difference is being borrowed, and they can make all the arguments they want about whether the Social Security Trust Fund has a surplus in it or in deficit, or whatever. But the fact is in a unified budget that we are borrowing about $200 billion a year.

I see the distinguished Senator from Arizona in the Chamber, and I remember so well his comments some 20 years ago. "If there is so much money in that box, show me where the cigar box is with all the money in it."

So far they had to borrow $1 trillion since the Senator from Arizona said that, maybe $1.5 trillion. I forgot how far in we are. But it is a point that I think the American people are pleading with the people inside the beltway to recognize that the people outside the beltway recognize we spend too much money.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. SYMMS. I am happy to yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I have been asking for almost 35 years for a look at the cigar box. I have not seen the cigar box. I do not think anyone in Washington knows where it is. And I waited a long time to get a Republican who is heading Social Security, and he promised me 2½ years ago that he would report to me the condition of Social Security.

I will still make the flatout charge that it is bankrupt and until someone comes around here with a piece of paper that shows me it is not, that is my stand.

I just wanted to say, and I am probably the wrong person to comment on this anyway because I am not running for reelection, my State, which has the second highest percentage of retired people of any State in the Union, is supporting President Reagan 10-to-1 on this, and I have an idea that the old people in Arizona—I am one of them—are not any different than the older people in the other 49 States. There are just a lot of people who want to get reelected. They would rather get reelected than see this country saved. Let them get reelected and watch it go down the tube.

Mr. SYMMS. I thank the distinguished Senator.

My appeal to my colleagues would be that if you want to get reelected, the right vote is to vote with this package. That is where the right political position is.

Good policy always ultimately ends up being good politics. And for someone to think that they can come in here and break this package wide open and watch the financial markets react negatively with the interest rate starting to creep back up, more unemployment, more disinvestment, and so forth, with respect to capital formation and jobs creation in this country and think that somehow that is going to be good policy and that is going to help anyone in this country, I think it is poor politics. It is poor policy, and poor policy ultimately leads to poor politics.

I just appeal to my colleagues, think long and hard before you vote for this amendment and the fact is I personally believe that is the best thing to do. The distinguished chairman from New Mexico knows I have a budget that cuts even more, and I told him I would support his budget one moment in the Budget Committee. I think my comments were that I would support his budget, even meager as it was with respect to spending cuts.

We hear a lot about cutting spending, but if you look at the bottom line you will see we are talking about spending $20 billion more money in fiscal year 1986 than we are spending in fiscal year 1985. Yet it is talked about as cutting $52 billion out of the budget.

In Sunny Slope that is not the way they keep books. If you spend more money next year than you spent last year they say you are spending more.

We are spending $20 billion more. That is about a 2-percent increase.

I have to compliment the committee and the President and those who agreed with this package that it is a pretty good package, all in all, and a fair package.

It does pay particular attention to the cross-section of people and programs and necessities.

There is a safety net in it for disadvantaged people, and there are a lot of things about the budget that it is a pretty good all around budget.

I think for this amendment I hope that it will not pass and I would also say that in the past year in my State there are 44 counties and I held a town meeting in every one of those counties with a public notice to go out. A large percentage of the attendees of those meetings are senior citizens because those are the people who have the time to come to the town meeting in many cases, and almost unanimously they supported making a sacrifice in terms of the COLA adjustment if it meant tying together a package that could bring about some resolution to the runaway spending in Washington, DC.

It is almost unanimous from the senior citizens—maybe not with the special interest lobbyists who represent them here inside the beltway, but outside the beltway out in the real America, there certainlly is a broad cross-section of overwhelming support for budget containment and budget control.

Mr. President, I urge the defeat of the amendment that is pending and note the absence of a quorum.

The PRESIDING OFFICER. The Senator has no time remaining?

Who yields time?

Mr. SYMMS. Mr. President, I note the absence of a quorum.

Mr. CHILES. Mr. President, I yield 2 minutes to the distinguished Senator from Michigan.

Mr. SYMMS. I note the absence of a quorum, Mr. President.

Mr. RIEGLE. Mr. President, I am wondering if there is any particular reason—

Mr. SYMMS. Mr. President, I maintain my right to the floor.

Mr. CHILES. Mr. President, does the Senator have authority to ask for a quorum without time? I ask for the floor.

The PRESIDING OFFICER. The Senator from New Mexico yielded 5 minutes to the Senator from Idaho.

Mr. RIEGLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. RIEGLE. Had the time expired?

Mr. SYMMS. Mr. President, I note the absence of a quorum.

The PRESIDING OFFICER. The time yielded to the Senator from Idaho had expired.

The Senator from Florida.

Mr. CHILES. Mr. President, I yield 2 minutes to the distinguished Senator from Michigan.

Mr. RIEGLE. I thank the Senator.

Mr. President, let me assure the Senator from Idaho there is not anything afoot here, if he is worried about that.

The normal course of events of the Senate is that we debate on both sides of the aisle.

Let me put his mind at ease, if he thinks there is someone trying to pull a fast one on him.

Mr. President, I wish to draw attention that an assertion was made earlier in the day by the Senator from Colorado that the President had never really committed himself on the issue of COLA's and COLA cuts in Social Security, but rather that he promised he would not cut Social Security generally. In the campaign and any number of times he said that, both before and after the campaign, but he had not specifically addressed the COLA issue; and that is just not true.

He, in fact, did address the COLA issue and, as a matter of fact, the source of that information is in the weekly compilation of Presidential documents put out by the White House itself, and for the week ending Friday, December 21, 1984, President Reagan commented very specifically on this issue. He did so in an interview with Mr. Tom Winter and Joseph Balshino, Jr., of Human Events, on the date of December 6, 1984, and the transcript of their discussion appears in this weekly compilation of Presidential documents, and this is what President Reagan said. Talking about the COLA, he said:

> Well, I would have to say my pledge during the campaign carried with it the clear implication that present social security beneficiaries would get their cost-of-living increases as well. I made that pledge, and so therefore I feel bound by it.

"I feel bound by it."

He went on to say:

> This does not seem as serious to me as some people present it with regard to the deficit because if you really analyze it, Social Security is not part of the deficit problem. Social Security is totally funded by a payroll tax and if you made a reduction in some way of social security, that wouldn't do a thing for the deficit. That money would go back into the Social Security Trust Fund.

And he goes on in this vein. So there is absolutely no question about what President Reagan said or what he meant or what he understood himself to have said. And it is just crystal clear in what exists on the printed public record.

So I do not want to hear Members on the other side come in here now and try to erase the facts and try to erase reality. The pledge was made, it was clear-cut, it was ironclad, and it ought to be kept. And anybody on that side of the aisle who wants to talk about supporting the President better vote for this amendment to restore these Social Security cuts.

The PRESIDING OFFICER (Mr. COCHRAN). The Senator's 2 minutes have expired.

Who yields time?

If neither side yields time, time will run against the remaining time on the amendment.

Mr. CHILES. Mr. President, I yield myself such time as I might need.

I wish to bring to the attention of the body again what is happening to us on this side. We are prepared to vote. We have been for an hour on this side. We have been told the other side is not quite ready to vote.

Now, if we just allow the clock to run, Mr. President, we lose half of that time again. If you go back and review what has happened in this process, we went through the tree and we went through the addition to the tree. So we went through eight amendments in which the Democrats could not be recognized and were not recognized—eight particular amendments and the time on those amendments ran, and yet time was charged to us, half of that time. So we lost time on something that we were not concerned about. We were not proposing those amendments.

We asked yesterday could we be recognized after the chain had run, could we propose an amendment. We were not entitled to that. We were not given the right.

We asked that the majority leader not exercise his right as majority leader to take on an amendment of someone else, but he did today. We have that amendment before us now.

Now, not only do we have that amendment before us now, we find time running off of our side and it is being charged to us. That is just not right. At some stage there has to be some basic fairness.

The point I am making, I say to the distinguished chairman, is that we have been ready to vote, as he knows, for over an hour. He was out of the Chamber. I suggested that someone on that side put in a quorum call with time to run on that side if you are not prepared to vote. We were told not to do that, to let the time run off of both sides. We do not want time running off of our side. We may need that later.

We have gone through the chain. We have gone through the other things in which we were being charged time when we could not get recognition. We do not feel it is fair now that we should be charged this time. We ought to vote, or you ought to put in a quorum call with the time charged off of your side.

Mr. DOMENICI. Mr. President, I yield myself time off the resolution. I want to say to my good friend from Florida that I apologize, but I cannot be in two places at once. While I am supposed to be here, I am also supposed to be where my leader asked me to be, and that is where I was.

I did not leave with any instructions that we ought to try to get time charged off of your side for a delay which is not attributable to you. So if we are going to use time here waiting, we are going to use it off of our time on the resolution.

Is it correct that we still have a minute and a half or something on the amendment itself?

The PRESIDING OFFICER. A minute and 20 seconds remain on the amendment.

Mr. DOMENICI. If we will have a quorum call, we will agree and ask unanimous consent that it be charged to our side. Is there any objection to that?

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. DOMENICI. Mr. President, I yield back the balance of my time in opposition to the pending amendment.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER [Mr. QUAYLE]. All time is yielded back.

The majority leader is recognized.

Mr. DOLE. Have the yeas and nays been ordered on the amendment?

The PRESIDING OFFICER. They have.

Mr. DOLE. Mr. President, we are going to vote on this amendment mo-

mentarily—in about 1 minute. Again, I want to make, as I have indicated a few minutes ago, the point that this is an important amendment in the sense that it is the first amendment, the first vote after adoption of the package last night by a 50 to 49 vote.

As I indicated earlier, this is one of those issues where there is at least no compromise at this moment. So it is an important vote from that standpoint.

In my view, those who in the past voted to have a Social Security freeze, a 1-year COLA freeze, or who agree with the 2-2-2 principle, certainly should vote against this amendment. The dollars raised either way you do it are pretty much the same.

So I hope we will have a substantial vote against the amendment. I think we have had about all the debate we need. The issue is very sensitive, and very emotional. It is also very important to the deficit reduction. If we are really concerned about senior citizens, and all the others who may be impacted, their children, and their grandchildren, then we ought to concern ourselves with the deficit.

If everyone tries to keep what they have and not give up anything in the process, the deficit is going to be larger, inflation is going to be higher, interest rates are going to be higher, unemployment is going to be higher, and it really is not going to be of any benefit to anyone. If, in fact, they preserve something, in the final analysis the economy suffers. I have made that statement earlier.

I am prepared to vote.

The PRESIDING OFFICER. All time has expired on the amendment.

The question is on agreeing to the amendment of the Senator from Florida. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is absent due to illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 65, nays 34, as follows:

[Rollcall Vote No. 35 Leg.]

YEAS—65

Andrews	Eagleton	Kerry
Baucus	Exon	Lautenberg
Bentsen	Ford	Leahy
Biden	Glenn	Levin
Bingaman	Gore	Long
Boren	Gorton	Lugar
Bradley	Grassley	Mathias
Bumpers	Harkin	Matsunaga
Burdick	Hart	Mattingly
Byrd	Hatfield	McConnell
Chiles	Hawkins	Melcher
Cohen	Heflin	Metzenbaum
Cranston	Heinz	Mitchell
D'Amato	Hollings	Moynihan
DeConcini	Inouye	Nunn
Dixon	Johnston	Packwood
Dodd	Kasten	Pell
Durenberger	Kennedy	Pressler
Proxmire	Rockefeller	Specter
Pryor	Sarbanes	Weicker
Quayle	Sasser	Zorinsky
Riegle	Simon	

NAYS—34

Abdnor	Gramm	Simpson
Armstrong	Hatch	Stafford
Boschwitz	Hecht	Stennis
Chafee	Helms	Stevens
Cochran	Humphrey	Symms
Danforth	Kassebaum	Thurmond
Denton	Laxalt	Trible
Dole	McClure	Wallop
Domenici	Murkowski	Warner
Evans	Nickles	Wilson
Garn	Roth	
Goldwater	Rudman	

NOT VOTING—1

East

So the amendment was agreed to.

Mr. DOLE. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Before the majority leader is recognized, the Senate will come to order.

Mr. DOLE. Mr. President, if I may have the attention of my colleagues, perhaps I can indicate what may follow. I think we have seen the results of the first round of the test on this issue. I indicated that this will probably be revisited at a later time with, probably, a different outcome. In any event, I have had a number of inquiries about how long we may be in session this evening.

I have also indicated that there will be another amendment. If, in fact, we are not going to do anything with COLA's on Social Security recipients, it is my view that the same should apply to military retirees and civil service retirees and veterans' COLA's. So at the appropriate time, there will be a conforming amendment to make the same change we have just made in this area. So I suggest that that will happen.

I also hope that after the next amendment is offered and I have had a chance to meet privately with the distinguished minority leader to see if we could work out some arrangement on amendments—as I indicated this morning, I think there are probably only 50 or 60 that are controversial. There are some, I think three or four, that might not be controversial. Obviously, it is not the intention of the majority leader to stand here and offer 60 amendments for other Senators, though I have offered to accommodate Senators on that side if that would help. I had made only two commitments, one on Social Security and one on defense. So I have an amendment I shall offer in a minute for Mr. GRASSLEY and Mr. HATFIELD, which, in effect, would reduce defense from 3-3-3 in the so-called leadership package to 0-3-3—inflation, period—that amendment will be laid down this evening.

If that is the case, it is quite unlikely that will be disposed of this evening. I do not think there will be a vote on that this evening, which will answer some of the questions Members have had about 7, 8, or 9 o'clock. We may be in until 7, 8, or 9 o'clock, but there would be no votes and it would be my intention to go over until 9:30 tomorrow morning, get back on the resolution at 10 or 10:30, and, hopefully, vote on the defense amendment sometime in the early afternoon, then follow that with a conforming amendment that I have just indicated would be offered, which I shall offer for myself, not for any other Senator. I understand there is no objection if amendments are offered by me. There are a number of Senators interested on both sides. I have discussed it with Senators on both sides—Senator TRIBLE, Senator ROTH, and Senator MURKOWSKI on this side; Senator CRANSTON, and I think Senator CHILES and others have the same view on that side. If you are going to make the change in one place, you make the change in both places.

So, Mr. President, I would now send to the desk an amendment, the so-called defense amendment.

Mr. BUMPERS. Will the majority leader yield, before offering the amendment, for a question?

Mr. DOLE. I would be happy to yield for a question.

Mr. BUMPERS. Will the majority leader tell us what he plans for Friday and Saturday?

Mr. DOLE. I do not believe there will be a session on Saturday. And again, I will discuss that with Senator DOMENICI and Senator CHILES. It is fairly obvious we cannot complete action on the bill this week and we will start into next week. There are still about 28 hours on the resolution. It might be possible to leave here at a reasonable time on Friday because I know there are Senators on both sides who have commitments they would like to make Friday evening.

Mr. BUMPERS. Just to clarify what the majority leader said earlier about this evening, is it the majority leader's intention to lay the defense amendment down in the next couple hours and is it his anticipation there will be no vote on it tonight?

Mr. DOLE. That is correct.

Mr. BUMPERS. So Senators will be rather safe, once that amendment is laid down, to go ahead and keep whatever appointments they have this evening?

Mr. DOLE. That is correct. Obviously, we would have debate on the amendment. There is an hour on the amendment. Of course, time could be yielded off the resolution.

Mr. CHILES. I wonder if the Senator will yield for a question again.

51-059 O-86-4 (Pt. 8)

We have had some concern on our side, as the majority leader well knows, that time sort of got used up on our side as we ran the tree and today even we were ready to vote an hour before we got the OK for a final vote on Social Security. If we are going to stay in a long time tonight on defense with no votes, again that would be using time off of our side. I think we would be prepared to vote on that question the minute the majority leader lays that amendment down or almost as soon. There might be a few people over here who would want to discuss it. But at some stage all of our hours are going to be gone and we are not going to have any time.

Mr. DOLE. I would ask the Chair, how many hours are left on each side?

The PRESIDING OFFICER. There are 12 hours left to the majority leader and 16 hours left to the minority leader.

Mr. DOLE. So there are 16 hours left on that side, 12 on this side and I would assume that Senators on both sides would want to speak on the defense amendment, maybe not. If that is the case, we might go out earlier and come back tomorrow morning and have a fairly early vote.

AMENDMENT NO. 46

(Purpose: To limit the growth in the Fiscal Year 1986 Budget Authority for defense to an inflation adjustment)

Mr. DOLE. Mr. President, I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. GRASSLEY and Mr. HATFIELD, proposes an amendment numbered 46:

In the pending amendment, do the following:

On page 3, decrease the amount on line 12 by $10,500,000,000.

On page 3, decrease the amount on line 13 by $12,100,000,000.

On page 3, decrease the amount on line 14 by $14,100,000,000.

On page 3, decrease the amount on line 18 by $3,200,000,000.

On page 3, decrease the amount on line 19 by $6,900,000,000.

On page 3, decrease the amount on line 20 by $9,200,000,000.

On page 3, decrease the amount on line 25 by $3,200,000,000.

On page 4, decrease the amount on line 1 by $6,900,000,000.

On page 4, decrease the amount on line 2 by $9,700,000,000.

On page 4, decrease the amount on line 6 by $3,200,000,000.

On page 4, decrease the amount on line 7 by $10,100,000,000.

On page 4, decrease the amount on line 8 by $19,800,000,000.

On page 4, decrease the amount on line 12 by $3,200,000,000.

On page 4, decrease the amount on line 13 by $6,900,000,000.

On page 4, decrease the amount on line 14 by $9,700,000,000.

On page 6, decrease the amount on line 15 by $10,300,000,000.

On page 6, decrease the amount on line 16 by $3,000,000,000.

On page 6, decrease the amount on line 24 by $11,500,000,000.

On page 6, decrease the amount on line 25 by $6,300,000,000.

On page 7, decrease the amount on line 8 by $12,800,000,000.

On page 7, decrease the amount on line 9 by $8,400,000,000.

On page 32, decrease the amount on line 17 by $200,000,000.

On page 32, decrease the amount on line 18 by $200,000,000.

On page 33, decrease the amount on line 2 by $600,000,000.

On page 33, decrease the amount on line 3 by $600,000,000.

On page 33, decrease the amount on line 11 by $1,300,000,000.

On page 33, decrease the amount on line 12 by $1,300,000,000.

On page 51, decrease the amount on line 17 by $10,300,000,000.

On page 51, decrease the amount on line 19 by $11,500,000,000.

On page 51, decrease the amount on line 20 by $12,800,000,000.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. As I understand it, there is 1 hour on the amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOLE. And that is divided between the proponents and opponents?

The PRESIDING OFFICER. The time is divided between the offerer of the amendment and the manager of the bill, if he is in opposition to the amendment. If he is not in opposition to the amendment, then the time is controlled by the minority.

Mr. DOMENICI. I am in opposition to the amendment.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, I yield 10 minutes.

The PRESIDING OFFICER. Does the majority leader yield 10 to the Senator from Iowa?

Mr. DOLE. I yield 10 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 10 minutes.

Mr. BYRD. Mr. President, will the distinguished majority leader allow the minority leader to have a few minutes at this point?

Mr. DOLE. I would be happy to yield 5 minutes at this point off the 30 that I have, or 10.

Mr. BYRD. Well, the majority leader is quite generous, I might say, but here we have again the same situation which we had this morning. The majority leader, who is the offerer of the amendment, is controlling time for those who support the amendment. He is the offerer of the amendment. And the time in opposition thereto is being used by, am I correct, the Chairman of the Budget Committee?

Mr. DOMENICI. The distinguished minority leader is correct.

Mr. BYRD. I thank the Senator.

So, Mr. President, there we are again with the minority not being in control of any time on the amendment.

Oh, yes, we can control some time on the resolution, but we do not have any control on this side with respect to the amendment itself.

Mr. CHILES. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from Florida is correct. The Senate is not in order. The Senate will come to order. The minority leader has the floor.

Mr. BYRD. I thank the Chair.

Mr. President, we have seen the majority leader effectively use the right of recognition for 5 days now. This is the fifth day that the resolution has been before the Senate. It was laid before the Senate and the Senate began to debate it on last Thursday, about midafternoon. It is now Wednesday, midafternoon or later, and no Democrat has been able thus far to call up any amendment.

The distinguished majority leader has called up at least eight or nine amendments for himself, and he has called up an amendment on behalf of another Senator on his side of the aisle.

We noted last evening that the compromise package that had been worked out between the White House and the Senate Republican leadership was adopted by the meagerist of margins—1 vote, 50 to 49. obviously, as we have now seen, there are Members on the other side of the aisle who are not satisfied with that compromise for which they voted last night. We have seen now that they have begun to offer amendments to change the priorities in that compromise budget.

We Democrats have known for several days that some of the priorities in that compromise are unfair to the American people. Some provisions would cut funds for the education of our young people.

The package cuts funds for infrastructure of this country, and I am talking about cuts that are made in such programs as the Appalachian Regional Commission, the Economic Development Administration.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD. Mr. President, may I yield time to myself off the resolution? Would the majority leader allow me to do that?

Mr. DOLE. As long as I have the right to the floor.

Mr. BYRD. I will not seek to take away the right of the majority leader. He has the floor. So if I may, I will proceed a little longer than 2 minutes.

As I was saying, there are elements in the package which would hinder the future growth of this country, and I am talking about programs such as the Appalachian Regional Commission, the Economic Development Administration, urban development action grants, and so on.

We Democrats have sought recognition time and time again to right some of what we see as wrongs in that compromise. I am rather pleased to see that some of the Members on the other side of the aisle who voted for the White House budget compromise last night also are apparently concerned about some of the inequities in that package. So they now are attempting to change the priorities in that budget.

We Democrats welcome the assistance of our friends on the other side of the aisle who see, as we do, the inequities and the unfair elements in that package.

Now that we are seeing the disarray on the other side of the aisle, and since Democrats have not been able to get recognition to offer an amendment—and we are almost at the point now where half of the overall 50 hours has been used—I want to say to the distinguished majority leader that we Democrats will just be patient and let the other side go on dismantling the very package that 50 Senators on the other side of the aisle voted for last night. We saw them vote for that package under great pressure, and it is obvious that many of them are unhappy with a lot of the elements in that package.

So we Democrats have been waiting in vain to readjust some of the priorities in this compromise. We have not been able to do so, but we are happy that some of our Republican friends have indicated by their votes now that they are unhappy with some of the elements in the package. Hence, we Democrats will continue to be patient. We will just stand by and let the other side continue to dismantle the budget package which 50 of the Members on the other side voted to support last night.

We will be ready, however, when the time comes, when the majority leader is willing to let Democrats get recognition, then we will proceed to call up our package.

There will be an alternative on this side of the aisle, which will promote fairness in cutting the budget deficit, which will provide for America's future through the education of our youth, which will provide the infrastructure that is needed for continued economic growth in this country, which will provide for an adequate national defense, and which will put the budget deficits on a downward trend.

We will be patient and let my friend on the other side of the aisle continue to call up amendments for others on his side, amendments which he probably will oppose, and let them go ahead and dismantle their own budget package, which we see unraveling already. We will be ready to offer one or more alternatives to the budget that passed yesterday by a 50 to 49 vote.

I thank the distinguished majority leader for allowing me to utilize a little of the time under the 50 hours to state for the record that we will be helpful, as Members on his side continue to dismantle the White-House-supported budget and as they remove the inequities and the unfair elements in that package. We will help as we can; and then, when they finish with their amendments, we will offer our package or packages in the interests of the young people of this country; the interests of the elderly people of this country; the interests of those who have to depend upon Medicare; the interests of those who want an infrastructure that promotes economic growth and jobs and a strong and adequate national defense. We stand ready to help to move this country forward, to provide the kind of budget deficit reductions that will enhance the future of this country.

Mr. DOLE. Mr. President, speaking on the resolution just briefly, then I will yield.

Again I can understand the concerns of the distinguished minority leader, and I can indicate to him and colleagues on both sides of the aisle that I hope I do not abuse the right of recognition, and I would think very soon there will be, if not a rotation, at least some movement of amendments on each side.

There are a number of amendments that are very sensitive and very controversial.

These two amendments, the Social Security amendment and the defense amendment, were very important from the President's standpoint of getting this package put together.

I would not want anyone to be misled by the vote on the last amendment. I think I noticed some in the gallery looking at a 64-35 vote and maybe misinterpreting that vote.

I am prepared to say that vote was much, much closer. I can count about 10 or 11 who might have gone with the 35, and this is an indication we are going to revisit that issue.

It is not because we are against senior citizens. It is because we want to reduce the deficit, and insofar as defense is concerned I have offered another amendment. I am opposed to the amendment, and I would indicate, as I am certain the chairman of the committee will indicate in a few moments, that the defense budget is taking one-third of the cuts in this entire package. $97.7 billion is coming out of defense budget.

I will confess I was one of those earlier this year who said the Pentagon had to give more, and they did give more. But I am convinced now they have given about all they should. 3-3-3, by the time you go to the House of Representatives and back, is pretty shaky to start with. It probably should be a little higher.

In any event, I am certain the distinguished chairman of the committee, Senator GOLDWATER, can spell that out.

Under the procedure, I designate the distinguished chairman of the Armed Services Committee to be in charge of the opponents time, and I now yield 10 minutes to the distinguished Senator from Iowa.

Mr. GOLDWATER. Mr. President, will the Senator yield me just a few minutes to reply briefly?

Mr. DOLE. Let me yield 5 minutes off the resolution.

Mr. GOLDWATER. Mr. President, I just want to reply to the distinguished minority leader. I have been back in this town since the day after election asking people what they want to cut out of the defense bill. I have not yet received one single suggestion. I have no idea how many items are in that bill.

We negotiate something like 200,000 contracts a day. So we are talking about—I would not even want to guess—but we are now faced with the efforts to change the bill that was marked up in the Armed Services Committee. This amendment will be the first attempt. I think there will be another amendment offered by this side, and then I understand there are two or three to be offered by the other side.

Now, I can understand the minority leader's dilemma when for one of the few times in his life he cannot get the floor when he wants it to do what he wants with it. We have been there.

Mr. BYRD. The Senator has not been here.

Mr. GOLDWATER. So I just wanted to say we have been trying to clear up this vast desire to cut the defense budget but no one will tell us where. So we know that we are looking at probably 50 or more amendments coming from the Democrat side of the aisle and my side of the aisle.

I just wanted to make it clear that this particular item will be treated that way after this is disposed of. I see no problem.

I thank the Senator for listening.

Mr. DOLE. Mr. President, I yield 10 minutes to the distinguished Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. BYRD. Mr. President, will the distinguished Senator yield on my time?

Mr. GRASSLEY. I yield.

Mr. BYRD. Mr. President, I wish to respond briefly to the distinguished Senator from Arizona [Mr. GOLDWATER]

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. Mr. President, the distinguished Senator from Arizona knows there are some Members on this side, many Members perhaps, who do not want to see the defense budget cut to zero real growth. There are those on this side who prefer to see at least 1 percent real growth over and above adjustment for inflation.

I hope we will get the opportunity to address that matter soon.

I just want to say again that we on this side of the aisle will be prepared to present a budget that is fair, a budget that provides adequate investment in the future of this country by way of research and the education of our young people, a budget that provides for the continued growth of our country economically, a budget that provides an adequate national defense, and a budget that puts the deficit trend on a downward curve.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. GOLDWATER. I will speak to the majority leader about it.

Mr. BYRD. I thank the distinguished Senator. May I thank also the Senator who so kindly yielded the floor.

Mr. GRASSLEY. The distinguished minority leader does not have to thank me. I appreciate very much being able to yield to him because he has an interest in what goes on here and has many Members to speak for, and I am willing to let that happen.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I thank the distinguished majority leader for his authorship of this amendment in helping those of us who support it get it up very early. First of all, I ask unanimous consent that besides Mr. HATFIELD, who has already been listed as a prime cosponsor, we also add Senator SIMON and Senator PRESSLER.

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

Mr. GRASSLEY. Mr. President, those who would agree the defense budget cannot be frozen have given the best reasons for why, in fact, it must be frozen.

I wish to quote an opponent of the freeze. An argument goes like this: "A defense freeze would disrupt all the progress we have made in rebuilding our defense."

You have all heard that many times, and it kind of works this way: "If you spend less, we are going to lose everything that we have gained so far."

So the implication is that we have to put more and more fertilizer on all these mushrooms that we have planted these last 4 years so they will grow more, and it is precisely this kind of budget rigidity, in other words, the fact that you cannot control the defense budget but the defense budget controls us, it is precisely this kind of budget rigidity which argues for a freeze. Budget rigidity is the result of incompetent management.

We have experienced this problem for the past decade with entitlement programs. We are all aware of how entitlement programs have gotten out of control where cost of living and other benefits have grown automatically.

The defense budget has, in effect, become one of our Nation's largest entitlement programs, and it has nursed a new generation of welfare queens, the defense industry.

The budget freeze is intended as an abrupt change of policy. I make no apologies about it. I am very upfront.

And it is necessary to do this to highlight the fact that spending taxpayers' money is not an act of nature but it is a conscious act of Congress. It must be viewed as a first-step measure to slow the momentum of spending growth, to be followed by major structural reform.

This approach is more than mere political rhetoric. It is a necessary first step before wholesale reform is achieved.

A freeze, followed by reform, is a two-step process. One cannot work without the other. But in the appropriate order of things, the spending freeze must come first because it provides us the ability to command DOD's internal system of incentives, a fundamental prerequisite to change.

Beyond the budget freeze, reform will be essential to improve the efficiency of our defense manufacturing plants, which are horribly inefficient and wasteful. Reform is also essential to improving the quantity and the quality of our defense output. And I think it is that area that I would really like to have you concentrate on, that we just do not spend more money but we have to make changes if we are going to affect our defense output.

A defense freeze would certainly help lower the Federal deficit but, more important, it is not a case of just saving money, it would help to prevent a further erosion of our military capability.

Those who have argued for increased defense budgets have failed to recognize that recently increased defense budgets have actually bought high costs and overhead rather than more tanks, ships, and planes. Given the disappointing returns from recent unprecedented defense budget growth, it is evident that fundamentally improved management will yield far greater returns than budget increases. A budget freeze is therefore the first step toward defense management reform.

Over the last 4 years, the defense budget has grown from $211 billion in fiscal year 1982 to $292 billion in fiscal year 1985, a 39 percent growth rate in current dollars and 22 percent in constant dollars. This growth is unprecedented in the post-World War II era. The last four appropriations exceeded, in constant dollars, the 4 most costly years of the Korean and Vietnam wars. More important, the cummulative effect of hypothetical 4 year freeze at today's levels would exceed—this is a 4-year freeze—the cummulative expenditures of the last 4 years by 10 percent in constant dollars. In short, the defense budget would be frozen at a very high level.

The stated aim of the growth in the defense budget has been to enlarge, to modernize and to improve the readiness of our conventional forces. However, when comparing the output derived from the recent budget growth with the output of the previous periods, we find that, notwithstanding unprecedent budget increases, changes and improvements have been minimal at best. In many cases fewer quantities have been produced at higher costs, and readiness improvements have been marginal. In short, increases in output have not been proportional to increases in input.

And that is something that we have to look at very carefully because I think the people expect that if you spend more, you get more, and that is not the case.

This input-versus-output problem is illustrated by the case of aircraft procurement. Taken together, the Air Force and Navy aircraft procurement budgets amounted to 36 percent of the total Defense Department procurement budget between fiscal year 1982 and fiscal year 1985. In spite of a constant dollar, 4-year budget increase of 75 percent above the Carter years, 11 percent fewer airplanes were procured.

In the case of new construction of naval surface combatants, the Navy gave us a decrease of 17 percent, despite a 47 percent increase in constant dollars.

Even when procurement quantities increased, as in the case of key-weapons-and-tracked-vehicles procurements in the Army, they increased at a much slower rate than procurement budgets. For example, the number of tanks increased 30 percent and helicopers 45 percent from the Carter years. But their budgets increased 87 percent in constant dollars, indicating growing unit costs. The unit cost is supposed to decline as production rates increased. This obviously has not been the case.

Thus, when we compare the Pentagon's budget for the last 4 years with the quantity of weapons purchased, we get a dismal view of the activity of the Defense Department over the last

4 years, of what was supposed to be a massive defense buildup.

DOD's own data suggests its activity has not been to increase quantities, notwithstanding the wishes of Secretary Weinberger, despite substantial budget increases. Instead, a substantial portion of the increase in DOD procurement funds since 1980 paid for unanticipated higher prices.

Simply put, we are buying fewer weapons for considerably more money.

As with procurement, more money has failed to solve the readiness problem. With the exception of improved personnel recruitment and retention rates, improvements in readiness have not been proportional to the increased resources appropriated over the 4 years. Total funding for operations and maintenance in the past 4 years increased 25 percent from previous 4 years in constant dollars. Furthermore, Congress appropriated more O&M funds in the last 4 years than the four largest O&M budgets in either the Korean war fiscal years 1951-54 or the Vietnam war fiscal years 1970-76.

In both wars we were operating larger forces at much higher operational tempos, and we were absorbing significant equipment losses.

Despite the 25 percent increase in O&M appropriations, training tempos are not significantly different from those of the previous 4 years. For instance, Army monthly flying hours per crew have fallen from 18.8 hours in fical year 1980 to 16.4 hours in fiscal year 1984; Navy quartely steaming days per ship have fallen from 24.2 hours in fical year 1980 to 23.7 hours in fiscal year 1984.

Finally, despite these relatively constant training tempos the 25 percent increase in the constant dollar O&M budget of the last 4 years has not resulted in major improvements in material readiness.

According to a May 1984 Pentagon report to the Senate Armed Services Committee, the report points out that the increased operating costs of the more complex equipment entering our inventory is a major cause of this disturbing state of affairs. This problem will compound itself in the future as more new weapons systems come on line.

I would like to point out that this analysis, put together by myself and several of my Republican colleagues in a lengthy paper, was issued as far back as February.

On February 7, at a hearing before the Senate Budget Committee, I asked Secretary Weinberger to respond to that paper and its analysis of or before March 7. I was supported in my request by Chairman DOMENICI and Senator SYMMS.

To this date, the Secretary of Defense has failed to refute or even clarify this analysis. In the meantime, last week, the Congressional Budget Office issued a study reaching virtually the same conclusions: That, notwithstanding a tremendous defense budget increase over the last 4 years, the level of output has fallen considerably below that of the previous 4 years.

Mr. President, I ask unanimous consent to have printed in the RECORD that February 7 paper in its entirety at the conclusion of my remarks. I also ask unanimous consent to have printed in the RECORD a summary and a few summary tables from the CBO report showing agreement with the analysis I have presented here.

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

(See exhibit 1.)

Mr. GRASSLEY. Mr. President, given these input/output disasters in both procurement and readiness, one wonders, rhetorically, where the bulk of the unprecedented budget growth has gone.

The answer, as indicated earlier, is inflated costs and overhead.

Startling evidence of this has recently been gathered by Congress. The Pentagon has apparently successfully lobbied for much more money than it either needs or can spend. There is so much money available to the industry that simple efficiencies, or even normal ones, are not required.

In fact, in order to absorb all the money available to the industry, the incentive for our defense manufacturing plants is to become as inefficient as they can get away with.

That is exactly why we pay—and I know you are tired of hearing these things—$750 for a pair of pliers, and $40 billion for an F-15 fighter. Of course, you can imagine maybe spending $40 million for a fighter when the average homeowner spends $100,000 for a whole house. Labor efficiency data just obtained from the Defense Department by the Senate Budget Committee provides us for the first time—for the very first time—with imperical evidence of defense factory inefficiency. The data covers 14 SAR programs, 35 systems from three services, and from two dozen contractors. It shows the following: Defense plants are operating at only 33 percent normal efficiency and, scrap-and-rework in at least six major defense plants averages 41 percent over the last 2 or 3 years.

The PRESIDING OFFICER. The time allotted the Senator from Iowa has expired.

Mr. HELMS. Mr. President, on behalf of the majority leader, I yield 7 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for a period of 7 minutes.

Mr. GRASSLEY. I would like to repeat part of my statement on inefficiency of the defense contractors and their industry. It shows that defense plants are operating at only 33 percent of normal efficiency and scrap-and-rework in at least six major defense plants averaged 41 percent over the last 2 or 3 years. I think you ought to think about that because we did not make mistakes in that. I would like to repeat that. The plants are 33 percent of normal efficiency, and I would like to contrast this with a plant that I just visited in my district where the John Deere tractors are made in Davenport, IA. John Deere averages 130 percent efficiency. That is because Deere offers incentives to beat the normal 100 percent efficiency rate. The only incentive we offer defense contractors is a reward for that inefficiency. We have to approve of their activity. This Congress must approve of it because we keep on pumping up their budgets without any question of this inefficiency.

Let me also repeat that scrap-and-rework figure: An average of 41 percent for six major contractors working on 35 systems. That figure, 41 percent, compared to other industry is literally unbelievable. But it in fact is from DOD's own data. In one case, scrap-and-rework totaled 420 percent of all touch labor hours on a major missile system—420 percent. That means that we throw away 4 2/10 missiles for every one that we keep and yet we pay for it as well.

In private industry, this is what is so astonishing here—scrap averages only about 2 percent or one-twentieth of what we have found in the defense industry. With all the evidence that has surfaced recently, the burden of proof to not freeze the defense budget is on the Defense Department and its advocates. We keep hearing defense competition is increasing. But costs keep going up. A funny kind of competition. That happens to be where you would expect more competition costs to go down. We hear our defenses are getting stronger but the quantity of key combat weapons are shrinking. The quality is better we have been told except they cannot prove it. Operational tests do not bear that out.

Mr. President, we have a major defense procurement disaster on our hands. If we freeze the defense budget and follow up with structured changes, we can in fact prevent further erosion of our national defense. The bottom line is that we could buy virtually everything the Defense Department wants for much less money. That is my first law of defense spending, and in fact that is exactly what the data shows which we have now obtained from the Defense Department. There is more than enough room to absorb a budget freeze in defense.

I would like to take this opportunity, Mr. President, to appeal to my colleagues to help us improve the state of our national security. This is a massive

problem, and it has to be addressed by all of us in this body. We need a concerted effort, both in oversight and reform. But the first step, a necessary first step, is to gain control of the Defense Department. The Senate Budget Committee has been trying to get costs and factory efficiency data from the Defense Department since January. But the Department has dragged its heels. This information would reveal the true cost of each of our weapons and the amount we pay for them above and beyond what we should. It would allow us to quantify waste or inefficiency in dollar terms for the first time.

So I would like to ask my colleagues, Mr. President, to join me and offer a real show of strength, an industrial-strength prayer for the Senate Budget Committee. Congress needs that information and should have it by now to assist in formulating the defense budget and the policy that pursues it.

In any case, Mr. President, the available evidence proves beyond a shadow of a doubt that we can buy whatever we need to protect our Nation, but at a much less cost. And to that end, I offer here an amendment to lower the 7-percent defense increase in the compromise budget to the level that we just voted for the Social Security increase which is zero plus inflation.

There is little doubt that limiting the defense budget to an inflation adjustment would be more than adequate. I for one believe that is too much. However, I offer this amendment in keeping with my overall concept of fairness. If Social Security COLA's are adjusted for inflation, I believe the defense budget should also get only an inflation adjustment, and I was prepared to offer other amendments if the COLA increases had been so limited. This amendment would limit defense spending to zero plus inflation in fiscal year 1986, and 3 percent above inflation for both 1987 and 1988. They are exactly the same numbers voted out of the Senate Budget Committee back in March and approved overwhelmingly, 18-to-4, on a vote offered by its original author, Senator HOLLINGS. This amendment is consistent with my overall approach with fairness and equity in the budget. This is a vote for fairness and one which measures our resolve to demonstrate true deficit reduction. Mr. President, it is my hope that throughout the proceedings on this budget resolution we can maintain the parity between the various parts of our budget. I urge the Senate to support this amendment because it makes eminent sense.

If we are really serious about reducing spending and deficits, we should start here right now. If we are really serious about preventing a further erosion of our national defense, we should start right here now, and if we are really serious about building a consensus of fairness, we should start right here and now.

Mr. President, I urge my colleagues to support this amendment overwhelmingly, to reflect its overwhelming nationwide support among the American people.

I yield back whatever time is left.

EXHIBIT 1

SHOULD WE EXEMPT DEFENSE FROM ECONOMIC REALITY—THE NEED FOR A DEFENSE BUDGET FREEZE

INTRODUCTION

This resolution reflects the committee's judgment that reduction in the Federal budget deficit is our nation's top priority and that such a reduction will enhance national security. It is also the committee's judgment that management improvements and the elimination of excessive expenditures are prerequisites for a strong national defense and that action should be taken in these areas before budget authority is increased further. Finally, it is the committee's judgement that an across-the-board budget freeeze is the only fair and workable approach to restoring integrity and realism to the government budget process.

This resolution freezes growth in budget authority for National Defense at Fiscal Year 1985 current dollar levels. Furthermore, the resolution intends that this freeze apply separately and equally to each of the DOD individual appropriation categories (i.e.—procurement, military personnel, RDT&E, O&M, military construction, etc.). This freeze also assumes the across-the-board civil service pay freeze.

The following discussion describes the rationale underpinning these judgements.

SHOULD WE EXEMPT DEFENSE FROM ECONOMIC REALITY

For the last several years, the national debt has been growing faster than the gross national product. This growth, which is the direct consequence of the unprecedented budget deficits, places an increasingly unfair burden on future generations. Moreover, since the deficit diverts scarce capital from productive employment in the private sector, since it hurts our international competitiveness, and since it makes our government more dependent on foreign funds for public finance, the deficit threatens to hinder long-term economic growth. In this case, our capacity to reduce the growth in the national debt would be financed by a reduction in our standard of living. Thus, the deficit is a growing threat to the security and well-being of our people. The committee, therefore believes that reduction in the deficit will contribute more to national security than any other single action.

Proponents of continuing defense budget increases assert that the peacetime budget should be exempt from the Federal budget freeze because defense budget requirements are solely determined by outside influences that are beyond our control. The committee holds that this argument is untenable for the following three reasons:

(1) This assertion falsely assumes that we have a perfect perception of those outside influences. In fact, such perceptions are highly uncertain and therefore they are naturally influenced by our internal biases and beliefs. Defense judgments are not objective absolutes; they are subjective judgments made in the presence of the greatest uncertainty. If we treat such uncertain judgments as absolute requirements, we run the risk of generating an unconstrained wish list which, in effect, cannot be questioned. The failure of either Congress or the Administration to come up with a definitive list of defense priorities suggests that we are falling into this trap.

(2) A nation's peacetime defense expenditures are analogous to an individual's insurance policy that hedges against an uncertain future adversity. A nation, like an individual, diverts resources from current investment or consumption to pay for this protection. No rational individual would deliberately bankrupt himself to make such a payment. Yet, the logical implication of the assertion is that the risk of national bankruptcy should not constrain defense decisions. Given the deficit problem, the committee is unwilling to accept a further magnification of the risk. Ultimatley, a strong defense must be based upon a sound economy.

(3) If we truly believed the assertion, then financing the defense budget would not be the political issue that it has become. In fact, both Congress and the Administration have been unwilling to finance the growth in the defense budget by taking such actions as raising taxes or identifying offsets in the rest of the budget. This is evidence that, fundamentally, we don't believe the assertion. Furthermore, if we continue to avoid this issue, we will convey to the American public the dangerously misleading message that the defense build-up is free.

THE DEFENSE FREEZE IN PERSPECTIVE

The committee believes that a budget freeze would be beneficial to the defense program. Over the last four years, the defense budget has grown from $211 billion in FY82 to $293 billion in FY85, 39 percent growth in current dollars and 22 percent in constant dollars. This growth is unprecedented in the post WWII era; and as the following table shows, the last four appropriations exceed the four largest years of the Korean and Vietnam wars. More importantly, the table shows that the cumulative effect of a hypothetical four-year freeze at today's levels would exceed the cumulative expenditures of the last four years by 10 percent in constant dollars. In short, the budget is frozen at a very high level.

TABLE 1.—*Cumulative appropriations over 4 years*

[Constant 1985 dollars in billions]

	Cummulative DOD TOA
Korea, fiscal years 1951–54	940
Vietnam, fiscal years 1966–69	982
Fiscal years 1982–85	1,064
Hypothetical 4-year freeze	1,172

IF MONEY HASN'T SOLVED THE DEFENSE PROBLEM, WHAT WILL

The stated aim of the growth in the defense budget has been to enlarge, modernize, and improve the readiness of our forces. However, when the committee compared the output derived from the recent budget growth to the output of previous periods, the committee found that, notwithstanding the unprecedented budget increases, force structure changes have been minimal; in many cases fewer quantities have been procured at higher costs, and readiness improvements have been marginal. In short, it appears that increases in output have not been proportional to the increased input and this problem has been growing since the Korean War. Given the disappointing returns from the unprecedented budget growth of the last four years, the committee

believes that fundamentally improved management will yield substantially greater returns than budget increases. It is therefore the committee's judgement that future budget increases from the frozen level should be contingent upon the implementation of concrete management improvements aimed at producing more realistic budget plans, reducing today's excessive costs, significantly increasing readiness, and procuring larger quantities of demonstrably effective, reasonably-priced weapons.

Specifically, there are a number of basic management actions that are recommended to implement the freeze while helping to increase the size and effectiveness of the forces; these specifics are discussed at the end of each of the next two sections.

HAS MORE MONEY SOLVED THE PROCUREMENT PROBLEM?

This input versus output problem is illustrated by the case of aircraft procurement. Taken together, the Air Force and Navy aircraft procurement budgets amount to about 36 percent of the total DOD procurement budget between FY82 and FY85. As the table below shows, notwithstanding a constant dollar, four-year budget increase of 75 percent over the Carter administration, 11 percent fewer airplanes were procured.

TABLE 2.—AIR FORCE/NAVY AIRCRAFT PROCUREMENT

	1st Eisenhower, fiscal year 1954–57	Carter fiscal year 1978–81	Reagan, fiscal year 1982–85	Reagan/Carter percent change
TOA (constant 1985 dollars in billions)	84.1	69.9	122	+75
Aircraft procured (total)	12,516	2,040	1,799	−11
Strategic bombers	450	0	52	N/A
Fighter/attack	7,821	1,778	1,284	−28
Other	4,245	262	463	+77
TOA per aircraft (millions of 1985 dollars)	6.7	34.3	67.9	+98

The ratio of $TOA per A/C is an average of the procurement dollars necessary to support the procurment of one airplane. This measure includes the new airplane investment costs and the cost of purchasing spare parts and support equipment for the existing force structure. In essence, increases in this measure may result from (1) a change to a more expensive aircraft mix, (2) growth in the cost of producing the same airplane mix, (3) spare parts cost growth, or (4) support equipment cost growth. The increase of 98 percent is due to substantial cost growth in all four categories.

It is important to recognize that the changes occurring over the last four years are part of a long-term historical trend. A comparison with the first four years of the Eisenhower administration (FY54–57) puts these changes and the current state of affairs into a long-term context. In constant dollars, the FY82–85 aircraft procurement exceeds the FY54–57 budget by 45 percent; however, in the recent period we procured one-seventh as many airplanes. Of particular interest is the fact that the FY54–57 budget procured 450 B–52 strategic bombers compared to the FY82–85 purchase of 52 B–1's, only one of which has been delivered. TOA per A/C increased by a staggering 913 percent.

The following tables display similar comparisons for new ship construction and some Army procurements.

TABLE 3.—NAVY AND ARMY PROCUREMENT

	1st Eisenhower, fiscal year 1954–57	Carter, fiscal year 1978–81	Reagan, fiscal year 1982–85	Reagan/Carter percent change
Shipbuilding (new construction):				
TOA (in billions of 1985 dollars)	31.4	33.3	49.4	+48
Major combatants	70	42	35	−17
(Carriers)	(4)	(0)	(2)	N/A
Amphibious	11	1	6	+500
Combat support	24	11	23	+109
Total	105	52	64	+23
Selected Army procurements:				
Total Proc. TOA	22.3			
A/C + Wps/T.V. (constant 1985 dollars in billions)	?	16.1	31.3	+94
Helicopters	1,422	499	722	+45
Tanks	5,779	2,395	3,115	+30
APC/IFV	(1)	1,975	3,155	+60

[1] Unknown.

These tables show that when procurement quantities increase, they increase at a much slower rate than procurement budgets. During the last four years, the Army has been ramping-up the production of its new helicopter, tank, and IFV programs. These programs were just getting started during the Carter administration. However, even in these cases, where increasing production rates should naturally improve efficiency, quantity increases have not kept pace with budget increases. Comparing the FY 82–85 budgets to the FY 54–57 budgets, we see that aircraft and weapons/tracked vehicle budgets in FY 82–84 exceed the entire Army procurement program in FY 54–57 by 41 percent in constant dollars, yet helicopter production decreased by 49 percent and tank production decreased by 46 percent.

One of the main justifications for the increased procurement budgets over the last four years was the argument that the budget increases would finance higher production rates, generate efficiencies, and thereby reduce unit costs. This promise has not materialized. The problem is clearly one of cost growth, and since higher budgets are neither generating improved efficiency nor improved quantities, the committee believes that substantive management reforms, aimed at reducing excessive costs and making sounder procurement choices will yield greater returns than increased budgets.

WHERE HAS ALL THE MONEY GONE?

The input/output problem in procurement is reflected in the rising costs paid per weapon unit. The chief components are high levels of overhead and direct labor. Evidence recently gathered by Congress shows we may be spending up to 18 times more for our weapons than defense contractor's own data suggest we should pay for in-house factory work, if their plants were run at normal factory efficiency.

For example, we are paying one major defense company working on an engine for the MX missile for 5,050 direct labor hours when its own factory efficiency data says the same work should take only 370 hours (see Table 4). The translation of this actual-to-standard ratio, 14-to-1, means the factory is operating at 7 percent efficiency (one-fourteenth). Put another way, for inhouse work we pay for 14 MX engines, but we receive only one.

TABLE 4

	Fiscal year 1983				Fiscal year 1984
	1st Qtr.	2d Qtr.	3d Qtr.	4th Qtr.	1st Qtr.
Actual hours	5,050	4,203	6,717	9,122	
Standard hours	370	320	578	852	
Percentage	100	100	100	100	
Equivalent units	1.5	1.3	2.4	3.5	

This is by no means a unique example. The chart on the following page shows a similarly large actual-to-standard variance for the IIR Maverick missle. The ratio in this case was 17-to-1, or 6% efficiency at the time of the study. Roughly one-third of the variance, as indicated, is made up of scrap-and-rework.

When all factors in addition to labor are considered, we are paying up to $700 per standard hour for the kind of work normally done in the private sector for between $40 and $60. One typical example is a small metal strap which holds engine wires in place for the KC–135 bought by the Air Force at Witchita, Kansas. The in-plant cost for a purchase of 10 straps was $338.04. The amount of standard time to produce these straps totaled .587 hours. The total cost, then, per standard hour came to $575.87. This price compares with private sector prices of $40 to $60 for the same kind of work. In effect, the Air Force was charged for work equivalent of 100 straps and only received 10.

Recent Congressional testimony shows all spare parts and all major weapons are priced this way. The net variance between the amount we actually pay for our defense versus what we *should* pay if the defense industry were efficient is staggering. It could well total tens of billions of dollars. The committee is currently conducting a thorough investigation into identifying opportunities for savings in defense contract costs without jeopardizing national security.

Specific management actions recommended to begin solving the procurement problem this year while implementing the defense freeze—actions which may have to be mandated by the Congress—include:

In negotiated contracts (which today constitute the vast majority of all major systems and spare parts procurement), negotiate lower overhead rates to approximately match commercial competitive market practice and negotiate lower direct labor hours to approach standard hour estimates.

Implement a major increase in truly competitive, formally advertised procurements for both major systems and spare parts. Currently, DOD purchase less than 5 percent of its total procurement using competitive, formally advertised contracting.

Increase production rates and fully fund those major weapons systems that have reasonable costs and have demonstrated significantly improved effectiveness in realistic, thorough operational tests.

Cancel procurement of those weapons that have demonstrated their ineffectiveness in operational test; use at least some of the savings to fully fund the worthwhile weapons referred to above.

Fence funds and freeze or cut back production rates for weapons whose operational tests have been inadequate to demonstrate that these weapons are more effective in combat than their predecessors and will reduce the combat casualties of their military users. This action will save significant funds, but more importantly, it will create

powerful incentives for the Services to do more realistic testing and implement the will of the Congress as expressed in Section 1211 of Public Law 98-94 which established the Office of Operational Test and Evaluation. This action includes increases in OT&E funding as needed for more realistic testing.

HAS MORE MONEY SOLVED THE READINESS PROBLEM?

With the exception of improved personnel recruitment and retention rates (which, in part, have been influenced by the severity of the recent recession), it is the committee's judgment that improvements in readiness have not been proportional to the increased resources appropriated over the last four years.

The following table illustrates this input verus output problem in the readiness area. By the end of the FY82-85 funded delivery period (i.e., FY87), our war reserve stockpiles will still be far short of our objectives. Furthermore, these projections may be highly optimistic because they assume that deliveries will meet cost and schedule targets, that war reserves will not be diverted to support peacetime operations, that wartime consumption rates are accurately predicted, and that industry can increase production to a level supporting wartime consumption rates within the stated objective period. We note with deep concern that: (1) wartime consumption rates have far exceeded pre-war predictions in every major war since the American Civil War; (2) currently it takes about two years to deliver spare parts and munitions; and (3) there is very little industrial surge capacity.

TABLE 5.—WAR RESERVES PERCENT OF OBJECTIVE

	Fiscal year—	
	1983 [1]	1987 [2]
Munitions:		
Army	70	83
Navy	20	35
Air Force	23	42
Marines	41	57
Parts/support items: DOD [3]	27	65

[1] End of fiscal year 1978-81 funded delivery period.
[2] End of fiscal year 1982-85 funded delivery period.
[3] Weighted average.

In the past four years, the total funding appropriated for Operations and Maintenance increased over the previous four years by 25 percent in constant dollars. Furthermore, as the table below shows, Congress appropriated more funds for O&M in the last four years than it did for the four largest annual O&M budgets in either the Korean War (i.e, FY51-54) or the Vietnam War (i.e., FY67-70). In both wars we were operating larger forces at much higher operational tempos, and we were absorbing significant losses of equipment.

TABLE 6.—FOUR YEAR CUMULATIVE O&M BUDGETS (TOA)

[In billions of dollars]

	Korea 1951-54	Viet Nam 1967-70	Carter 1978-81	Reagan 1982-85	Reagan/Carter percent change
O&M TOA (Construction $85)	250.7	270.7	232.5	290.4	+25

Notwithstanding this 25 percent increase in O&M appropriations, the following table indicates training tempos are not significantly different from those of the previous four years. The apparent exception, AF tactical fighters, reflects the implementation of the out-year flying hour increases planned during the Carter administration. During the Carter administration, AF tactical fighter pilot hours per month went from 13 hours/month in FY78 to 17 hours/month in FY81. In the early seventies, fighter pilots were training at a tempo of 26 hours/month. So, current fighter pilot training tempos—while improved—are not back to historic levels.

TABLE 7—TRAINING TEMPOS

[In fiscal year]

	Carter		Reagan		
	1980	1981	1982	1983	1984
Army:					
Trng/days/Bn/Yr	(?)	(?)	161.7	162.4	161.9
Fly/hrs/crew/month	18.8	18.4	17.2	16.8	16.4
Navy:					
Stm/days/ship/qtr	32.4	33.5	32.7	34.1	34.9
Fly/hrs/crew/month	24.2	24.4	23.7	23.6	24.7
Trng/days/Bn/Yr	(?)	105.2	95.2	99.1	100.5
Air Force:					
Fly/hrs/crew/month	20.2	20.3	21.4	20.9	21.5
Fighters	16	17	18	18	18

Finally, despite these relatively constant training tempos, the 25 percent increase in the constant dollar O&M budgets of the last four years has not resulted in major improvement in materiel readiness as measured by mission capable (MC) or fully mission capable (FMC) rates, as reported by DOD in its "Improvements in U.S. Warfighting Capability, FY80-84", submitted to the Senate Armed Services Committee in May 1984. This report points out that the increased operating costs of the more complex equipment entering our inventory is a major cause for this disturbing state of affairs.

Summarizing the preceding points: Over the past four years, the Congress appropriated more O&M and Procurement funds in constant dollars than it did in the four peak years of the Korean or Vietnam wars. However, notwithstanding the fact that we are maintaining a such smaller force during peacetime, our plans show that we remain far short of sustainability objectives by FY87 (and these plans may be very optimistic), and training tempos and mission capable rates are, at best, slightly improved. In short, the readiness output does not appear to be proportional to the funding input. It is therefore the committee's judgment that future increases in the operating budgets should be contingent on demonstrable management improvements in these accounts.

Specific management actions recommended this year to fundamentally improve the readiness situation while implementing the defense freeze include:

Vigorously implement the modern commercial airline approach to maintenance. This means eliminating regular overhauls based on arbitrary flying hours, age, or mileage limits and substituting individual component or subsystem rework only when physical evidence of degradation or failure exists. Adopting this approach across-the-board for airplanes, ships, and vehicles will save billions per year while significantly decreasing accidents and increasing in-commission time and training time.

Fully fund all modifications that have shown, in operational test, that they enhance reliability and maintainability; make major reductions in the rest of the modification budget.

Reduce total civilian and total officer end-strength, and allocate the reduction in such a way that the highest grades' end-strength is reduced by three times the percentage of the lowest grades. This helps solve the inordinate "grade creep" or rank infiltration of the last thirty years. Even more importantly, it will significantly improve morale and effectiveness in the lower ranks by helping reduce the over-supervision and over centralization endemic to DOD today.

CONGRESSIONAL OVERSIGHT

Finally, the committee believes that the Congress needs a clear audit trail for the defense program. Each year the Congress appropriates funds that result in expenditure streams far into the future. Although these decisions are intended to implement stated policy objectives, the future consequences of annual appropriations decisions are not visible during the budget review. Furthermore, the Congress has no way of monitoring the deviation of actual outcomes from planned outcomes. In order to improve Congressional oversight of the Defense program, the committee recommends that the Congress require the President to submit the detailed five-year plans to the Congress each year as part of the President's annual budget submission.

DEFENSE SPENDING: WHAT HAS BEEN ACCOMPLISHED

SUMMARY AND CONCLUSIONS

During the first four years of this Administration (fiscal years 1982-1985), the Congress provided about $1.1 trillion in budget authority for national defense, some 36 percent more in real (inflation-adjusted) terms than was spent in the previous four years. This rate of expansion in defense budget authority was higher than in any other comparable peacetime period since World War II.

What improvements in U.S. military capability have been realized during this period? Claims by the Administration that significant improvements have resulted from the expansion of defense budget authority are challenged by some critics, who focus instead on instances of excessive pricing, inflated contractor overhead, or other wasteful practices. In an effort to provide a reasonable and objective basis for discussion of this issue, CBO has compiled selected measures of factors that contribute to military capability. These factors include the size of U.S. forces (force structure), the quality of equipment (modernization), the extent to which forces are ready for immediate combat (readiness), and the material resources necessary to continue to fight effectively to a successful resolution of a conflict (sustainability).

These measures are subject to important limitations. None provide a direct, comprehensive measure of U.S. military capability or that of its potential adversaries. Most ignore any quality increase in the new generation of weapons. And some—especially the size of U.S. forces—cannot be compared directly with changes in budgets because the measure represents a stock of equipment that changes only gradually over time as budgets increase. Despite these limitations, these measures are a reasonable set of indicators commonly used by the Department of Defense (DoD).

These measures suggest there have been improvements in all aspects of U.S. military capability since 1980, with the degree of improvement often reflecting the priority accorded by the Administration.

Except for Navy ships, increases in the number of U.S. forces have been relatively

modest through 1985. Equipment funded but not yet delivered will permit some further force expansion over the next five years. But expansion will in most cases still be modest, reflecting the lower priority the Administration has placed on force expansion.

Purchases of new, modern equipment continued at a high level, but the number of weapons purchased in 1982-1985 was not always significantly greater, despite much higher procurement funding, than the number purchased in 1977-1980. This reflects changes in the mix of weapons—weapons of greater sophistication and higher cost were often purchased instead of cheaper ones—and unanticipated growth in unit costs of weapons since 1980.

There has been a marked improvement in the quality of personnel entering the services (especially the Army) and an increase in retention of experienced personnel. Improved personnel readiness—the Administration's highest priority—no doubt means that U.S. forces are more combat ready today than five years ago. Other aggregate measures of readiness, however—such as the extent of training time and the maintenance of equipment—show more modest gains.

Resources necessary to sustain combat have increased. War reserve stocks of munitions (including ammunition, bombs, and missiles) have been increased significantly by all the services. Stocks of other items (spare parts, food, fuel, medical supplies) necessary to sustain combat also have increased, though service requirements for the latter have grown even faster than have stocks.

Despite widespread improvements, most of these aggregate indicators have not increased markedly, with a few exceptions like personnel quality. Yet there has been a sizable increase in the defense budget. The lack of marked improvements may reflect the aggregated nature of the measures used here, which may mask some changes, and the gradual change one would expect in stocks of defense equipment. Nor do the measures used here necessarily reflect improvements in weapons quality that have been a high priority in this Administration. Because of these limitations and others stated earlier, it is beyond the scope of this analysis to ascertain whether the defense buildup has been worth its cost.

The analysis does point up the difficulty in quantifying what has been accomplished by the higher level of defense budget authority. This is particularly true for factors such as the quality of weapons, training and equipment readiness, and requirements for sustainability in wartime. Clearly no single measure, or even a group of measures, will fully capture the effects of increased funding. Particularly in the difficult areas like weapons quality, readiness, and sustainability, it would be useful for the DOD to identify new, output-oriented measures of capability, perhaps including some that systematically capture the judgments of experts about factors that resist quantification. These steps might facilitate attempts to assess future improvements in U.S. military capability.

TABLE 1.—DEPARTMENT OF DEFENSE BUDGET AUTHORITY IN 1980 AND 1985

[In billions of 1985 dollars]

	1980	1985	Percent change
Investment	(69.7)	(133.8)	(92)
Procurement	48.8	96.8	98
Research, development, test and evaluation	17.9	31.5	76
Military construction	2.9	5.5	87
Military pay	(61.5)	(68.9)	(12)
Military personnel	45.9	68.9	NA
Retired pay	15.5	[1] NA	NA
Operation and other support	(61.1)	(82.0)	(34)
Operation and maintenance	58.3	78.2	34
Family housing	2.0	2.9	47
Revolving funds and miscellaneous	.8	.9	13
Total DOD budget authority	[2] 192.2	[2] 284.7	48

[1] Shift to accrual accounting for retired pay.
[2] Detail does not add to total because of rounding.

Note.—NA—Not applicable.

Source: Congressional Budget Office.

TABLE 3.—TOTAL QUANTITIES AND COSTS OF MAJOR WEAPONS SYSTEMS PROCURED

[In units and constant dollar budget authority]

	Total 1977-80	Total 1982-85	Percent change
Aircraft, fixed wing:			
Combat	1,745	1,482	−15.1
Airlift	144	165	14.6
Trainer	133	114	.9
Aircraft, rotary	587	1,055	79.7
Total, aircraft	2,589	2,816	8.8
Total cost in billions of 1985 dollars	43.3	75.9	75.4
Missiles, strategic and theater nuclear	627	2,284	264.3
Missiles, tactical:			
Air launched	19,999	42,047	110.2
Surface launched	96,082	79,860	−16.9
Total, missiles	116,708	124,191	6.4
Total cost in billions of 1985 dollars	15	28.7	91.2
Ships, Trident submarines	4	3	−25.0
Major warships [1]	15	29	93.3
Other warships	29	22	−24.1
Ships, auxiliaries	13	29	123.1
Total, ships	61	83	36.1
Total cost in billions of 1985 dollars	28.9	44.2	53.0
Tanks and combat vehicles:			
Tanks	2,762	3,235	17.1
All other vehicles [2]	5,194	7,107	36.8
Total quantity	7,956	10,342	30.0
Total cost in billions of 1985 dollars	6.2	15.3	147.4

[1] Excludes service life extension programs [SLEP] and conversions except for the battleship reactivation program.
[2] Includes Marine Corps tanks, vehicles, and LVT7A1 SLEP.

Source: Department of Defense procurement summaries (P-1) for fiscal years 1977-84, and congressional conference report (H.R. 98-1159) for fiscal year 1985. Excludes all classified programs. Compiled by the Congressional Budget Office Defense Cost Unit.

TABLE 4.—PERCENTAGE CHANGES IN ACTUAL VERSUS PLANNED COSTS PER UNIT FOR SELECTED MAJOR WEAPONS

	1981-85 [1]	1983-85 [2]
M1 tank	45	−8
M2/3 fighting vehicle	64	−1
AH-64 attack helicopter	36	−18

TABLE 4.—PERCENTAGE CHANGES IN ACTUAL VERSUS PLANNED COSTS PER UNIT FOR SELECTED MAJOR WEAPONS—Continued

	1981-85 [1]	1983-85 [2]
CG-47 cruiser	10	−9
Trident submarine	9	5
F/A-18 fighter/attack aircraft	58	2
F-15 fighter aircraft	23	25
F-16 fighter aircraft	24	−3
DDG-51 destroyer	([3])	−24
B-1 bomber	([3])	−9
C-5B transport aircraft	([3])	25
MX missile	([3])	[4] 74

[1] Percentages reflect unanticipated growth in actual cost per unit (adjusted to 1985 dollars) versus planned costs per unit in the fiscal year 1981 budget.
[2] Percentages reflect growth or decline in actual cost per unit (adjusted to 1985 dollars) versus planned costs per unit in the fiscal year 1983 budget.
[3] New programs not included in fiscal year 1981 budget plan.
[4] In some cases, such as the MX missile, the increase in unit cost was associated with significant reductions in the rate of production, and was thus predictable. In other cases, such as the F-16, improvements in the weapon provide a partial explanation for the increase in costs.

Source: Congressional Budget Office from Department of Defense data presented in support of the DOD budget requests for fiscal years 1981, 1983, and 1985.

TABLE 5.—MISSION CAPABLE RATES FOR EQUIPMENT

	Percentage mission capable		
	1980	1984	Goal
Army (fully mission capable):			
Aircraft	66	71	75
Artillery	88	89	90
Missiles	91	94	90
Tanks	86	87	90
Navy (mission capable): [1]			
Fighter/attack aircraft	53	63	68
Total aircraft	59	70	73
Marine Corps (land—fully mission capable):			
Artillery	88	89	85
Missiles	94	86	85
Tanks	86	87	85
Air Force (mission capable):			
Fighter/attack aircraft	62	73	74
Total aircraft	66	71	75

[1] Includes Marine Corps aircraft.

Source: Testimony of Assistant Secretary of Defense Lawrence J. Korb before the Subcommittee on Preparedness, Senate Armed Services Committee (Feb. 21, 1985).

TABLE A-4.—MEASURES OF MILITARY TRAINING ACTIVITY

	1980	1982	1984
Individual training loads (in thousands of man-years):			
Army	78	76	70
Navy	58	64	64
Marine Corps	19	19	21
Air Force	42	44	41
Reserve components	28	38	32
Total DOD	236	241	228
Training funding (in billions of 1985 dollars)	11.1	12.6	13.8
Collective unit training:			
Annual training days per battalion:			
Army	NA	161.7	161.9
Marine Corps	NA	95.2	100.5
Flying hours per crew per month:			
Army	18.8	17.2	16.4
Navy and Marine Corps	24.2	23.7	23.7
Air Force	20.2	21.4	21.5
Air Force tactical aircraft	15.6	NA	19.3
Steaming days per quarter:			
Deployed fleets	57	58	60
Nondeployed fleets	29	29	28

Note.—NA—not available.

Source: Data for 1980 and 1982 from Department of Defense, "Military Manpower Training Report," fiscal years 1982 and 1984. Data for 1984 from Department of Defense, "Force Readiness Reports," vol. 4, "Military Manpower Training Report," fiscal year 1986.

TABLE A-2.—PROCUREMENT CHANGES SINCE THE FISCAL YEAR 1981 BUDGET SUBMISSION

	Planned 1981-85 program (in fiscal year 1981 budget)			Actual 1981-85 program			Percentage change		
	Quantity	Funding [1]	Cost per unit [1]	Quantity	Funding [1]	Cost per unit [1]	Quantity	Funding	Cost per unit
M1 tank	3,891	$6,332	$1.63	3,804	$8,966	$2.36	−2	42	45
M2/3 fighting vehicle	3,720	3,591	.97	2,855	4,522	1.58	−23	26	64
AH-64 attack helicopter	284	2,615	9.21	315	3,955	12.56	11	51	36

TABLE A-2.—PROCUREMENT CHANGES SINCE THE FISCAL YEAR 1981 BUDGET SUBMISSION—Continued

	Planned 1981-85 program (in fiscal year 1981 budget)			Actual 1981-85 program			Percentage change		
	Quantity	Funding [1]	Cost per unit [1]	Quantity	Funding [1]	Cost per unit [1]	Quantity	Funding	Cost per unit
CG-47 AEGIS cruiser	16	16,210	1,013.15	14	15,656	1,118.26	−13	−3	10
SSBN Trident submarine	6	9,445	1,574.20	4	6,876	1,718.88	−33	−27	9
F/A-18 fighter aircraft	656	13,692	20.87	375	12,387	33.03	−43	−10	58
F-15 fighter aircraft	90	2,764	30.71	195	7,379	37.84	117	167	23
F-16 fighter aircraft	660	8,717	13.21	714	11,713	16.41	8	34	24

[1] In millions of 1985 dollars.

Source: Congressional Budget Office from Department of Defense budget justification data (various fiscal years).

TABLE A-3.—PROCUREMENT UNIT COST CHANGES SINCE THE FISCAL YEAR 1983 BUDGET SUBMISSION

	Planned 1983-85 program (in fiscal year 1983 budget)			Actual 1983-85 program			Percentage change		
	Quantity (units)	Funding [1]	Cost per unit [1]	Quantity (units)	Funding [1]	Cost per unit [1]	Quantity	Funding	Cost per unit
M1 Tank	2,936	$6,969	$2.37	2,535	$5,556	$2.19	−14	−20	−8
M2/3 fighting vehicle	1,930	2,919	1.51	1,855	2,770	1.49	−4	−5	−1
AH-64 attack helicopter	269	3,650	13.57	304	3,374	11.10	13	−8	−18
CG-47 AEGIS cruiser	9	10,556	1,172.89	9	9,559	1,062.08	0	−9	−9
SSBN Trident submarine	4	6,808	1,701.92	3	5,340	1,780.00	−25	−22	5
F/A-18 fighter aircraft	288	8,604	29.187	252	7,689	30.51	−13	−11	2
A-15 fighter aircraft	198	6,653	33.60	117	4,910	41.96	−41	−26	25
F-16 fighter aircraft	360	6,861	19.06	414	7,626	18.42	15	11	−3
New programs (not included in 1981-85 5-yr defense plan):									
DDG-51 destroyer		1,486	1,486.00	1	1,129	1,129.00	0	−24	−24
B-1 bomber	53	17,404	328.28	51	15,246	298.94	−4	−12	−9
C-5B transport	24	5,212	217.16	13	3,526	271.23	−46	−32	25
MX missile	118	7,362	62.39	42	4,550	108.33	−64	−38	74

[1] In millions of 1985 dollars.

Source: Congressional Budget Office from Department of Defense budget justification data (various fiscal years).

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, on behalf of the majority leader I yield 10 minutes to the distinguished Senator from California, Mr. WILSON, to offer a resolution.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Thank you, Mr. President. I thank the distinguished manager.

Mr. President, we are engaged in a long and very painful debate. We are compelled by the circumstances of an unparalleled deficit to take drastic action. Indeed, our failure to do so threatens the Nation with a positively catastrophic turn of events. They have been much debated on this floor.

Any number of organizations have urged support of this compromise even though they are aware that the spending cuts it proposes threaten some injury to their particular special interest. They have done so because they are aware that whatever injury they may sustain to their narrow interests does not justify our failing to take the kind of action that is required to deal with the deficit and responsibly reduce it.

As an example of such insight and unselfishness in the larger national interest, the members of the small business community—specifically, the National Federation of Independent Businesses—have urged Congress to vote for cuts in programs benefiting them because they know full well that America cannot realistically hope to just grow out of this massive deficit.

In fact, Mr. President, they seem to see more clearly than many of us on the floor of this Chamber that our options are, in fact, quite limited. There are some on this floor who would suggest that we cure the deficit by a tax increase. Clearly, that is neither desirable nor even realistic. The American people do not support a tax increase, and they are right not to. The President of the United States has indicated very clearly that he will veto any tax increase.

A sufficient number of Members of the House of Representatives have signed a petition guaranteeing the President that he will be sustained in his veto of a tax increase. They have pledged to him that they will vote against any effort to override his veto.

What that means, Mr. President, is that we are left with the painful but responsible option of making spending cuts. That, of course, is what this compromise is all about.

I stated a moment ago that the National Federation of Independent Businesses knows full well that we cannot hope to grow out of the deficit. They know that because it has become painfully clear that our economy is perceptibly slowing. It is by no means apparent that we will complete the transition to sustained real economic growth. To the contrary, however painful individual spending cuts may be, and there is none more painful than that which affects Social Security recipients, the clear and utterly unacceptable alternative to these cuts is not the risk but the virtual certainty of escalating interest rates, of spiraling inflation, of epidemic unemployment—in short, of a plunge into an even more devastating recession than that from which we emerged 2 years ago.

Mr. President, that is simply not acceptable.

By exercising a little political courage and responsibility, we can choose a very different future for America.

Low interest rates and flat inflation will create hundreds more jobs than can the Small Business Administration and Job Corps. A vote for cuts of that kind, I am convinced, is a vote for a future of economic growth and for the creation of jobs, hope, and opportunity.

Mr. President, I would shrink from asking Social Security recipients to take less than a full cost-of-living adjustment as their part of deficit reduction if I were not convinced that recession and raging inflation will be the absolutely certain result of the failure of this compromise. In fact I would not ask this participation by them if I were not confident that success of this compromise will bring down interest rates—economists of every stripe agree it will—and bring down inflation below the level which would be covered by the compromise COLA.

Yet if, Mr. President, inflation does not fall to or below that level, for whatever reason, we must be prepared to make whole Social Security recipients.

But, Mr. President, how much better it would be for Social Security recipients and for all Americans were Congress to have the courage to cut spending and hold the cost of living flat.

How much better than if, by our failure to cut spending, we reignite in-

flation—that most cruel, hidden tax upon the poor and the elderly.

How much better than to constantly chase and never catch, but endlessly feed spiraling inflation, with one cost-of-living increase after another?

How much better if Congess has the courage to prevent the need for a cost-of-living adjustment by preventing inflation. And the plain fact, Mr. President, is that we have but one responsible option for doing that: We must cut spending in virtually every area, including many, many that are genuinely painful.

It will not be fun. It is necessary.

Our choice here is not the simple, easy choice between good and evil. It is the choice between those things that Government does that are most important and those things that are less important.

There is much talk among politicians of setting priorities. Well, Mr. President, the time has come for this Congress not to talk priorities but to set and keep them, and we are off to a miserable start in doing so.

The ultimate compassion, Mr. President, is to provide the climate for a growth economy that can both create jobs for those who want to work and eliminate the inflation that haunts and steals from those who can no longer work. We will achieve that only by having the courage to cut in a responsible fashion.

But the most irresponsible thing that we could possibly do in this priority-setting exercise would be to so starve necessary defense spending that we undermine the very credibility that we must have with both our allies and our adversaries to fulfill our very highest priority and clearest constitutional responsibility. The first duty of a democracy is to survive.

The most important corollary to that duty is that peace as well as freedom is best protected by military strength and a clear resolve to use it when our national interest requires that we do so. If we are strong enough in arms and clear in our resolve, we make far less likely the risk that we shall have to take up arms.

But conversely, Mr. President, weakness invites war.

And, Mr. President, for those on this floor, who are concerned that we never needlessly subject American youth to the peril of combat, history is replete with every possible evidence that appeasement never appeases. It never works. It encourages aggression. Too many young men have died needlessly because the weakness of peace-loving democracies has made war inevitable. The clearest signal that we can send on this floor that we are not serious about freedom, or not serious enough to defend it successfully, is to decimate our defense budget.

Our defense spending is driven not by domestic considerations but by those that are external to our domestic welfare. It is driven by objective need—by accurate assessment of the threat to America and her allies. Are we now to ignore clear need, ignore accurate perceptions of the threat we face, and say to our allies and our adversaries, "No, it is just too tough politically to do what we know is required to be credible. No, we will take the path of least resistance. We will savage defense spending in order to avoid offending consitituencies of domestic spending programs. That way we'll be reelected. That way we'll be assured of our political survival."

Well, Mr. President, the survival of America is more important than the political survival of every Member of the Congress.

Mr. President, defense must, indeed, bear its fair share of the burden for deficit reduction. But it has done so already in the compromise that proposes that in this coming fiscal year and in the 2 ensuing years, there will be only a 3-percent real growth in defense spending.

Mr. President, I will have much more to say tomorrow in detail about the grave defects of the proposal offered by my good friend from Iowa. For now I will say only that we will do much better for all Americans, including those at the absolute bottom of the economic spectrum, if we protect them against the marauding phantom of inflation responsibly and not by savaging the defense budget.

And just as surely as we threaten to reignite inflation if we lack the courage to make the spending cuts embodied in this compromise, so do we threaten to gravely undermine our national security if we adopt the pending amendment.

Mr. HELMS. Mr. President, at this time I yield to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I thank the Senator for yielding. I rise in opposition to the amendment.

Before talking about the amendment itself, I would like to reflect a little bit about the progress we have made both in defense and in the economy.

Four years ago in the other body I remember a vigorous debate about the state of the economy, and that economy was not good. The inflation rate was 13.5 percent. We had double-digit unemployment. The economy was in shambles. Productivity per man hour, our primary measure of economic growth, was declining. The prospects for America were bleak.

We had, during the Carter years, starved national defense. Our recruitment and retention were abysmal. Our IQ testing results of new inductees was approaching an alltime low level. The number of high school graduates as a percentage of total recruits was approaching the lowest level in the postwar period. Our planes did not fly because we did not have spare parts and because we did not have mechanics.

Our ships could not sail because we did not have crews.

All of that is changed today. Four years ago we had the courage to bring spending under control. We cut marginal tax rates by 25 percent, and we have put America back to work.

With all the ashes on all the foreheads here today and talking about gloom and doom, let us remember the progress we have made. In the last 4 years, we have put 7.5 million Americans to work in permanent, productive, tax-paying jobs. For a body that talks continually about jobs, there are more jobs in the private sector of the economy than all of the Government jobs bills adopted by the Congress in its entire history put together have created in the way of dead-end, make-work jobs. Those private-sector jobs are nutrition programs, they are housing programs, they are education programs.

What nutrition program can rival 7.5 million families at work, a paycheck as the fruit of their labor, taking that paycheck to the grocery store, and putting groceries on the kitchen table?

You can have food stamps. A job is the nutrition program that every American family wants.

There is a housing program. It is not HUD, it is a better program; 7.5 million American families earning a paycheck, building up a nest egg to build or buy their own homes. That is a housing program that every American wants.

And it is an education program. Seven-and-a-half million families working, saving money to send their children to colleges and universities all over this country.

That is the legacy of a program and a mandate that was given to the President and to this Congress in 1980. What we are choosing here today is whether we will stay with a program that works. We have been given the same mandate in the 1984 election.

We are debating defense here, too, talking about cutting defense from 3 percent to zero real growth. Walter Mondale ran on a platform calling for 3 percent real growth in defense and he barely carried his home State and lost every other State in the Union on that platform. Where is the support by the American people for this change?

We talk about the cost of this budget in terms of making decisions that will affect people. But if we adopt this budget and sustain the recovery, we are talking about 7 million more new jobs in the next 4 years.

If we adopt this budget and bring down interest rates, we are talking abut a 2-percentage point decline in interest rates which those who are experts in the area of finance tell us is achievable by adopting this budget.

They tell us if we could have adopted the original budget or if we go back and adopt it, we could lower interest rates by 2 percentage points. What does that mean? Let me tell you what it means.

First of all, on mortgages, it means the average mortage on the average home sold in America will be $100 less every month. A 2-percent average point decline in interest rates means a dramatic change in the profitability of farming and manufacturing and retailing in this country. So when we are debating the budget, in reality we are debating the future of America and the American people have spoken very clearly on that future.

We have talked about raising taxes. I would like to know where the people who speak of tax increases were on November 6. The American people had an opportunity to vote for tax increases and they turned it down overwhelmingly. They voted to control spending.

We are here talking about defense, but we just voted to add $33 billion, effectively, back to the deficit. So I have to say that is one of the problems I have about a proposal to cut defense when we have reduced the growth rate already down to the level proposed in a program rejected by the American people in the November election, a 50-percent reduction from the Rose Garden agreement of last year and what the President initially requested. But we are not talking about cutting defense to lower the deficit; we have already added money back to the deficit.

We are talking about cutting defense to fund social programs. That is one of the reasons this proposal sticks in my craw. If we had gone through and tightened the belt and reduced the source of the deficit by controlling spending and reordering priorities and we had not got the job done and we came back and talked about defense, then I might well be standing here speaking in favor of those savings. But that is not what we have done. We have already compromised the budget in bringing it to the floor; we have just voted to add $33 billion back to the deficit. Now we are voting to cut defense—not to lower the deficit but to fund other programs.

In terms of a 3-percent growth rate in defense, let me make it clear that we have made dramatic changes in the last 4 years in defense. I am sure that our colleague is sincere in saying that he believes that with a zero growth in defense, we can have a better defense. But let me make note of the fact that we have made dramatic progress. Four years ago, we were not meeting our recruitment or retention goals in any branch of the service. Our percentage of high school graduates and average IQ's were near alltime lows. All that has changed. Ninety-four percent of the people who joined the uniformed services last year were high school graduates. That is the highest level in American history. We have the finest young men and women in the uniform of this country who have ever worn that uniform, and they wear it with pride this afternoon all over the world. And they have the finest weapons that any citizen soldiers have ever had.

We have heard talk about spending on weapons and weapons procurement, but what we have done in the last 4 years is set out budget authority. We have done research and development. Only now are we in the major production cycle of weapons like the B-1 bomber and MX missile. Only now are we reaching our production stride in the M-1 tank and the Bradley fighting vehicle. You cannot measure budget authority versus output; you have to look at when the money is actually being spent.

We all know horror stories of defense waste. We have seen one colleague after another stand up with a cathode tube or a crescent wrench or a toilet seat. But let us remember that all of those horror stories did not come from the media. They all came from audits that we mandated in the Defense Department.

What a great paradox it is that in an administration that has done a better job in closing out waste and inefficiency since Harry Truman left the War Production Board in 1944, their very success in ferreting out abuse and doing something about it is used every day to argue for a cut in defense. The hidden story of the budget is that we have made great progress and there is great work to be done.

We have in our authorization bill that will come to the floor ample opportunities for Members who want to show where they stand on waste. We are streamlining the procedure to close military bases—military bases that have been on the hit list since Harry Truman was President of the United States. I hope those who will vote to cut defense here today or tomorrow or whenever we vote will be here to vote to give us the ability to shut down military bases that are operating at 10 to 15 percent of capacity and are being kept open for political reasons and political reasons only. That is in our bill.

If you want to do something about waste, you are going to get a chance to vote on it, because I can assure you there will be those in this body who want to vote for a zero growth in defense but will also want to keep open that military base that is not performing any function at all. They will be here offering an amendment to add it back. Do not forget us when you come to that vote.

We have in our bill procedures to eliminate Davis-Bacon, a provision of law that forces us to pay as much as 40 percent above the competitive wage when paying wages in construction. What a giant rip-off that is. We talk about toilet seats. Can you imagine every construction laborer hired on every defense contract paid a wage that is a much as 40 percent above what free enterprise is paying?

Why are they doing that? Who is ripping us off? Not the Pentagon—the Congress. The Congress mandated Davis-Bacon and the Congress have forced it into law and kept it there consistently. But you are going to get an opportunity when we bring our authorization bill to the floor to put your vote where your mouth is on that subject. We are going to reform Walsh-Healey, that is in our bill. You are going to get an opportunity to change the overtime requirements and in the process save us millions of dollars. You are going to get an opportunity on the Monroney amendment, a provision in law that sets up pay scales totally out of relation with competitive wages in an area. You are going to get an opportunity to deal with contracting out.

Now, you are going to have labor unions and Government employees breathing down your necks because they want you to preserve their jobs, but do not forget you voted for a zero growth rate defense. Give us an opportunity to see if we can produce it in-house or if we ought to contract it out.

We are going to impose heavy penalties on contractors who overcharge and who overbill. We are going to impose treble damages if a charge is not allowable. We are going to impose a $100,000 fine for a false charge. Remember, you voted for zero defense when we bring that up and when there are those who oppose it.

The reality is that we are making progress, that we are changing the law, that we are trying to promote efficiency, but here is the reality we face on defense. We have for 4 years invested in developing new technology. We are now in the ramp-up phase of virtually every weapons system we are producing. If we are forced to cut back to a zero growth rate this year and if similar constraints are imposed on us next year, much of the investment we have undertaken will be lost. Many of the weapons systems in which we have invested research and development, many of the weapons systems that we have engineered, will never be built. The assembly lines that have been constructed will never be run.

We have made progress. With a 3 percent real growth rate in defense, we can produce efficiently and we can

provide for the common defense of the Nation. I oppose this amendment. If we adopt the domestic cuts in this budget and we cannot deal with the budget problem, then I for one am willing to come back and revisit the subject. But I remind my colleagues, in closing, this is not a proposal to cut defense to reduce the deficit. It is a proposal to cut defense to fund all of the add-ons. The proposal for a 3 percent real growth in defense may not be politically popular, but it is eminently reasonable. I urge my colleagues to vote down this proposal and then use your vote when we vote on the defense authorization bill to tell us what weapons you do not want.

Tell us what you want cut, but do not tell us in some abstract number. Can you imagine if we came to the floor and said, "Let us just simply limit the growth of social programs to a certain percentage." We would be laughed off the floor. People would say, "What is it going to do?"

Well, I say, what is this going to do? From where are we going to get the money? What weapons are we going to terminate? Who are we going to put out of the service? Who are we going to lay off?

The time for this debate is on the defense authorization bill where you are going to have an opportunity to vote on base closings, where you are going to have an opportunity to vote on all the sweetheart deals that have existed over the years because of the Congress and politics, where you are going to have an opportunity to vote on contracting out, where you are going to have an opportunity to vote on imposing penalties for false claims by contractors. That is where we are going to need your vote.

Mr. DOLE. Mr. President, I understand that the chairman of the Armed Services Committee would like to delay this speech until morning, and I am prepared to clear with the distinguished minority leader having a period of routine morning business.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent there now be a period for the transaction of routine morning business until 6:30 p.m. with statements limited therein to 5 minutes each.

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

Mr. DOLE. Mr. President, I await the arrival of the distinguished minority leader, but it would be my hope that we might agree to stand in recess until 10:30 a.m. rather than 9:30 a.m. on Thursday, tomorrow. There will be two special orders. We will be back on Senate Concurrent Resolution 32 at 11:30 a.m.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

SOLIDARITY SUNDAY

Mr. MOYNIHAN. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 152) expressing the sense of the Senate in support of "Solidarity Sunday."

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. DOLE. Mr. President, there is no objection. I have discussed this with the Senator from New York. I support his efforts, and I am pleased to be a cosponsor of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

Mr. MOYNIHAN. Mr. President, I am pleased to be able to submit a resolution expressing the sense of the Senate that the Congress supports Solidarity Sunday for Soviet Jewry. This resolution is submitted with the cosponsorship of 54 Senators, including that of the distinguished chairman of the Judiciary Committee [Mr. THURMOND], whose willing and friendly cooperation has made it possible for this measure to be considered by the Senate immediately upon its introduction, as well as the cosponsorship of the majority leader and the minority leader, as they have done for 5 years previously.

Sunday May 5, 1985, is Solidarity Sunday, Tens of thousands of Americans of all faiths will gather in New York City for a march and rally in demonstration of their solidarity with the nearly 3 million oppressed Jews of the Soviet Union. First organized 14 years ago by the organization now known as the Coalition to Free Soviet Jews, Solidarity Sunday has become something of a tradition. One regrets that this has been necessary, but one is at the same time heartened by the continuing willingness of Americans to undertake this effort.

Given the increasing harassment and persecution of Jews in the Soviet Union in recent months, and the fact that Jewish emigration declined last year to 894 persons—of 300,000 who have taken formal steps to emigrate—unanimous adoption of this resolution would itself be an important expression of the Senate's unwavering concern, as elected representatives of a free people, for the plight of Soviet Jews and other persecuted minorities in the Communist world. In this spring of 1985, however, the resolution and Solidarity Sunday necessarily assume a greater significance still.

For there is a new leadership in place this year in the Soviet Union, a leadership that was recently bolstered by the addition of several new members to the Politburo. There is every reason to expect that the General Secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev, will remain at the summit of Soviet politics for a decade and more, perhaps through the end of the century.

The nature of the relationship between Gorbachev's Soviet Union and the United States is very much a subject of the future. It is a relationship whose tenor and substance is being developed even now.

While one must expect that the fundamental aspects of that relationship will change only slowly, if at all—Soviet and American interests in the world both being more enduring than the life of any mortal man—it is especially important at this outset that American interests by unambiguously stated to the new Soviet leadership. This is especially true of those interests that are not in the realm of policies of merely passing fancy, and thus not likely to outlast a particular President or Congress.

The American interest in a free and humane world, one in which the rights of individuals are protected and valued, is enduring. It is not the creation of any official in Washington; it springs from the character of the American people, and is a consequence of the unique history of this Nation.

That Government of the Soviet Union is the single largest and most powerful threat to human liberty in the world. There are other regimes that are more murderous than is now the case in the Soviet Union, but none are as powerful and as determined to share abroad the quality of life in their own country as is the Soviet Union. No other government is as devoted to the construction of a totalitarian world in which the individual has no status save what the government finds convenient to accord. So on the subject of human rights we inevitably and repeatedly return to the policies of the Soviet Government. And we find their policies wanting.

Particularly in respect of the treatment according to ethnic minorities in the Soviet, and most especially with respect to the community of more than 3 million Jews who reside there, we find Soviet policies unacceptably intolerant of individuals.

In order for the United States to begin to accord the Soviet Union the status of a civilized society with which

we will find it acceptable to deal on a regular and regularized basis—engaging in international commerce and exchanges of information and ideas, for instance—certain minimum standards of behavior must be met by the Soviet Government in the areas of human rights. It is not the sole requisite to improved bilateral relations, certainly, but it is one such.

If the Soviet Government cannot live with the idea of a Jewish community living as Jews in the privacy of their homes and underground synagogues, the minimum decency would be to permit them to emigrate. Ten years ago, speaking at the last of the Solidarity Sunday rallys he would be able to attend, our former colleague in the Senate, Hubert H. Humphrey said, with the elegance and eloquence that characterized his addresses: "Let them live as Jews or let them leave as Jews. It is as simple as that."

And so it is.

It happens that the U.S. Government will have several opportunities to say as much to the Soviet Government in the next few weeks.

Beginning May 5, at Ottawa it is my hope—and it is certainly in the spirit of the resolution before us, which has been cosponsored by 55 other Senators—that the President will instruct his representatives to raise this issue of Soviet Jewry at each of these opportunities. There is recent evidence that this is not going to happen, and I hope the President will take action to correct this.

I am referring to the reply I have just received to a letter sent to President Reagan on March 8 urging that he undertake separate negotiations with the Soviet Union to regularize emigration from the Soviet Union; 250 Members of the 99th Congress signed that letter, including a majority of the U.S. Senate. It was a serious effort to convey an important message to the President in as nonconfrontional and constructive a manner as we could muster. Yet I have received merely a standard reply from an aide to the President informing me that it will be hard to persaude the Soviets to do this. A Mr. M.B. Oglesby, Jr., writes that:

> U.S. influence on Soviet emigration practices and decisions remains limited * * *

Well I guess I already knew that. We in the Congress had hoped to encourage the President to try to expand that influence. It does not require a major overhaul of our system. It requires merely a better appreciation for how to use American law and commerce to the advantage of those interests we would try to advance—such as human rights in the Soviet Union.

For instance, the President and his associates might remind the Soviet Government that, under the terms of the Jackson-Vanik amendment to the Trade Act of 1974, the Soviet Union would be eligible for an expanded trading relationship with the United States if it were to permit the free emigration of persons seeking to do so. The Soviets have demonstrated that they can do this when they want. In 1979 more than 50,000 Soviet Jews were permitted to leave the Soviet Union. In 1984 only 894.

If the Soviet Union were to return to the practice of permitting Jews to emigrate in numbers comparable to that registered in 1979, then there would certainly be a willingness among numerous Member of the Congress to explore whether an expanded trading relationship between our two nations—and the granting of most favored nation trading status to the Soviet Union—would be in order.

Mr. President, I am pleased to have the support of so many Members of this body in bringing this resolution to the floor.

I ask unanimous consent to have printed in the RECORD the texts of the two letters to which I referred, the one to President Reagan and the reply from his assistant, be printed in the RECORD.

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

CONGRESS OF THE UNITED STATES,
Washington, DC, March 8, 1985.

DEAR MR. PRESIDENT: The people of the Unites States share a tradition of moral commitment to the cause of freedom throughout the world. It is a tradition that we, as elected officials, have a special obligation to uphold.

American history is the history of a nation that sees its national purpose bound up with the ideal of freedom. This concept has inspired Americans for more than 200 years.

Over the past years both you and the Members of Congress have therefore pressed for the right of emigration for Soviet Jews and for the release of those "prisoners of Zion" imprisoned by Soviet authorities for seeking freedom.

Despite these efforts, nearly 400,000 Jews who have indicated their desire to emigrate are still being held hostage. The Iron Curtain has slammed shut on Jewish emigration from the Soviet Union.

"Prisoners of Zion" like Anatoly Shcharansky and Iosef Begun languish in Soviet jails and work camps. Recent months have seen additional arrests. This persecution has reached a new high just as a generation of young soviet Jews insists on its tradition of living proudly as Jews.

That the Soviet Union has rebuffed our efforts to deal with this issue now argue for a direct attempt to bring this painful chapter in human history to a speedy and favorable conclusion.

We urge you, Mr. President, to call upon the Soviet Union to enter into discussions dealing solely with the free emigration of the large number of Jews who seek to leave the Soviet Union, and with the release of the "prisoners of Zion," in keeping with the Helsinki Final Act of 1975.

The Soviets should be required to adhere to those provisions which would provide for the removal of all obstacles to emigration for those who wish to apply.

Keeping faith with American history demands no less. Americans of all previous generations have placed the responsibility of working for freedom squarely and confidently on our shoulders.

We pledge you our support in pursuing this historic task.

Jack Kemp, Member of Congress; Daniel Patrick Moynihan, U.S. Senator; William V. Roth, Jr.; Paul Sarbanes; John P. East; Wendell H. Ford; John F. Kerry; Edward Zorinsky; Daniel K. Inouye; Max Baucus; John Heinz; Dave Durenberger; Peter Wilson; William Proxmire; Lawton Chiles; Larry Pressler; J. James Exon; Jim Sasser; Ernest F. Hollings; Strom Thurmond; Dan Quayle; Tom Harkin; Frank R. Lautenberg; Nancy Landon Kassebaum; Edward M. Kennedy; Howard M. Metzenbaum; George J. Mitchell; Gordon J. Humphrey; Richard G. Lugar; Slade Gorton; Christopher J. Dodd; Bill Bradley; Rudy Boschwitz; Spark M. Matsunaga; David L. Boren; Patrick J. Leahy; Paul Simon; Charles E. Grassley; Arlen Specter; Claiborne Pell; Alfonse M. D'Amato; James A. McClure; Alan Cranston; Donald W. Riegle, Jr.; Mack Mattingly; Mark Andrews; Paula Hawkins; Paul S. Trible, Jr.; Orring G. Hatch; Thomas F. Eagleton; Albert Gore, Jr.; Dennis DeConcini; Dale Bumpers; Jeremiah Denton; Ted Stevens; Lowell P. Weicker, Jr.; Carl Levin; David Pryor; John D. Rockefeller, IV.

Gary Ackerman, Richard Armey, Michael Barnes, Herbert Bateman, Helen Bentley, Thomas Bliley, William Boner, Fred Boucher, Bill Broomfield, Albert Bustamante, Bob Carr, Bill Cobey, Ronald Coleman, Jim Cooper, Phil Crane, Tom DeLay, Joseph DioGuardi, Robert Dornan, Bernard Dwyer, Fred Eckert, Vic Fazio, Ham Fish, Bill Ford, Webb Franklin, Sam Gejdenson, Newt Gingrich, Judd Gregg, Tony Hall, Bill Hendon, John Hiler, Steny Hoyer, Henry Hyde, Ed Jenkins.

Paul Kanjorski, Dale Kildee, Pete Kostmayer, Robert Lagomarsino, Norman Lent, Trent Lott, Joseph McDade, John McKernan, Dave Martin, Jan Meyers, George Miller, Parren Mitchell, Jim Moody, Bruce Morrison, Henry Nowak, Jim Olin, Michael Oxley, Carl Pursell, Tom Robinson, Claudine Schneider, Norm Sisisky, Robert Smith, Gerald Solomon, Harley Staggers, Pat Swindall, Esteban Torres, Mo Udall, Bob Walker, Ted Weiss, Charles Whitley, Frank Wolf, Ed Zschau.

Frank Annunzio, Les Aspin, Steve Bartlett, Jim Bates, Doug Bereuter, Sherwood Boehlert, David Bonior, Beau Boulter, John Bryant, Beverly Byron, Rod Chandler, Howard Coble, Cardiss Collins, Larry Coughlin, Bill Dannemeyer, Ronald Dellums, Julian Dixon, Tom Downey, Mervyn Dymally, Bob Edgar, Ed Feighan, James Florio, Wyche Fowler, Dean Gallo, George Gekas, Bill Goodling, John Grotberg, Charles Hayes, Paul Henry, Marjorie Holt, Bill Hughes, Andy Ireland, Nancy Johnson.

John Kasich, Jim Kolbe, Ken Kramer, Tom Lantos, Sander Levin, John McCain, Raymond McGrath, Buddy MacKay, Lynn Martin, Dan Mica, John Miller, Joe Moakley, Henson

Moore, Robert Mrazek, David Obey, Solomon Ortiz, Claude Pepper, Bill Richardson, Marge Roukema, John Seiberling, Jim Slattery, Virginia Smith, Floyd Spence, Sam Stratton, Mike Synar, Bob Torricelli, Guy Vander Jagt, Henry Waxman, Alan Wheat, Charles Wilson, George Wortley.

Bill Archer, Doug Barnard, Joe Barton, Anthony Beilenson, Howard Berman, Edward Boland, Robert Borski, Barbara Boxer, Sala Burton, Bill Carney, Gene Chappie, Tony Coelho, Silvio Conte, Jim Courter, Hal Daub, Norman Dicks, Brian Donnelly, Richard Durbin, Dennis Eckart, Bill Emerson Bobbi Fiedler, Tom Foglietta, Barney Frank, Bob Garcia, Ben Gilman, Bill Green, Frank Guarini, Cec Heftel, Dennis Hertel, Jim Howard, Duncan Hunter, Jim Jeffords, James Jones.

Jack Kemp, Joe Kolter, John LaFalce, Jim Leach, William Lipinski, Dave McCurdy, Matt McHugh, Edward Markey, Matthew Martinez, Robert Michel, Norman Y. Mineta, Guy Molinari, Carlos Moorhead, Howard Nielson, George O'Brien, Major Owens, John Porter, Don Ritter, Jim Saxton, Mark Siljander, Denny Smith, Olympia Snowe, John Spratt, Don Sundquist, Gene Taylor, Edolphus Towns, Barbara Vucanovich, Vin Weber, Bill Whitehurst, Bob Wise, Bob Young.

THE WHITE HOUSE,
Washington, April 19, 1985.

Hon. DANIEL PATRICK MOYNIHAN,
United States Senate,
Washington, DC.

DEAR SENATOR MOYNIHAN: Thank you for your letter urging the President to call upon the Soviet Union to enter into discussions dealing solely with the free emigration of Jews seeking to leave the Soviet Union.

As you know, the President shares your deep concern about the plight of Soviet Jewry. At every appropriate opportunity the U.S. Government has encouraged the Soviet authorities to adopt a more favorable attitude toward Soviet Jews wishing to emigrate.

Unfortunately, the Soviets have not been responsive to our efforts, labeling them as "interference" in their internal affairs. Although U.S. influence on Soviet emigration practices and decisions remains limited, please know that your specific concerns and recommendation have been conveyed to the President's advisers in this area.

With best wishes,

Sincerely,

M.B. OGLESBY, Jr.,
Assistant to the President.

Mr. D'AMATO. Mr. President, I rise today to join PAT MOYNIHAN, my distinguished colleague from New York, as a cosponsor of this resolution calling for "Solidarity Sunday for Soviet Jewry" as a show of support for the over 3 million Jews in the Soviet Union who are struggling to maintain their cultural heritage.

In 1984, the number of Soviet Jews allowed to emigrate dropped to 896, after a high of 51,320 in 1979. This figure is truly shocking. The Soviet Union's oppression of Jews is ever present and ever increasing. Because of extreme Soviet anti-Semitism, Soviet Jews are forced to live in a world void of their culture.

Jews in the Soviet Union are harassed, imprisoned, and exiled for the sole reason of their religious beliefs. Jewish history is deleted from the Soviet educational system, the teaching of Hebrew is prohibited, Jewish holiday celebrations are outlawed, and Bibles and prayer books are confiscated.

When the youngest child of each American Jewish family sits down at the Passover table and asks the traditional "Four Questions," Jews in the Soviet Union ask four questions of their own, albeit, not at the Passover table: 1. When will this humiliating harassment end? 2. When will I be allowed to freely practice my religion and celebrate my holidays? 3. When will my productivity be respected, instead of mocked? and 4. When will I be allowed to leave the Soviet Union?

It is these questions that we in the United States must begin to answer. We must have a committed and staunch posture with regard to abuses of Jews in the Soviet Union, and we must categorically show our solidarity for the Soviet Jews. As Americans dedicated to the principles of individual freedom and liberty, we cannot, and will not, ignore the Soviet Union's calculated cultural genocide of the Jewish community living in the Soviet Union.

Mr. President, I urge all of our Senate colleagues to join us in this effort.

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

The resolution was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 152

Whereas on May 5, 1985, the constituent agencies of the Coalition to Free Soviet Jews will convene the fourteenth annual "Solidarity Sunday for Soviet Jewry" in reaffirmation of the American People's resolve to secure freedom for Soviet Jews and beleaguered persons everywhere; and

Whereas Americans of all faiths will join in myriad activities on that day in public expression of solidarity with the long suffering Jewish community in the Soviet Union; and

Whereas the right to emigrate freely and to be reunited with one's family abroad is denied Jews and many others in the Soviet Union; and

Whereas the Universal Declaration of Human Rights, adopted by the United Nations General Assembly, and the Helsinki Final Act explicitly assert guarantees of those rights; and

Whereas representatives of the Helsinki signatory States will meet in Ottawa for a six week period beginning on May 7, 1985 at a Human Rights Experts Meeting to discuss "questions concerning respect, in their States, for human rights and fundamental freedoms, in all their aspects, as embodied in the Final Act," including the plight of Soviet Jewry; and

Whereas the Government of the Soviet Union has nevertheless continued to implement new restrictive measures inhibiting the ability of persons to emigrate, reducing Jewish emigration from the Soviet Union in 1984 to 896 persons; and

Whereas the Government of the Soviet Union is persecuting its Jewish citizens and denying them even those few rights and privileges accorded other recognized religions in the Soviet Union; and

Whereas the Government of the Soviet Union discriminates against Jewish cultural activities by banning and suspending Hebrew and Jewish cultural classes, by arresting teachers of Hebrew, and by harassing those Soviet Jews who seek only to practice their religion; and

Whereas leading Soviet Jewish activist and prisoner of conscience Anatoly Shcharansky, who was arrested in March of 1977 and falsely charged with espionage and "anti-Soviet agitation", continues to suffer exceptionally harsh treatment in Chistopol prison; and

Whereas a virulent anti-Semitic campaign continues unabated in the Soviet Union and Soviet Jews are increasingly deprived of occupational and educational opportunities; and

Whereas thousands of innocent Jews and other persons, having applied to leave the Soviet Union, have been subjected to immediate induction into the armed forces, improper incarceration in mental institutions, expulsion from school, and constant surveillance and harassment; and

Whereas the Government of the Soviet Union will not succeed in isolating Soviet Jews from their friends in the free world so long as those who cherish liberty continue to speak on behalf of beleaguered people everywhere; and

Whereas "Solidarity Sunday for Soviet Jewry" shall provide vigorous expression of American determination to secure freedom for Soviet Jewish prisoners of conscience incarcerated solely for their desire to emigrate; and

Whereas the Government of the Soviet Union refuses to permit the free exercise of religious beliefs and cultural expression and also refuses to remove all obstacles to the free emigration of its Jewish citizens and others who wish to leave and live in other countries: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Congress fully supports "Solidarity Sunday for Soviet Jewry" and encourages Americans to participate.

The cosponsors of the resolution are:

Mr. Moynihan (for himself, Mr. Andrews, Mr. Armstrong, Mr. Bentsen, Mr. Boren, Mr. Boschwitz, Mr. Bradley, Mr. Bumpers, Mr. Byrd, Mr. Chafee, Mr. Cohen, Mr. Cranston, Mr. D'Amato, Mr. DeConcini, Mr. Dixon, Mr. Dodd, Mr. Dole, Mr. Durenberger, Mr. Exon, Mr. Garn, Mr. Glenn, Mr. Gore, Mr. Grassley, Mr. Hart, Mr. Hatch, Mr. Hatfield, Mr. Heinz, Mr. Hollings, Mr. Johnston, Mrs. Kassebaum, Mr. Kerry, Mr. Lautenberg, Mr. Leahy, Mr. Levin, Mr. Long, Mr. Lugar, Mr. Mattingly, Mr. Mitchell, Mr. Murkowski, Mr. Nickles, Mr. Pell, Mr. Pressler, Mr. Proxmire, Mr. Quayle, Mr. Reigle, Mr. Rockefeller, Mr. Sarbanes, Mr. Sasser, Mr. Simon, Mr. Specter, Mr. Symms, Mr. Thurmond, Mr. Trible, Mr. Warner, Mr. Weicker, and Mr. Zorinsky.)

ORDER FOR SENATE JOINT RESOLUTION 128, VIETNAM VETERANS RECOGNITION DAY, TO BE PLACED ON THE CALENDAR

Mr. DOLE. Mr. President, I ask unanimous consent that Senate Joint Resolution 128, Vietnam Veterans Recognition Day, now being held at the desk, be placed on the calendar.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, what was that?

Mr. DOLE. I have asked unanimous consent that Senate Joint Resolution 128, Vietnam Veterans Recognition Day, now being held at the desk, be placed on the calendar.

Mr. BYRD. Would it be the intention of the distinguished majority leader to call up the resolution within the next day or so?

Mr. DOLE. I hope I can. I would like to join the distinguished minority leader. I think it is an excellent idea.

We are trying to clear it on our side. I would not want to promise that and not be able to do it, but I am working on it.

Mr. BYRD. I thank the distinguished majority leader.

S. 840 INDEFINITELY POSTPONED

Mr. DOLE. Mr. President, I ask unanimous consent that Calendar No. 52, S. 840, Extension of Federal Supplemental Compensation, the Senate companion bill to Public Law 99-15, be indefinitely postponed.

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

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the following calendar items on the Executive Calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

Mr. BYRD. Mr. President, reserving the right to object, I beg the distinguished majority leader's pardon. I was distracted and did not hear the request except that we go into executive session. Will the distinguished majority leader enumerate the items he wishes us to consider?

Mr. DOLE. The items are Calendar Nos. 114, 115, 116, 117, and all nominations placed on the Secretary's desk.

Mr. BYRD. Mr. President, there is no objection on this side.

The Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

The legislative clerk read the nomination of James A. Latsowka, of Virginia, to be a member of the Federal Mine Safety and Health Review Commission.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

SECURITIES INVESTOR PROTECTION CORPORATION

The legislative clerk read the nomination of Stephen L. Hammerman, of New York, to be a Director of the Securities Investor Protection Corporation.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

The legislative clerk read the nomination of Jacob Neusner, of Rhode Island, to be a member of the National Council on the Arts.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

The legislative clerk read the nomination of Martha Graham, of New York, to be a member of the National Council on the Arts.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The legislative clerk proceeded to read sundry nominations in the public health service placed on the Secretary's desk.

Mr. DOLE. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

Mr. DOLE. Mr. President, I move to reconsider the votes by which the nominations were confirmed.

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

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

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

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

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

BIG BOY WON

Mr. HATCH. Mr. President, as you know, today we will finally learn the outcome of one of the major nationwide votes of recent years. The future of one of America's giants will be decided today. In a campaign that, reportedly, has been handled solely by an advertising firm and with absolutely no comment from the candidate himself, the American public has had the opportunity to settle directly a controversial issue of concern to millions.

As you might recognize, Mr. President, I am not eager to see a recall vote on a major public figure. Many of us here in the Senate have been called merely figureheads, or big-headed, or even wooden-headed. Yet here is a public figure who denies none of these charges. He has, I find it interesting to note, personally greeted all of his constituents—a record all of us envy. Yet the winds of change and corporate ambivalence have conspired to put his popularity to a vote. His campaign manager, while deploring the whole procedure as one big headache, has nevertheless been seen bubbling with excitement over the possibility of victory over a corporate bigshot who has been eager to increase the unemployment rolls in the name of economic progress.

Will he stay or will he go? I can only hope that his departure from public view, if the voters so decide, can be delayed by his appointment to a symbolic post in the administration. I hope, however, that he will stay and beef up the opposition to the pirate who forced him to the end of the gangplank.

Wait! Mr. President, I have just been handed a message. Our boy has won. Oh, what a relief it is!

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

DECLARATION OF NATIONAL EMERGENCY WITH RESPECT TO NICARAGUA—MESSAGE FROM THE PRESIDENT—PM 43

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Banking, Housing, and Urban Affairs:

To the Congress of the United States:

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703, I hereby report to the Congress that I have exercised my statutory authority to declare a national emergency and to prohibit: (1) all imports into the United States of goods and services of Nicaraguan origin; (2) all exports from the United States of goods to or destined for Nicaragua except those destined for the organized democratic resistance; (3) Nicaraguan air carriers from engaging in air transportation to or from points in the United States; and (4) vessels of Nicaraguan registry from entering into United States ports.

These prohibitions will become effective as of 12:01 a.m., Eastern Daylight Time, May 7, 1985.

I am enclosing a copy of the Executive Order that I have issued making this declaration and exercising these authorities.

1. I have authorized these steps in response to the emergency situation created by the Nicaraguan Government's aggressive activities in Central America. Nicaragua's continuing efforts to subvert its neighbors, its rapid and destabilizing military buildup, its close military and security ties to Cuba and the Soviet Union and its imposition of Communist totalitarian internal rule have been described fully in the past several weeks. The current visit by Nicaraguan President Ortega to Moscow underscores this disturbing trend. The recent rejection by Nicaragua of my peace initiative, viewed in the light of the constantly rising pressure that Nicaragua's military buildup places on the democratic nations of the region, makes clear the urgent threat that Nicaragua's activities represent to the security of the region and, therefore, to the security and foreign policy of the United States. The activities of Nicaragua, supported by the Soviet Union and its allies, are incompatible with normal commercial relations.

2. In taking these steps, I note that during this month's debate on U.S. policy toward Nicaragua, many Members of Congress, both supporters and opponents of my proposals, called for the early application of economic sanctions.

3. I have long made clear that changes in Sandinista behavior must occur if peace is to be achieved in Central America. At this time, I again call on the Government of Nicaragua:

—to halt its export of armed insurrection, terrorism, and subversion in neighboring countries;

—to end its extensive military relationship with Cuba and the Soviet Bloc and remove their military and security personnel;

—to stop its massive arms buildup and help restore the regional military balance; and

—to respect, in law and in practice, democratic pluralism and observance of full political and human rights in Nicaragua.

4. U.S. application of these sanctions should be seen by the Government of Nicaragua, and by those who abet it, as unmistakable evidence that we take seriously the obligation to protect our security interests and those of our friends. I ask the Government of Nicaragua to address seriously the concerns of its neighbors and its own opposition and to honor its solemn commitments to non-interference, nonalignment, respect for democracy, and peace. Failure to do so will only diminish the prospects for a peaceful settlement in Central America.

RONALD REAGAN.

THE WHITE HOUSE, *May 1, 1985.*

MEASURE PLACED ON THE CALENDAR

The following measure was placed on the calendar by unanimous consent:

S.J. Res. 128. Joint resolution to designate May 7, 1985, as "Vietnam Veterans Recognition Day."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GOLDWATER, from the Committee on Armed Services, without amendment:

S. 1042. An original bill to authorize certain construction at military installations for fiscal year 1986, and for other purposes.

S. 1043. An original bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1986, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

Helmut A. Merklein, of the District of Columbia, to be Administrator of the Energy Information Administration;

Theodore J. Garrish, of Virginia, to be an Assistant Secretary of Energy (Congressional, Intergovernmental and Public Affairs);

J. Michael Farrell, of the District of Columbia, to be General Counsel of the Department of Energy; and

Joseph F. Salgado, of California, to be Under Secretary of Energy.

(The above nominations were reported from the Committee on Energy and Natural Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. STAFFORD, from the Committee on Environment and Public Works:

Brigadier General Thomas Allen Sands 410-64-1086, United States Army, to be a member and president of the Mississippi River Commission, and Brigadier General Rober Joseph Dacy, 124-26-8224, United States Army, to be a member of the Mississippi River Commission under the provisions of Section 2 of an Act of Congress approved 28 June 1879 (21 Stat. 37) (33 USC 642); and

A. James Barnes, of the District of Columbia, to be Deputy Administrator of the Environmental Protection Agency.

(The above nominations were reported from the Committee on Environment and Public Works with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1034. A bill entitled the "Banking Geographic Deregulation Act of 1985"; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KASTEN:

S. 1035. A bill to promote the conservation of highly erodible land and wetlands, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HEFLIN:

S. 1036. A bill to revise and extend programs to provide price support and production stabilization for peanuts and upland cotton, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HEFLIN (for himself and Mr. DENTON):

S. 1037. A bill to relieve Alabama Christian College of the liability to pay certain sums owed to the United States; to the Committee on Labor and Human Resources.

By Mr. PACKWOOD (for himself and Mr. GOLDWATER):

S. 1038. A bill to promote the diversity and quality of radio and television programming by repealing the Fairness Doctrine and certain other program restrictions; to the Committee on Commerce, Science, and Transportation.

By Mr. CRANSTON:

S. 1039. A bill entitled the "Ocean Incineration Research Act of 1985"; to the Committee on Environment and Public Works.

By Mr. COCHRAN (for himself and Mr. PRYOR):

S. 1040. A bill to provide emergency assistance to promote the marketing and sales of agricultural commodities, and for other pur-

poses; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. BOSCHWITZ (for himself and Mr. BOREN):

S. 1041. A bill to support and stabilize farm income and provide an orderly transition to a market-oriented agricultural economy; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. GOLDWATER from the Committee on Armed Services:

S. 1042. An original bill to authorize certain construction at military installations for fiscal year 1986, and for other purposes; placed on the calendar.

S. 1043. An original bill to authorize appropriations for the Department of Energy for national security programs for fiscal year 1986, and for other purposes; placed on the calendar.

By Mr. HEINZ:

S. 1044. A bill to provide for the temporary suspension of the duty on methylene blue which is used as a process stabilizer in the manufacture of organic chemicals; to the Committee on Finance.

S. 1045. A bill to provide duty-free treatment for dicofol until January 1, 1991, after the existing duty reduction for that chemical expires on September 30, 1985; to the Committee on finance.

By Mr. PACKWOOD (for himself and Mr. HATFIELD):

S. 1046. A bill for the relief of Kok Djen Su and Grace Su, husband and wife; to the Committee on the Judiciary.

By Mr. CHILES (for himself, Mr. ROTH, Mr. PRYOR, Mrs. KASSEBAUM, Mr. BURDICK, Mr. COHEN, Mr. HOLLINGS, Mr. DECONCINI, Mr. SASSER, Mr. EXON, and Mr. NICKLES):

S. 1047. A bill to reform the laws relating to former Presidents; to the Committee on Governmental Affairs.

By Mr. DENTON (for himself, Mr. DOLE, Mr. BENTSEN, Mr. GRASSLEY, Mr. HATCH, and Mr. HUMPHREY):

S. 1048. A bill to amend title 18 of the United States Code and the Adoption Reform Act; to the Committee on the Judiciary.

By Mr. WILSON:

S. 1049. A bill to assist in expanding and increasing foreign markets for agricultural commodities and the products of such commodities produced in the United States, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DIXON:

S. 1050. A bill to protect and promote U.S. agricultural exports, and to provide for the protection of highly erodible land; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ZORINSKY (for himself, Mr. EXON and Mr. HARKIN):

S. 1051. A bill to provide price and income protection for farmers and to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MOYNIHAN (for himself, Mr. ANDREWS, Mr. ARMSTRONG, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BRADLEY, Mr. BUMPERS, Mr. CHAFEE, Mr. COHEN, Mr. CRANSTON, Mr. D'AMATO, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. EXON, Mr. GARN, Mr. GLENN, Mr. GORE, Mr. GRASSLEY, Mr. HART, Mr. HATCH, Mr. HATFIELD, Mr. HEINZ, Mr. HOLLINGS, Mr. JOHNSTON, Mrs. KASSEBAUM, Mr. KERRY, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LONG, Mr. LUGAR, Mr. MATTINGLY, Mr. MITCHELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. PELL, Mr. PRESSLER, Mr. PROXMIRE, Mr. QUAYLE, Mr. RIEGLE, Mr. ROTH, Mr. SARBANES, Mr. SASSER, Mr. SIMON, Mr. SPECTER, Mr. SYMMS, Mr. THURMOND, Mr. TRIBLE, Mr. WARNER, Mr. WEICKER, Mr. ZORINSKY, Mr. BYRD, and Mr. ROCKEFELLER):

S. Res. 152. Resolution to express the sense of the Senate in support of "Solidarity Sunday"; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO (for himself and Mr. MOYNIHAN):

S. 1034. A bill entitled the "Banking Geographic Deregulation Act of 1985"; to the Committee on Banking, Housing, and Urban Affairs.

BANKING GEOGRAPHIC DEREGULATION ACT

● Mr. D'AMATO. Mr. President, in November of 1983 I introduced S. 2107, a bill which provided for a phase in to full interstate banking. At that time, I noted that we already have, to a large extent, interstate banking today. However, the shape of the interstate banking we have is determined more by outdated laws and regulations than by economic efficiency. This economic inefficiency is, for the most part, paid for by the consumers of banking services in higher costs and greater inconvenience. Furthermore, this economic cost is exacerbated since bankers, although they know interstate banking is coming, do not know the timetable or the form; and they are therefore unable to plan for an orderly transition.

As I said in 1983, a Federal solution is needed—a solution which provides for an orderly transition. Unfortunately, the only response in the last Congress was Senate passage of S. 2851, which contained a provision endorsing State regional compact laws. This provision had received almost no consideration during lengthy committee hearings on other provisions of S. 2851. However, during Senate debate, I believe many of the weaknesses inherent in the regional compact approach were brought forth, not the least of which is that it is an abdication to the States of an issue which needs a Federal solution.

Mr. President, today I am introducing the Banking Geographic Deregulation Act of 1985 to create such a Federal solution. This bill would provide a phase-in approach. It would provide that for a 2-year period a bank holding company could acquire a bank, or set one up de novo, in States continguous to its home state. At the end of 2 years, the prohibition against bank holding companies acquiring or setting up banks across State lines would be repealed.

As I noted earlier, we already have de facto interstate banking. Let us look at only a partial listing of the interstate system in place today.

First, loan production offices: Many banking institutions have loan production offices in various locations throughout the country lending to large-and medium-size businesses.

Second, grandfathered bank holding companies: Eight bank holding companies in 6 States control well over 100 banks in 21 other States.

Third, nonbank affiliates: Bank holding company nonbank affiliates by the hundreds are spread throughout the country. These affiliates include finance companies, mortgage companies, and industrial banks.

Fourth, interstate thrifts: Interstate mergers approved by the Federal Home Loan Bank Board have created interstate systems in the majority of States.

Fifth, reciprocal banking: A number of States have adopted various types of State laws permitting out-of-state bank holding companies to enter their States under specified circumstances.

Sixth, interstate electronic banking networks: Networks of automatic teller machines have been formed allowing bank customers access to such machines interstate.

Seventh, nonbank banks: Nonbank banks—institutions which are in all other respects just like any other bank except they do not both take demand deposits and make commercial loans—are currently being approved by the hundreds by the Comptroller. It seems quite likely that a large number of these will be opening their doors in the next few months.

The reason for this extensive interstate banking is quite simple—it is a response to the market. In all other businesses, we generally allow the market to determine where products and services will be offered because we know that is how to obtain the best products and services at the lowest prices. And, as is usually the case, when Government attempts to block natural maket forces with arbitrary barriers, ways are found to circumvent these regulations.

Mr. President, much has been written about the gains in efficiency and competition which would result from interstate banking. Study after study, including a major one undertaken by the Carter administration as a result of a requirement in the International Banking Act of 1978, have set forth these gains and endorsed eliminating restrictions on interstate banking.

At this point, I would like to point out another reason for permitting interstate banking—greater safety and soundness in our system. Time after time, we hear Members of Congress say that we must have a safe and sound banking system. Concern over safety and soundness has been particularly acute over the last 2 years. And yet, we maintain archaic geographic limits which often prevent banks from diversifying their base of business in a manner which could provide greater strength.

Two recent developments unfortunately demonstrate in stark terms this point. First, the de facto failure of Continental Illinois can be attributed, in part, to the fact that it relied too heavily on "hot" institutional and foreign deposits. Continental did this largely because it was unable to obtain a broad base of consumer deposits since it could not expand, basically, beyond its headquarters.

Second, there is a growing awareness that many banks in agricultural areas of our country are in deep trouble. They are in trouble because they have too narrow a lending base. And as these banks become troubled, they cut back drastically on their farm loans, thus exacerbating the problems of the farmers. If these banks had a broader base, they could better withstand the shocks that are currently occurring in our agricultural sector and would have the strength to help the farmers by stretching out lending terms rather than retrenching.

It is my hope that we can have a full discussion of interstate banking in this Congress. Late last year, when the Senate began to consider S. 2851, I do not believe the Members fully appreciated the problems inherent in the proposal to ratify State regional compact laws. This proposal was promoted as being no big deal. It was just a confirmation of States rights. It would just provide an experiment in interstate banking.

Well, nothing could be further from the truth. The ratification of State regional compact laws would have been a fundamental change. It would have allowed a restructuring of our banking system, a basic component of our entire economic system, without any real congressional determination—indeed virtually without a hearing on the subject. To understand the fundamental changes that would occur under regional compacts, one only need to look to New England. Within months after several States there had adopted compact laws, a number of mergers had been announced which would have greatly increased concentration levels.

I am pleased to note that since the Senate debate on this issue, the problems with the regional compact approach are receiving greater notice. Bankers and policymakers are increasingly discussing and advocating alternatives.

The most notable recent development is, of course, the Supreme Court's recent granting of certiorari in the case of *Northeast Bancorp, Inc.* v. *the Board of Governors of the Federal Reserve System.* In this case, the Court will decide if the Massachusetts and Connecticut statutes, which create a New England region, are unconstitutional under the commerce and compact clauses of the Constitution. I believe the Court will rule these State laws are unconstitutional.

The purpose of these State compact laws is to permit interstate banking within States in the compact, but to exclude other States. The fear of such economic compacts was a primary reason for calling the Constitutional Convention. In the case of *Hughes* v. *Oklahoma*, the Supreme Court said that the commerce clause "reflected a central concern of the Framers that was an immediate reason for calling the Constitutional Convention: The conviction that in order to succeed, the new Union would have to avoid the tendencies toward economic Balkanization that had plagued relations among the Colonies and later among the States under the Articles of Confederation." In The Federalist Papers, Hamilton expressed the concern that "[e]ach . . . separate confederacy . . . would pursue a system of commercial policy peculiar to itself. This would occasion distinctions, preferences, and exclusions which would beget discontent."

The idea that Congress should grant advance blanket approval to States to form economic compacts is so fundamentally against the principles of the Constitution that this current effort by a group of regional banks to obtain such approval may in fact be unique in our history. After the Senate debate brought this issue out into the open, Congressman RODINO, chairman of the House Judiciary, wrote to Speaker O'NEILL requesting jurisdiction. The Judiciary Committee, of course, has jurisdiction over compacts. Here is what Chairman RODINO had to say:

> In particular, Title X of S. 2851 contains language that would grant prior Congressional consent to certain groupings of States to enter into interstate compacts involving regional banking activities. It is important that this Committee—which has jurisdiction over interstate compacts generally—be permitted to review the language and intent of this provision because Title X on its face appears to be a major departure from past practice in the manner in which Congress approves an interstate compact consistent with the Compact Clause of the Constitution. In the past, Congress has consented to two types of compacts: The first being those which are designed to promote cooperation among States and which are open to all affected States seeking to join; and the second being those that do not interfere with the Federal regulation of matters of national concern. In contrast, Title X would appear to authorize a commercial compact open only to a "select" group of States in subject matter areas specifically regulated by the Federal Government.
>
> In addition, Title X departs from past Congressional practice and procedure in that it would grant prior approval to such compacts rather than to require subsequent approval on a case-by-case basis. Typically, compacts are negotiated and agreed to by the States and then submitted to the Congress for careful review and approval. Title X would, in essence, preauthorize compacts without advanced review of the contents or standards contained in those agreements. While the Congress has on rare occasions authorized certain compacts in advance, it has done so only after long and thoughtful deliberation of the potential consequences. The Judiciary Committee—the Committee of jurisdiction in this instance—has had no such opportunity to develop a record or engage in any deliberations on the potential Constitutional and economic implications of Title X.
>
> By its very nature, an interstate compact of this type also raises other Constitutional questions requiring careful consideration. It is possible, even likely, that regional banking compacts designed to promote the interests of certain banks within particular regions at the expense of other financial institutions in the rest of the country may significantly undermine the rationale of the Commerce Clause, which was designed to eradicate internal trade barriers and prevent States from aligning themselves into rival economic coalitions. If this were, in fact, the unfortunate outcome of Title X, such might invite retaliation by States in excluded regions of the country.

The blanket ratification of banking compacts would be the worst possible precedent. If some States are permitted to "redline" New York, California, and other States solely because they are the homes of a number of large banks, what will be the next step? Perhaps New York and California, with their large populations, should form compacts to exchange their agricultural products and exclude other States. Of course they should not, but neither should some States be permitted to discriminate against New York, California, and other States with respect to banking.

It cannot be argued that States have the right to form banking compacts as a matter of States' rights. States' rights derive from the Constitution, and the Constitution explicitly prohibits compacts. No such economic compact has ever been approved by Congress, and we should not begin now, after 200 years.

Another argument often put forward by the group of regional bankers who are promoting these compacts is that the compacts will promote regional economies. The facts demonstrate the real reason these bankers are promoting compacts—economic protectionism. Utah has passed a law creating a region with all the Western States, including Alaska and Hawaii, but excluding California. Connecticut includes Maine, but excluded New York, where thousands of its residents

commute every day. New Jersey bankers would exclude New York, but include Maryland; and a Maryland committee would include Florida, Georgia, and Arkansas, but exclude Pennsylvania. These regions make sense only in the context of blatant protectionism. A group of regional bankers want to be able to merge with each other to create regional giants in sanctuaries protected from outsde competition.

I wish to make one other point about these compacts. The group of regional bankers pushing such compacts argue that New York, California, and certain other States must be excluded because they contain the large money center banks. Thus, they attempt to portray the issue as Citibank, or Chase, or Bank of America, or Mellon against the regional banks. But this is misleading. The States being redlined contain numerous small- and medium-size banks who wish to participate in interstate banking. My own State of New York contains a number of such small- and medium-size banks which could, for example, provide valuable services in neighboring New England and Middle-Atlantic States.

Mr. President, a Federal abdication of authority on the important issue of the banking structure of this country would be a serious mistake. We must provide an orderly transition to interstate banking. My bill would provide such a transition. I hope it will also provide a basis for hearings and discussion of this important issue.●

BANKING GEOGRAPHIC DEREGULATION ACT OF 1985

● Mr. MOYNIHAN. Mr. President, I rise today with my distinguished colleague from New York, Mr. D'AMATO, to introduce responsible and important legislation—the Banking Geographic Deregulation Act of 1985.

Mr. President, for a number of years now, several of the States have been involved in regional banking compacts. Under typical arrangements, certain States within a geographic region permit interstate banking among themselves, while excluding the banks from certain other neighboring States from exercising this privilege. In one notable example, the Legislatures of Massachusetts, Connecticut, Rhode Island, and Maine have established a regional banking compact that includes these States but excludes New York. Similarly, Utah would allow banks from all Western States—including Alaska and Hawaii—except California.

This is clearly an unacceptable form of trade discrimination among the States—the likes of which we have not seen in this country since the days of the Articles of Confederation. It is precisely the sort of interstate commercial warfare that the commerce and compact clauses of the Constitution were designed to prevent. Indeed, it was trade discrimination among the States that prompted the call for the Constitutional Convention. The trade discrimination that had ensued under the Articles of Confederation threatened the very foundations of national unity.

The legislation we are introducing today would remedy once and for all the present internecine banking warfare among the States; the unacceptable discrimination would cease. The Banking Geographic Deregulation Act of 1985 states quite simply that 2 years after enactment, any State which wishes to open its borders to banks from other States, either for banking purposes or to permit the acquisition of banks, may do so, with the provision that banks from all States would be welcome. If a State does not desire to open its borders to interstate banking, it may do so as well. Under this legislation, there is no room for discrimination: either a State allows banks from all States in or none at all. There will be no more of this picking and choosing.

In the 2 years before these provisions become effective, any State involved in a regional banking compact would not be allowed to exclude a contiguous State, so long as the latter permitted interstate banking. It would no longer be possible for Connecticut, for example, to exclude banks from contiguous New York State, while welcoming banks from Maine, more than 200 miles away. Thus, for 2 years regional banking will be permitted, but it will be true regional banking, not the present exclusionary sort of arrangements which carve out "checkerboard" regions for purely protectionist purposes.

Mr. President, the legislation we are introducing today is fair, and further reflects the intention of the framers of the Constitution that Congress shall regulate interstate commerce. I urge my colleagues to support this most important measure.●

By Mr. KASTEN:

S. 1035. A bill to promote the conservation of highly erodible land and wetlands, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FRAGILE LANDS CONSERVATION AND WETLANDS PROTECTION ACT

Mr. KASTEN. Mr. President, today I am introducing the Fragile Lands Conservation and Wetlands Protection Act of 1985. I urge my colleagues to support this important legislation.

Earlier this year, I introduced S. 598, a sodbuster bill, the text of which is included in the legislation I am introducing today. At that time I made note of some startling statistics on the magnitude of our soil erosion problem. I would like to repeat them here.

Most of the really damaging soil erosion in the United States takes place on about 10 percent of our cropland. According to the 1982 national resources inventory [NRI] about 23.8 million acres of our row and close-grown cropland suffer from sheet and rill erosion at rates in excess of 14 tons per acre per year; 16.8 million acres suffer that much wind erosion each year. Fourteen tons per acre is almost three times the tolerable limit for most soils.

In other words. The productivity of these soils is literally being washed or blown away.

The Conservation Foundation estimates off-site damages resulting from soil erosion at about $3 billion per year. Most of that cost stems from damage to crops, structures, and forests, sedimentation in reservoirs, and waterway dredging. While part of that cost is borne by the private sector or by State and local governments, a substantial portion must be paid by the Federal Government through the $1 billion budget of the Army Corps of Engineers, which is responsible for dredging and clearing sediment from waterways.

This already serious problem is getting worse. The respected American farmland trust estimates that while about 10 percent of existing cropland is at risk from water and wind erosion, 20 percent of the 3 to 4 million acres that come into production for the first time each year are highly erodible. And the arid Great Plains contain millions of highly erodible acres which may be brought into cultivation in the next few years.

At the same time we face this worsening erosion problem, America's farmers face another kind of erosion problem: The erosion of their chances for making a living on the land. We have entered a period of chronic overproduction, caused by declining exports and the explosive growth in farm productivity. Chronic grain surpluses depress prices for farmers and impose large costs on taxpayers.

Without massive, costly export subsidies, we cannot export all our surplus grain. And the present array of year-to-year supply control programs clearly has not been effective in restraining production.

What is needed is a bold new approach, one that will allow us to address both of these serious problems head on. What we need is to incorporate into the 1985 farm bill a proposal to retire about 30 million erosive acres from production.

We need to take these acres out of cultivation through a long-term conservation reserve. We need to keep them out of production through a strong, effective sodbuster law.

The Fragile Lands Conservation and Wetlands Protection Act provides for a conservation reserve funded through the Commodity Credit Corporation. Under my proposal, a competitive bid

procedure would seek to ensure that we get the biggest possible bang for our soil conservation buck; rather than receive an arbitrary per-acre payment, producers would themselves decide how much they would be willing to accept to place their highly erodible cropland into the reserve.

While my proposal grants the Secretary of Agriculture the maximum degree of discretion possible in deciding what criteria to use in accepting bids, it is my intent that bids be evaluated as to the erosion characteristics and productivity of the soil and the use to which the producers intends to put the reserve land. Logically, a producer intending to plant the reserve land to trees should receive a higher rental payment than one choosing to derive economic gain from haying or grazing the land.

In addition to providing annual rental and cost-sharing payments, the Secretary would be required to provide technical assistance to farmers putting acreage into the reserve. This, combined with stiff penalties for violating a reserve contract, will help ensure that erosive land stays out of production for at least the contract period.

One thing must be clearly understood: It is essential that any conservation reserve be targeted to the conservation problem. This means that only highly erodible cropland be accepted into the reserve. This is necessary if the reserve is to be effective in reducing soil erosion. It is also necessary if we seek—as I do—to keep the cost of the reserve down to manageable levels.

It follows from this that we must have a clear definition of what "highly erodible land" is. It is not my intent to rely for this definition on the broad generalities of the land capability classification system used in many States by the Soil Conservation Service. This system, while well suited to giving farmers general guidance as to the kinds of farming practices they should follow on their land, was never intended to measure soil erosion per se.

We need an erosion-specific definition of highly erodible land. That is why my bill defines the term "highly erodible land" in terms of rates of erosion, directing the Secretary also to take into account soil loss tolerance, and such factors as climate and slope.

It goes without saying that we will need a strong Soil Conservation Service to ensure that this erosion-specific definition is effectively applied in the field. Clearly, the administration's proposed reduction of the SCS to one-third of its present size would make it impossible to administer the conservation reserve.

Mr. President, I recognize the need to reduce Federal spending in agriculture as in other areas. Yet there is no question that in order to attain meaningful results, a soil conservation reserve must be adequately funded.

The legislation I am introducing today is not an open-ended spending program. It has definite caps on what the Government, through the Commodity Credit Corporation, can spend in payments to farmers who agree to place land in the reserve.

In setting these caps, I have assumed an average cost of $60 per acre of land placed in the reserve. This estimate is in the middle of the range of cost estimates that have been made to this point. However, It is important to remember that nobody really knows what the average per-acre cost of a conservation reserve would be, for the simple reason that the idea has not been tried in this form before. It is possible that, with falling crop prices and the generally lower productivity of highly erodible soil, that the average per-acre cost of the reserve could be much lower than the $60 figure I have assumed. In this case, more than 30 million acres could come into the reserve.

But if the average cost of the reserve is higher than $60 per acre, we still would have a spending cap under my proposal. No payments could be made in excess of $1 billion in fiscal year 1986, $1.75 billion in fiscal year 1987, $2.5 billion in fiscal year 1988, or $1.8 billion in any fiscal year thereafter.

I would also like to point out that by taking millions of acres out of production, we would reduce CCC outlays for deficiency payments, land diversion payments, and storage costs. Less surplus grain would be turned over to the Government, and the market price to farmers would increase. There are many policy scenarios in which a 30-million-acre reserve actually saves the Government money. The American farmland trust has estimated that, assuming a continuation of existing commodity programs, a 30-million-acre reserve would save money even if the per-acre cost were $100, far greater than anyone has yet suggested it would be.

To point out the offsetting savings that a reserve would provide is not to deny that some other programs may have to be reduced in order to make room for a reserve. I would submit that a conservation reserve targeted on our most erosive cropland is a more imaginative course than simply standing pat with current programs that have not done the job of reducing our worst soil erosion.

In the long term, it is not enough to simply take fragile land out of production for 10 years. We need to keep it out, except in cases where a farmer is willing and able to farm it in a way that adequately conserves the soil. This is why I have incorporated into the Fragile Lands Conservation and Wetlands Protection Act the text of S. 598, the sodbuster bill I introduced earlier this year.

My sodbuster proposal would deny all farm program benefits for 5 crop years to any person who plows out highly erodible land that has not been cultivated in any year since 1981. This is sodbuster language with teeth, language that I believe will stop sodbusting and keep it stopped.

My sodbuster language would halt all farm subsidies and subsidized loans for 5 years to any person who breaks out highly erodible land in any 1 crop year. If that person cultivated the same land the next year, he or she would face the same penalty. In other words, all farm program benefits would cease for 5 years from the date the highly erodible land was last cultivated.

I would again draw my colleagues' attention to the provision which I first placed in S. 598, and which has since been picked up by the Agriculture Committee in the other Chamber. This provision shortens the exemption period from the 10-to-12 years in some other proposals, to 5 years.

A 10-to-12 year exemption period is simply too long. Some of the worst plowouts of highly erodible land occurred in the mid- to late-1970's when commodity prices were rising. When prices began to fall and this land began to lose some of its productivity, much of it was taken out of production. Farmers who plow out this land again should not be encouraged by the prospect of Government subsidy payments.

Another important fact to remember is that the Agricultural Stabilization and Conservation Service (ASCS), which keeps records of which lands were cultivated during each crop year, simply does not have consistently reliable records from the 1970's. Further, since some of the sodbusted land was not enrolled in commodity programs in the 1970's, it may not have any cropping history at all.

A 5-year grace period takes fair and reasonable account of the most important crop rotations, without leaving a legislative loophole big enough to drive a tractor through. It is essential if any sodbuster law is to be effective.

Finally, as its title suggests, the Fragile Lands Conservation and Wetlands Protection Act recognizes that agricultural and environmental interests do not just coincide on the subject of soil erosion. The preservation of America's wetlands is also vital to the environment; and farmers have a stake in seeing that converted wetlands do not continue to add to price-depressing crop surpluses.

Wetlands—including swamps, bogs, and marshes—are among America's most productive natural resources. They provide essential habitat for geese, ducks, and other waterfowl; control floods; and support commercial

and recreational fisheries. These are benefits literally beyond price.

Despite their value, our wetlands are vanishing at an appalling rate. More than half of the original wetlands in the continental United States have already been destroyed. In my own State of Wisconsin, over two-thirds of the original wetlands have vanished. An estimated 300,000 to 450,000 acres nationwide are drained, filled, or otherwise converted to commercial use every year.

A report released in 1984 by the Office of Technology Assessment confirmed what many had suspected for a long time: That most of the conversion of wetlands was for agricultural purposes. OTA estimated that 80 percent of the 14.7 million acres of wetlands lost from the mid-1950's to the mid-1970's was converted to agricultural uses.

This conversion was, and continues to be, encouraged by Federal farm programs that reward people who convert wetlands to cropland, by increasing their base acreage and providing subsidized all-risk crop insurance and cut-rate loans. Many of the converted wetlands now produce crops like wheat and cotton which are already in surplus. These additional surpluses depress prices for farmers, contributing further to the great difficulties they face.

It's time to give both the farmers and the environment a break by halting the subsidized destruction of our wetlands. The legislation I am introducing today contains a "swampbuster" provision that would deny any person who converts a wetland to agricultural use all farm program benefits for a period of 5 crop years. In addition, recognizing that converted wetlands cannot be restored as can most highly erodible land, my bill would provide that no farm program benefits could ever be paid for crops grown on the converted wetland itself.

The denial of program benefits is identical to that in the sodbuster section of my bill, with the exception I have noted. But I would point out to my colleagues that farmers growing crops that can be grown in wetlands without destroying their natural characteristics, such as rice or the cranberries widely grown in Wisconsin, would not be penalized under my swampbuster provision. Nor would farmers growing crops in wetlands where this is possible due to natural conditions, like drought, be penalized.

As for other farmers, they would remain as free to convert wetlands under my bill as they are to crop highly erodible land. My bill simply provides that these destructive practices shall no longer be supported by the taxpayers.

In conclusion, Mr. President, let me state my firm belief that there is no reason why the interests of agriculture and the environment must always be in conflict. Indeed, the 1985 farm bill provides us with a golden opportunity to serve both interests by making the preservation of our natural resources a major goal of our farm policy.

It is obvious that the quality of our environment will be improved if we stop cropping highly erodible land and discourage the conversion of our wetlands. It should be equally obvious that our Nation's farmers will gain, not just through the improved prices that may result from reduced acreage, but from the prudent conservation of our productive capacity. Sodbuster, swampbuster, and a conservation reserve are good ideas whose time has arrived. I urge my colleagues to join me in pressing for their inclusion in the 1985 farm bill.

Mr. President, I ask unanimous consent that the full text of my legislation be inserted in the RECORD at this point, and I ask all my colleagues to join me in cosponsoring the Fragile Lands Conservation and Wetlands Protection Act of 1985.

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

S. 1035

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fragile Lands Conservation and Wetlands Protection Act of 1985".

DEFINITIONS

SEC. 2. As used in this Act:

(1) The term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, including one-trip planters.

(2) The term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program. Such district or unit of State or local government may be referred to as a "conservation district", "soil conservation district", "soil and water conservation district", "resource conservation district", "natural resources district", "land conservation committee", or a similar name.

(3) The term "converted wetlands" means wetlands that have been drained, dredged, filled, leveled, or otherwise affected (including any activity which results in impairing or reducing the flow, circulation, or reach of water) in order to produce agricultural commodities.

(4) The term "field" means that term as defined in section 718.2 of title 7, Code of Federal Regulations, except that—

(A) any highly erodible land on which an agricultural commodity is produced after the date of the enactment of this Act and which is not exempt under section 102 shall be considered as part of the field in which such land was included on such date of enactment; and

(B) for the purpose of defining a field under this Act, the Secretary may modify the boundaries of a field in order to effectuate the purposes and facilitate the practical administration of this Act.

(5) The term "highly erodible land"means land that has, or if used to produce an agricultural commodity would have, an excessive rate of erosion, as determined by the Secretary, in relation to—

(A) the soil loss tolerance level determined by the Secretary; and

(B) factors of the universal soil loss equation and the wind erosion equation used by the Secretary, including climate, soil erodibility, and field slope.

(6) The term "operator" means an individual, partnership, corporation, or other entity that—

(A) is the owner of fee title to agricultural land; or

(B) at the time of entering into a contract with the Secretary under section 301, possesses a legally enforceable right in the nature of a leasehold to use agricultural land for the purpose of producing agricultural commodities for a period of at least ten years.

(7) The term "Secretary" means the Secretary of Agriculture.

(8) The term "wetlands" means lands that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for saturated soil conditions.

TITLE I—HIGHLY ERODIBLE LAND CONSERVATION

PROGRAM INELIGIBILITY

SECTION 101. Except as provided in section 102 and notwithstanding any other provision of law, following the date of enactment of this Act, any person who during any crop year produces an agricultural commodity on highly erodible land shall be ineligibile for—

(1) any type of price support or payments made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), title III of this Act, or any other Act;

(2) a farm storage facility loan under section 4 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(3) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(4) a disaster payment under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration;

with respect to any commodity produced by such person during that crop year and during the four succeeding crop years.

EXEMPTIONS

SEC. 102. (a) Except as provided in subsection (d), section 101 shall not apply to any person who, during any crop year, produces an agricultural commodity on highly erodible land on a field on which such highly erodible land is predominant if all the commodities so produced by such person during that crop year were—

(1) produced on land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities;

(2) planted before the date of enactment of this Act;

(3) planted during any crop year beginning before the date of enactment of this Act; or

(4) produced—

(A) in the case of an area within a conservation district, under a conservation system that has been approved by a conservation district after the district determines that

the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district; or

(B) in the case of an area not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of such agricultural commodity on highly erodible land.

(b) Section 101 shall not apply to any highly erodible land during any crop year if such land as planted in reliance on a determination by the Soil Conservation Service that such land was not highly erodible land. This subsection shall not apply to any crop which was planted on any land after the Soil Conservation Service determines such land to be highly erodible land.

(c) Section 101 shall not apply to any loan made before the date of enactment of this Act.

(d) Clauses (1), (2), and (3) of subsection (a) shall not apply to land which was at any time subject to a contract entered into under title III.

COMPLETION OF SOIL SURVEYS

SEC. 103. (a) The Secretary shall, as soon as practicable after the date of enactment of this Act, complete soil surveys on those private lands that have not been evaluated as to erosion characteristics.

(b) In carrying out subsection (a), the Secretary shall, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

AUTHORIZATION OF APPROPRIATIONS

SEC. 104. There are authorized to be appropriated such sums as may be necessary to carry out this title.

TITLE II—WETLANDS CONSERVATION

PROGRAM INELIGIBILITY

SEC. 201. (a) Except as provided in section 202 and notwithstanding any other provision of law, following the date of enactment of this Act, any person who during any crop year produces an agricultural commodity on converted wetlands shall be ineligible in accordance with subsection (b) for—

(1) any type of price support or payments made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), title III of this Act, or any other Act;

(2) a farm storage facility loan under section 4 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(3) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(4) a disaster payment under the Argicultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration.

(b) A person who during any crop year produces an agricultural commodity on converted wetlands in violation of subsection (a) shall be ineligible for any assistance described in subsection (a)—

(1) in the case of any commodity produced on the farm of the person, during such crop year and during the four succeeding crop years; and

(2) in the case of any commodity produced on the converted wetlands of the person, permanently.

EXEMPTIONS

SEC. 202. (a) Section 201 shall not apply to any person who, during any crop year, produces an agricultural commodity on converted wetlands if the conversion of the wetlands was commenced before the date of enactment of this Act.

(b) Section 201 shall not apply to any person who produces an agricultural commodity on wetlands if such production is—

(1) possible as a result of natural conditions, such as drought; and

(2) not assisted by actions of the producer that destroy natural wetland characteristics.

(c) Section 201 shall not apply to any loan made before the date of enactment of this Act.

ADMINISTRATION

SEC. 203. (a) No later than one hundred and eighty days after the date of enactment of this Act, the Secretary shall issue such regulations as are necessary to carry out this title.

(b) The Secretary shall consult with the Secretary of the Interior on such determinations and actions as are necessary to carry out this title, including—

(1) the identification of wetlands under section 201;

(2) the determination of exemptions under section 202; and

(3) the issuance of regulations under subsection (a).

AUTHORIZATION OF APPROPRIATIONS

SEC. 204. There are authorized to be appropriated such sums as may be necessary to carry out this title.

TITLE III—CONSERVATION RESERVE PROGRAM

ESTABLISHMENT OF PROGRAM

SEC. 301. (a) During the period beginning on October 1, 1985, and ending on September 30, 1988, the Secretary shall offer to enter into contracts for a term of ten years with operators of farms and ranches to assist the operators in the management of soil and water resources through the conservation and improvement of—

(1) highly erodible land; and

(2) land other than highly erodible land, if the Secretary determines that a serious soil erosion problem exists on such land.

(b) The Secretary may not enter into contracts with operators under this title that would result in more than 25 percent of the acreage planted to an agricultural commodity in a county being placed in the conservation reserve established by this title, unless the appropriate officials of the county and the Secretary agree that a higher percentage of such acreage may be placed in the conservation reserve.

DUTIES OF OPERATORS

SEC. 302. (a) Under the terms of a contract entered into under this title, during the term of the contract, an operator must agree—

(1) to implement a plan approved by a conservation district (or in an area not located within a conservation district, a plan approved by the Secretary) for converting during the contract period or permanently specified highly erodible land normally devoted to the production of an agricultural commodity on a farm or ranch into a use of such land which is conducive to eliminating excessive soil erosion and, to the extent practicable, to maintaining and improving wildlife habitat (such as pasture, permanent grass, legumes, or trees) substantially in accordance with a schedule described in the plan;

(2) upon the violation of the contract—

(A) to forfeit all rights to further payments under the contract and to refund to the United States all payments received under the contract and interest received on the payments, if the Secretary determines, after considering the recommendations of the conservation district and the chief of the Soil Conservation Service, that such violation is of such a nature as to warrant termination of the contract; or

(B) to make refunds or accept such payment adjustments as the Secretary considers appropriate, if the Secretary determines, after considering such recommendations, that such violation does not warrant termination of the contract;

(3) upon the transfer of the right and interest of the operator in the land subject to the contract—

(A) to forfeit all rights to further payments under the contract; and

(B) to refund to the United States all payments received under the contract with interest payable at the current average market yield on outstanding marketable obligations of the United States with twelve-month periods of maturity,

unless the transferee of such land enters into an agreement with the Secretary to assume all obligations under the contract;

(4) to conduct any harvesting and grazing, or otherwise make commercial use of forage or trees, on land that is subject to the contract in a manner that is consistent with the contract and is expressly permitted under the contract; and

(5) to such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purpose of this title or to facilitate the practical administration of this title.

(b) To carry out subsection (a)(1), the plan—

(1) shall set forth—

(A) the conservation measures and practices to be used by the operator during the contract period; and

(B) any commercial use to be made of the land during such period; and

(2) may provide for the permanent retirement of acreage.

DUTIES OF THE SECRETARY

SEC. 303. (a) Subject to section 304, in return for a contract entered into by an operator under this title, during the term of the contract, the Secretary shall agree—

(1) to bear such part of the cost of carrying out the conservation measures and practices set forth in the contract during the normal expected life of such measures and practices as the Secretary determines is necessary to effectuate the purposes of this title;

(2) to make an annual payment to the operator for the term of the contract in an amount determined in accordance with subsection (b); and

(3) to provide technical assistance to the operator to carry out the conservation measures and practices set forth in the contract.

(b)(1) Subject to section 304, the Secretary shall determine the amount of annual payments made under subsection (a)(2) on such basis as the Secretary determines will provide operators with a fair and reasonable annual return on acres of highly erodible land that are placed in conservation use under this title.

(2) The Secretary shall use an advertising and bid procedure to determine the lands in any area which are eligible for coverage under contracts entered into under this title.

PAYMENTS

SEC. 304. (a)(1) Subject to subsection (b), the Secretary shall make payments under a contract entered into under this title in the form of cash or commodities and in such amounts and at such times as are specified in the contract.

(2) The Secretary may make available to an operator who enters into a contract under this title all or part of a payment provided for a particular crop year at any time in advance of the determination of compliance with the terms and conditions of the contract for such crop year.

(3) If an operator who is entitled to such payment dies, becomes incompetent, or is otherwise unable to receive such payments, or is succeeded by another person who renders or completes the required performance, the Secretary shall make or provide such payments in such manner as the Secretary determines to be fair and reasonable in light of the circumstances.

(b)(1) The total amount of payments made to an operator under this title during a fiscal year may not exceed $50,000.

(2) The total amount of payments made to all operators under this title during a fiscal year may not exceed—

(A) during the fiscal year ending September 30, 1986, $1 billion;

(b) during the fiscal year ending September 30, 1987, $1.75 billion;

(c) during the fiscal year ending September 30, 1988, $2.5 billion; and

(d) $1.8 billion for each fiscal year thereafter.

ADMINISTRATION

SEC. 305. (c) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provisions for sharing payments made under this title on a fair and equitable basis.

(b) The Secretary may—

(1) terminate any contract entered into with an operator under this title if—

(A) the operator agrees to such termination; and

(B) the Secretary determines that such 17 terminations would be in the public interest; and

(2) modify any contract entered into with an 20 operator under this title if—

(A) the operators agrees to such modification; and

(B) the Secretary determines that such modification is desirable to effectuate the purpose of this title or to facilitate the practical administration of this title.

(c) For the purpose of any other program administered by the Secretary, if an operator diverts acreage from the production of agricultural commodities under a contract entered into under this title, such acreage shall be excluded from the acreage base of the producer.

(d) The Secretary may utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this title.

(e) The authority provided by this Act shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

SOIL EROSION STUDY

SEC. 305. No later than the beginning of the eighteenth calendar month following the date of enactment of this Act, the Secretary shall)—

(1) complete a study to evaluate the direct and indirect off-site costs of soil erosion, including damage to the environment and water transportation; and

(2) report the results of the study conducted under clause (1) to the Congress.

AUTHORIZATION OF APPROPRIATIONS

SEC. 307. (a) There are authorized to be appropriated such sums as are necessary to carry out this title.

(b) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expended by the Corporation in accordance with this Act and not previously reimbursed.

By Mr. HEFLIN:

S. 1036. A bill to revise and extend programs to provide price support and production stabilization for peanuts and upland cotton, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

SOUTHERN AGRICULTURE ACT OF 1985

Mr. HEFLIN. Mr. President, I am today introducing a partial farm bill which I have labeled the Southern Agricultural Act of 1985.

Numerous farm bills have been introduced by various Senators thus far. Some contain some excellent provisions and concepts. Some direct their attention to a much-improved exporting-marketing program for the Department of Agriculture. I believe that this is crucial if we are going to meet the problems confronting agriculture in the South, as well as in the Nation. It is essential that markets have to be increased and that the only area in which we can expect an increase in marketing is in the export field. I believe that with the various proposed export programs that the Senate Agriculture Committee can come up with a much improved export policy with new additional tools to assist the proven effective instruments that we already have.

I thought for a while that rather than introduce a bill that I would pick and choose between the various proposals presently introduced. But I realize that over recent years there has been a failure to recognize certain programs that are primarily southern in nature and that attention should be given to solving the problems that exist in the South. Therefore, the bill that I am introducing today is directed toward preserving the programs that have worked for agriculture in the South and to eliminate certain discriminatory practices that have developed in recent years.

My bill would preserve the present Peanut Program. The Peanut Program has undergone great change in both the 1977 act and the 1981 act. Acreage allotments have been abolished and now anyone can produce peanuts. The Peanut Program is the most cost effective of any of the farm programs.

The Peanut Program does need some changes that are basically minor in nature. One of the changes is designed to prevent increases in cost to the Government.

The Cotton Program generally has worked. With a strong export policy activated and implemented, the present program can prove to be less expensive to the Government and more beneficial for the farmer.

The Wheat Program in the South has some peculiarities and this bill addresses those peculiarities.

The Southern Agricultural Act of 1985, extends the Cotton Program in its present form through 1989. In 1965, the loan rate for cotton was changed from a percentage of parity to a loan rate based on a moving market average. The loan program did experience some cost through 1970 until cotton stocks accumulated under the high loan programs prior to 1965 were disposed of. Once those stocks were eliminated, the Commodity Credit Corporation actually had a net profit in 8 of the last 14 crop years.

The Peanut Program is also continued in its present form with minor modifications. In both the 1977 and 1981 farm bill, major revisions were made in the Peanut Program, which was, for the most part unchanged since the 1930's. The 1977 act implemented a unique two-tier pricing system designed to reduce Government costs.

The Agriculture and Food Act of 1981 made other changes in the Peanut Program. First, it eliminated the acreage allotments and allowed anyone to produce peanuts. Second, it made the program more cost effective. Over the past 2 years, the Commodity Credit Corporation has actually netted a $5 million gain.

Mr. President, these two commodities are unique. While other commodities produced in America have lost export markets, cotton and peanut export markets have actually increased. Exports have increased under existing programs.

Mr. President, during the past few weeks, I have listened closely to the witnesses that testified before the Senate Agriculture Committee. When I directed questions to various panels relative to the Cotton and Peanut Program, the most common response I received was, "If it ain't broke, don't fix it."

Mr. President, I ask unanimous consent that the text of the bill appear in the CONGRESSIONAL RECORD.

Thank you, Mr. President.

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

S. 1036

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Southern Agriculture Act of 1985".

TITLE I—COTTON

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 101. Effective only for the 1986 through 1989 crops of upland cotton, section 103 of the Agricultural Act of 1949 is amended by adding at the end thereof the following new subsection:

"(i)(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average price, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-price growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9). In no event shall such loan level be less than 55 cents per pound. If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, the Secretary may, notwithstanding the foregoing provisions of this paragraph, increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such loan level shall not thereafter be changed. Nonrecourse loans provided for in this subsection shall, upon request of the producer the tenth month of the loan period for the cotton, be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 throgh 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three month period for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) of this paragraph or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B) of this paragraph, the term 'supply' means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"(3)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this paragraph. Payments for each crop of upland cotton shall be computed by multiplying (i) the payment rate, (ii) by the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to cotton.

"(B) The payment rate for upland cotton shall be the amount by which the established price for the crop of upland cotton exceeds the higher of—

"(i) the average market price received by farmers for upland cotton during the calendar year which includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) of this subsection for such crop.

"(C) The established price for the 1986 through 1989 crops of upland cotton shall be the higher not less than (i) the price per pound determined under subparagraph (D) of this paragraph, or (ii) 120 per centum of the loan level determined for such crop under paragraph (1) of this subsection.

"(D) The price referred to in clause (i) of the subparagraph (C) of this paragraph, for the 1986 crop of upland cotton, shall be $0.81 per pound. For each of the 1987 through 1989 crops of upland cotton, the price referred to in clause (i) of subparagraph (C) shall be such price for the preceding crop, except that an adjustment may be made by the Secretary for each such crop as the Secretary deems appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of information that the Secretary finds necessary and appropriate for the purpose and shall include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (4) of this subsection.

"(4)(A) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to their cotton acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(ii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(5) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of upland cotton. The proclamation shall be made not later than November 1 of the calendar year preceding the year for which such acreage is established. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (6) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is estimated. In no event shall the national program acreage be less than ten million acres.

"(6) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton shall be determined by dividing the national program acreage for the crop by the number of acreas that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of upland cotton be more than 100 per centum.

"(7) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required and determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under paragraph (9)(A) of this subsection by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under paragraph (9)(A) of this subsection, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(8) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years, except that the actual yields shall be adjusted by the Secretary for abnormal yield in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the procedures. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

Notwithstanding the foregoing provisions of this paragraph, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this paragraph. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(9)(A) Notwithstanding any other provision of this subsection, the Secretary may establish a limitation on the acreage planted to upland cotton if the Secretary determines that the total supply of upland cotton, in the absence of such a limitation, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such cotton acreage limitation not later than November 1 prior to the calendar year in which the crop is harvested.

"(B) If a cotton acreage limitation is announced under subparagraph (A) of this paragraph, such limitation shall be achieved by applying a uniform percentage reduction to the cotton acreage base for each cotton-producing farm. Producers who knowingly produce cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed under this subparagraph shall be the acreage planted on the farm to upland cotton for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to upland cotton for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to cotton for harvest shall include any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereinafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under subparagraph (A) of this paragraph for a crop of upland cotton, paragraphs (5), (6), and (7) of this subsection shall not be applicable to such crop, including any prior announcement which may have been made under such paragraphs with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(C) The regulations issued by the Secretary under subparagraphs (B) of this paragraph with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm imcome adversely.

"(D) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through

such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(E) The reduced acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices established by the producer on the reduced acreage and the additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(10) An operator of a farm desiring to participate in the program conducted under paragraph (9) of this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with producers on the farm, terminate or modify any such agreement if the Secretary determines such action necesary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(11) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(12) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(13) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(14) The prgvisions of section 8(g) of the Soil Cofservatign afd Doeestic Allgtmeft Act (redatifg to assigneent gf payeefts) shall apply to payeefts under this subsection&

"(15) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(16) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(17) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.

"(18) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers of seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 102. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of upland cotton.

MISCELLANEOUS COTTON PROVISIONS

SEC. 103. Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 104. Effective only with respect to the period beginning August 1, 1986, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

SKIPROW PRACTICES

SEC. 105. Section 374(a) of the Agricultural Adjustment Act of 1938 is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR THE 1990 CROP OF UPLAND COTTON

SEC. 106. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1990 crop.

TITLE II—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 201. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

(1) Subsections (a) through (j) of section 358;

(2) Subsection (a) through (h) section 358a;

(3) Subsections (a), (b), (d), and (e) of section 359;

(4) Part I of subtitle C of title III; and

(5) Section 371.

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA FOR THE 1986 THROUGH 1989 CROPS OF PEANUTS

SEC. 202. Effective only for the 1986 through 1989 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(q) The national poundage quota for peanuts for each of the marketing years 1986 through 1989 shall be established by the Secretary at a level that will meet domestic edible, seed, and related needs for peanuts. The level established for any marketing year shall not be less than 1,100,000 tons increased by an amount that the Secretary estimates the domestic edible, seed, and related uses of peanuts in such year will exceed 1,100,000 tons. The national poundage quota shall be announced by the Secretary not later than December 15 of the year preceding the marketing year for which such poundage quota will effective.

"(r)(1) The national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the naltonal poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota shall be established for each farm that had a farm poundage quota for the 1985 crop of peanuts and for each other farm on which peanuts were produced in at least two of the crop years 1983 through 1985 as determined by the Secretary. The farm poundage quota for any such farm for the 1986 through 1989 marketing years shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year as adjusted under this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years. A farm poundage quota established on a farm under the provisions of paragraphs (2) or (6) of this subsection shall be considered as being established under the provisions of this paragraph for all subsequent marketing years.

"(2) Any increase in a State's poundage quota apportionment from 1985 to 1986 shall be allocated equally to all farms that are eligible for a farm poundage quota for the 1986 marketing year under paragraph (1) of this subsection. If the national poundage quota is increased for any of the marketing years 1987 through 1989, such increase in a State's poundage quota apportionment shall be allocated equally among (A) all farms on which a poundage quota was established for the marketing year immediately proceding the marketing year for which the allocation is being made and (B) all other farms on which peanuts were produced during at least two of three immediately preceding crop years as determined by the Secretary.

"(3) The farm poundage quota established on a farm for any marketing year 1986 through 1989 shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may be regulation

prescribe, to the extent that the Secretary determines that the farm poundage quota established on the farm for any two of the three marketing years preceding the year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For the purpose of this subsection, the farm poundage quota shall be considered produced on a farm if (A) the poundage quota of peanuts was not produced on the farm for reason of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary, or (B) the farm poundage quota on the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established on a farm under this subsection, or any part thereof, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota on the farm shall be adjusted to the extent that the quota is so released.

"(6) The total amount of farm poundage quota reduced or voluntarily released from farms in a State during any year under paragraphs (3) or (5), respectively, of this subsection shall be allocated under regulations issued by the Secretary to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year in which such allocation is being made. Not less than 25 per cent of such poundage quota shall be assigned to farms on which no quota was established for the preceding year's crop.

"(7) The farm poundage quota established on a farm for a marketing year, or any portion thereof, may be voluntarily released to the Secretary to the extent that such quota of peanuts will not be produced on the farm during the crop year. Any farm poundage quota voluntarily released on farms in a State shall be allocated to other farms in the State on such basis as the Secretary may prescribe. Any adjustment in the poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a poundage quota on the farm for any subsequent marketing year.

"(8) The farm poundage quota on a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts for the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of the applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years: *Provided*, That no increase for undermarketings in previous years shall be made to the poundage quota on any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Increases in farm poundage quotas made under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any farm poundage quota increase made under this paragraph may be used in the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall prescribe by regulation.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota was established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the four calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, and fourth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 203. Effective only for the 1986 through 1989 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quotas from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 204. Effective only for the 1986 through 1989 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either (A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers, (B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949, or (C) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (q) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced for the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts contracted by a handler shall not be required under paragraph (1) of this subsection if the handling and disposal of such peanuts is conducted in the manner prescribed in regulations issued by the Secretary.

"(B) The regulations issued by the Secretary under subparagraph (A) shall permit handlers of shelled peanuts to export peanuts classified by type, without physical supervision under paragraph (1) of this subsection, in quantities as described in subparagraph (C) of this paragraph.

"(C)(i) Sound split kernel peanuts in an amount equal to twice the pounds of such peanuts purchased by the handler as additional peanuts.

"(ii) Sound mature kernel peanuts in an amount equal to the pounds of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernels purchased by the handler.

"(iii) the remaining quantify of total kernel content purchased by the handler as additional peanuts and not crushed domestically.

"(D) Any additional peanuts exported without physical supervision under subparagraph (B) of this paragraph shall be evidenced by on-board bill of ladings or other appropriate documentation as may be required by the Secretary or both. Handler's obligations to export peanuts in quantities described in subparagraph (C) shall be reduced by a reasonable shrinkage allowance to be determined by the Secretary. The Secretary may require adequate financial guarantees as well as evidence of adequate facilities and assets in order to assure compliance with the obligation of the handler to export peanuts without physical supervision under subparagraph (B) of this paragraph. If a handler should suffer a loss of peanuts as a result of fire, flood, or other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(4) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. The amount of any penalty imposed on a handler under this subsection that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary under the provisions of subsection (s)(5) of this section. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(5) If any additional peanuts exported by a handler should reenter the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the reentry.

"(q) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year. For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stock of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in

this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(5), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law and except as otherwise provided in subsection (p)(4) of this section, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.".

PRICE SUPPORT PROGRAM

SEC. 205. Effective only for the 1986 through 1989 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A a new section as follows:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1989 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be the same as the national average support rate established for the 1985 crop of quota peanuts adjusted by the Secretary by the percentage of any increase in the prices paid by producers for commodites and services, interest, taxes, and farm wages rates during calendar years 1981 through 1985 as determined by the Secretary. The national average quota support rate for each of the 1987 through 1989 crops of quota peanuts shall be the national average quota support rate for the preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: Provided, That the Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(2) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1989 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets: Provided, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(3)(A) In carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.60 (1985 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(B) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan, for additional peanuts placed under loan, and for additional peanuts produced without a contract between a handler and a producer as described in section 359(q) of the Agricultural Adjustment Act of 1938, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts produced in the Southwest area shall be considered as different types for the purpose of establishing pools under this section. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of (i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this sentence. Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by the producer. Notwithstanding any other provision of this section, the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s) (8) of the Agricultural Adjustment Act of 1938. In addition, losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by gains or profits from pools in other production areas as determined by the Secretary.

"(4) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 206. Effective only for the 1986 through 1989 crops of peanuts, the first sentence of section 373a(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 207. Section 101 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1989 crops of peanuts.

TITLE III—MISCELLANEOUS

ADVANCE PAYMENTS

SEC. 301. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by adding after 107D as added by section 201 of this Act the following new section:

"ADVANCE PAYMENTS

"SEC. 107E. (a) If the Secretary establishes an acreage limitation program for any of the 1986 through 1989 crops of upland cotton under section 103(h)(9) and determines that deficiency payments will likely be made for such crop of upland cotton, the Secretary may make available advance defi-

ciency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under subsection (a) shall be made to the producer under the following terms and conditions:

"(1) Such payments shall be made available to producers as soon as practicable after the producer files a notice of intention to participate in such program.

"(2) Such payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, (B) the farm program payment yield for the crop, by (C) 50 per centum of the projected payment rate, as determined by the Secretary.

"(3) In any case in which the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under section 103(h)(3) is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under section 103(h)(3) that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(c) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(e) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 302. Section 1001 of the Food and Agriculture Act of 1977 is amended by striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1989".

NORMAL SUPPLY

SEC. 303. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of upland cotton for the marketing year for any of the 1986 through 1989 crops of upland cotton is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 304. Effective only for the 1986 through 1989 crops of upland cotton, section 408(k) of the Agricultural Act of 1949 is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO UPLAND COTTON

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to level of loans and purchases for upland cotton under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for upland cotton under this Act.".

PAYMENT LIMITATIONS FOR UPLAND COTTON

SEC. 305. Notwithstanding any other provision of law:

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for upland cotton and extra long staple cotton shall not exceed $50,000 for each of the 1986 through 1989 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under the annual program established under the Agricultural Act of 1949 for upland cotton shall not exceed $100,000 for each of the 1986 through 1989 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, or any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation.

(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of such limitation: *Provided*, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

MULTIPLE COMMODITY PLANTINGS

SEC. 306. Notwithstanding any other provisions of law, if a producer on a farm has historically produced crops of two commodities on the same land in the same year, and if the producer has diverted an acreage on the farm from the production of one of such commodities in any year under an acreage reduction program administered by the Secretary of Agriculture, the Secretary shall permit such producer to plant a second crop of the other commodity for harvest in such year on the acreage diverted from production on the farm under such program.

By Mr. HEFLIN (for himself and Mr. DENTON):

S. 1037. A bill to relieve Alabama Christian College of the liability to pay certain sums owed to the United States; to the Committee on Labor and Human Resources.

RELIEF OF ALABAMA CHRISTIAN COLLEGE

Mr. HEFLIN. Mr. President, last year Senator DENTON and I introduced in the 98th Congress, S. 2528, a bill to relieve Alabama Christian College in Montgomery, AL, of the liability to pay certain sums owed to the U.S. Government. Unfortunately, the bill did not reach the floor of the Senate for a vote.

Today, I am joined again by my distinguished colleague, Senator JEREMIAH DENTON in reintroducing this legislation on behalf of Alabama Christian College in order to correct a situation which occurred through no fault of the school.

The legislation we are introducing today is not a request for current funds for Alabama Christian College and will in no way impact the fiscal year 1986 budget because the funds were allocated to Alabama Christian College from previous budgetary measures.

Mr. President, allow me to explain the problem regarding these student aid funds which were awarded to Alabama Christian College.

During academic years 1981-82 and 1982-83, several student aid grants were awarded to junior- and senior-year students at Alabama Christian College under title IV of the Higher Education Act of 1965. These funds were allocated to the school by the Department of Education under the assumption of eligibility and were accepted by Alabama Christian College in good faith. Alabama Christian College was fully accredited as a junior college by the Southern Association of Colleges and Schools.

However, during the transition period from junior to senior college status, certain U.S. Department of Education forms required by title IV of the Higher Education Act of 1965 were not received by the Department of Education from the school. The forms in question pertain to the eligibility of schools to participate in the student assistance program such as Pell grants, secondary educational opportunity grants, and the Guaranteed Student Loan Program. Since these papers were not received by the Department of Education to document

eligibility, the Department of Education advised officials of Alabama Christian College that the junior- and senior-year students were ineligible to receive such aid for the academic years 1981-82 and 1982-83. However, officials of Alabama Christian College were not advised that their junior and senior students were ineligible to receive the Federal financial assistance until June 16, 1982. By this time, the college officials had already awarded the grants to their students assuming they were authorized to do so inasmuch as the funds had been requested and drawn from the school's Federal cash account.

I want to emphasize, Mr. President, that these students were not determined to be ineligible until after they had completed the courses and the money had been extended.

Officials of the Department of Education and Alabama Christian College mutually admit to the omission of followthrough and misplaced eligibility documents and agree that the misplaced documents would have prevented the denial of eligibility to junior and senior students at Alabama Christian College. Officials of the Department of Education graciously went back as far as the regulations will allow and extended eligibility to Alabama Christian College to participate in the Federal Financial Assistance Program, but were unable to provide wide discretion of latitude in establishing institutional eligibility retroactively for academic years 1981-82 and 1982-83.

Alabama Christian College has now been fully accredited as a 4-year institution and has been cleared by the Department of Education to participate in the Student Financial Assistance Programs. However, due to eligibility questions which were raised back in 1982, the Department of Education is asking Alabama Christian College to repay funds given to its students under the Pell Grant Program, College Work-Study Program, national direct student loans, federally insured student loans, and Secondary Educational Opportunity Grants Program. The amount of this debt is $162,284.67 plus assessed interest.

The legislation we are introducing today would simply relieve Alabama Christian College of the liability to refund this money to the U.S. Government.

Alabama Christian College has rendered an outstanding contribution to higher education in Alabama. As a private institution, the school has been required to raise funds every year, above and beyond what tuition and fees generated in order to build its excellent and commendable record. Alabama Christian College is dedicated to the highest standards of academic excellence and integrity. Certainly, this institution is to be commended and assisted in every way for the outstanding work that it has done. Therefore, I am asking that Alabama Christian College be relieved of the imposed liability to repay the U.S. Government for funds which were inadvertently provided its junior and senior students for the academic years 1981-82 and 1982-83. The bill I am introducing today is the only avenue of relief for this outstanding Christian college. I urge the entire Congress to act quickly on this measure in order to remedy a situation which was created by an administrative misunderstanding.

● Mr. DENTON. Mr. President, it is a pleasure to join once again with my distinguished colleague from Alabama in introducing legislation to forgive Alabama Christian College from repayment of sums that it in good faith awarded to juniors and seniors through the three major student-aid programs.

Alabama Christian College was founded in 1942. It was accredited as a junior college in 1971. In 1981, the college moved to become a senior college by accepting its first junior class. It graduated its first senior class in May 1983.

A misunderstanding arose when the Department of Education did not receive notice of the establishment of the 4-year baccalaureate program at Alabama Christian College. In the meantime, however, the college had awarded Pell grant, national direct student loans, and federally insured loans to juniors and seniors who entered the 4-year program. Because of the lack of notification, the Department ruled that it had no authority to determine retroactively the schools eligibility for those programs.

Alabama Christian College is being held liable for $162,284.67, despite the fact that it is now a fully accredited 4-year institution. I hope that the Senate will act quickly on the bill to avoid the injustice that will ensure if that fine institution is forced to repay a large amount because of an administrative misunderstanding.●

By Mr. PACKWOOD (for himself and Mr. GOLDWATER):

S. 1038. A bill to promote the diversity and quality of radio and television programming by repealing the Fairness Doctrine and certain other program restrictions; to the Committee on Commerce, Science, and Transportation.

FREEDOM OF EXPRESSION ACT

● Mr. PACKWOOD. Mr. President, today I am reintroducing legislation in the U.S. Senate to repeal the content doctrines imposed on the electronic media by the Communications Act of 1934 and subsequent amendments. These regulations allow the Federal Communications Commission, through the so-called Fairness Doctrine, and the Equal Opportunities, Reasonable Access, and Lowest Unit Charge rules to influence news and editorial policy of broadcasters.

When I originally introduced this bill in 1983, I said the fight for its passage would not be an easy one. I said it might well take 5 to 10 years. But no matter how long it takes, I will continue to press the fight for our Founders' dream of a free marketplace of ideas. Expression cannot be free when the government assumes for itself, or is granted, the power to regulate it, whether such power is wielded in the name of technological necessity, or for any other reason. Madison and Jefferson's free marketplace of ideas requires that we end regulation of broadcast expression.

Our Founders felt so keenly about freedom of expression that they extended it to all means of communication known at the time they adopted the first amendment in 1791—speech and press. We need not doubt, however, that had there been other means of expression known at the time, they too would have received equal protection.

Our Founders added the first amendment to the Constitution when there were only 8 daily and 26 weekly newspapers. They were not concerned with scarcity. They were concerned with the injustices we suffered at the hands of the British Crown which had limited our rights of free expression. The press, whether good or bad, had to be free if it was to operate as an effective check on the abuses of government. To place limits on free expression of the electronic press not only violates the spirit and intent of the Founders, it courts tyranny.

About 200 years ago, Thomas Jefferson wrote:

> I am not an advocate for frequent changes in laws and constitutions. But laws and institutions must go hand in hand with the progress of the human mind * * * as new discoveries are made (and) * * * with the change of circumstances, institutions must advance to keep pace with the times.

Such a time for change is upon us.

Since the introduction of the Freedom of Expression Act in October 1983, there have been a number of significant developments which give strength to the arguments supporting repeal of the FCC's content restrictions. The U.S. Supreme Court, in two carefully worded footnotes to its FCC against League of Women Voters of California decision, indicated a willingness to reexamine the validity of the scarcity rationale which underlies all of the FCC's content controls, and a readiness to reinvestigate the possibility that the Fairness Doctrine has a "chilling effect" on protected rights of free expression. On the constitutionality of the content restrictions, the Court stated:

> As we recognized in Red Lion * * * were it shown by the Commission that the Fairness

Doctrine "has the effect of reducing rather than enhancing" speech, we would be forced to reconsider the constitutional basis of our decision in that case.

The invitation to overrule Red Lion has been issued, and the ushering in of a new era of free expression is not far away. When the Court decides to get the Government out of the business of regulating the content of electronic communications, it no doubt will take judicial notice of two other significant events I alluded to earlier.

In January and February 1984, the Commerce Committee held 3 days of hearings which elicited testimony from broadcasters, cable companies, public interest groups, labor unions, telecommunications experts, trade associations, constitutional scholars, and others regarding the efficacy, validity, and constitutionality of the FCC's content controls. I urge my colleagues to read the testimony of the small, local broadcasters who referred to the Fairness Doctrine as the "Fearness Doctrine" because of the ease with which it is used to harass and intimidate them. I also urge my colleagues to read the testimony of the telecommunications experts who emphasized that there are effectively no technological limitations on the use of the electromagnetic spectrum.

Subsequent to the Commerce Committee hearings, the Federal Communications Commission initiated an inquiry into the general Fairness Doctrine obligations of broadcasters. The Commission received volumes of evidence and also held 2 days of en banc hearings which provided a forum for communications experts to express their views. The Commission has already recommended to Congress that the Fairness Doctrine be repealed, and it is likely that the inquiry will add strength and support to that recommendation. Furthermore, it has come to my attention that the licensee of a television station in Syracuse, NY, cited for violating the Fairness Doctrine because of a series of issue advertisements run on behalf of the Energy Association of New York, filed formal papers with the Commission recently which challenge the constitutionality of the doctrine.

Clearly, the evidence elicited at the Commerce Committee hearings and the evidence and findings set forth in the Commission's Notice of Inquiry help provide the documented proof that the Supreme Court requested in the League of Women Voters case: The Fairness Doctrine discourages debate on public issues; it is an unconstitutional abridgement of free speech and repeal is merited for that reason alone. In carrying the banner for free expression, the Syracuse television station may help free all broadcasters from the shackles of second-class citizenship by laying the legal groundwork for repeal.

This cause is a just one. No matter what attacks are made on the press, the print and electronic media stand as the only effective check against the abuses of government. That's why it is time we returned to the vision of the Founders, not only to insure better services and more information for consumers, but to guarantee a lively discussion of issues and a revitalization of our electoral process.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at this point.

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

S. 1038

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Freedom of Expression Act of 1985".

PURPOSE

SEC. 2. The purpose of this Act is to extend to the electronic media the full protection of the First Amendment guarantees of free speech and free press.

AMENDMENTS TO THE COMMUNICATIONS ACT OF 1934

SEC. 3. The Communications Act of 1934 (47 U.S.C. 151 et seq.) is amended—

(1) in section 312(a), by—

(A) inserting "or" at the end of paragraph (5);

(B) striking "; or" at the end of paragraph (6) and inserting in lieu thereof a period; and

(C) striking paragraph (7);

(2) by repealing section 315; and

(3) by amending section 326 to read as follows:

"SEC. 326. Nothing in this Act shall be construed to give the Commission the power to—

"(1) censor any communication; or

"(2) promulgate any regulation or fix any condition which shall interfere with the right of free speech, including any requirement of an opportunity to be afforded for the presentation of any view on an issue.".

SEC. 4. Nothing in this Act shall be construed to modify any authority of the Federal Communications Commission under the Communication Act of 1934 (47 U.S.C. 151 et seq.) with respect to the broadcasting of obscene, indecent, or profane language, or to preclude the Commission from exercising any such authority.●

By Mr. CRANSTON:

S. 1039. A bill entitled the "Ocean Inceneration Research Act of 1985"; to the Committee on Environment and Public Works.

OCEAN INCINERATION RESEARCH ACT

Mr. CRANSTON. Mr. President, for decades we have allowed chemical companies to dump incalculable quantities of toxic wastes across America.

We never asked the questions we are asking today.

The result of our neglect has been contaminated drinking water and poisoned land in thousands of neighborhoods throughout our country.

We're now trying to clean up these dumps and prevent new ones from doing any more damage to our communities. But for those who have been poisoned, our questions about toxics came too late.

Today we have a chance to prevent possible tragedy before it's too late. We have an opportunity to ask the necessary questions about health and safety before we rush to begin burning liquid hazardous waste in the ocean.

Despite the many mysteries about the effects of incinerating poisonous chemicals at sea, the Environmental Protection Agency proposed regulations to move ahead with ocean incineration—even before EPA's own incineration study was complete.

Today I am introducing legislation that will compel the Environmental Protection Agency to look before it leaps into this potentially dangerous endeavor.

EPA's own Science Advisory Board is warning that there are numerous scientific and technical uncertainties about ocean incineration. In a newly released April 1985 report on incineration of hazardous waste, the Science Advisory Board concludes that "the existing base of information is insufficient to make a definitive statement about its environmental impacts." Throughout the report, the Board recommends additional studies.

The legislation I am introducing today echoes this advice. The bill, which has been introduced in the House by Congresswoman BOXER, calls for a moratorium on ocean incineration until the potential dangers to the environment are studied, and the mysteries about its impact on our health are cleared up. The bill directs the Office of Technology Assessment to prepare a comprehensive report to Congress and to the EPA on the potential dangers to the environment of ocean incineration. It also directs EPA to issue its final regulations on ocean incineration based on the OTA's findings. The OTA would have 3 years to complete its study, during which time, permits for ocean incineration would not be issued.

I am aware that OTA is currently engaged in a 2-year study of ocean dumping, due to be completed in mid-1986, which covers aspects of ocean incineration.

I am also aware that there is concern that OTA may not be the appropriate agency to conduct such a comprehensive study as I am proposing. I would be happy to deal with these questions in congressional hearings.

But I am unwaivering in my intention to make absolutely certain that we get to the bottom of some fundamental questions before EPA rushes to begin ocean incineration of liquid toxic waste.

We must know what will be rising from the smoke stacks off our shores. The Science Advisory Board tells us

that EPA's emissions monitoring programs are inadequate.

We must know—will incineration completely destroy the poisons? Will it leave some behind? Or will combustion produce new poisons?

We must know—if a liquid waste spill happens at sea can it be cleaned up?

Right now we don't have a sure way to clean up potential spills of liquid toxic waste in the ocean, and EPA's proposed regulations do not adequately address the problem.

And we must know—how do these risks of ocean incineration compare to other methods of hazardous waste disposal?

We don't know.

That's the point. The answers to these questions are critical if we are to avoid yet another environmental catastrophe.

With additional research, ocean incineration may prove to be a valuable part of our Nation's program to dispose of hazardous chemicals.

In the meantime, we are coping with toxics on land through storage facilities, surface impoundments, and newer treatment technologies. We shouldn't burn poison in the ocean if we don't know the consequences.

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

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

S. 1039

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 104 of Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1414) is amended by adding at the end thereof the following new subsection:

"(j)(1) Except for such research burns as the Office of Technology Assessment may determine to be necessary, the Administrator may not issue a permit under this title that authorizes the incineration at sea of hazardous waste after the effective date of this subsection and before—

"(A) the report required under paragraph (2), and the plan required under paragraph (3), are submitted to the Congress; and

"(B) the Administrator, after taking into account the information and data resulting from the report and plan referred to in subparagraph (A)—

"(i) issues final regulations regarding the issuance of permits authorizing the at sea incineration of hazardous waste; and

"(ii) submits to Congress recommendations for legislation that will ensure that operators and owners of incineration vessels, as well as manufacturers, users, and disposers of chemicals proposed for incineration at sea, will be fully liable and able to pay for—

"(I) any damage caused by the accidental or intentional release of those chemicals or their by-products into the environment; and

"(II) the cost of any clean-up effort undertaken by any public or private entity.

"(2) The Administrator shall contract with the Office of Technology Assessment for the preparation by it, not later than the third anniversary of the effective date of this subsection, of a hazardous waste reduction and management feasibility report which shall include, but not be limited to—

"(A) a complete descriptive survey of hazardous waste streams, including types and volumes of waste generated and geographical distribution by waste types;

"(B) a complete descriptive survey, and comparison, of the kinds and capacity of traditionally-used land and sea-based hazardous waste storage, treatment, and disposal technologies;

"(C) a complete descriptive survey of the kinds and capacity of alternative, existing, and developing land-based technologies (including physical, chemical and biological treatment technologies) and a comprehensive analysis of these technologies and their environmental and human health impacts;

"(D) a complete descriptive survey of existing and developing hazardous waste reduction technologies for specific waste types;

"(E) an assessment of releases into the environment of wastes and waste-derived materials from all phases of each waste management process;

"(F) a comprehensive analysis of the impact of at sea incineration on human health and the marine environment, including, but not limited to—

"(i) the assimilative capacity of waters in the vicinity of prospective incineration burn sites,

"(ii) the identification and quantification of chemicals released into the environment, including their physical form and characteristics,

"(iii) the determination of actual emissions and effluents of an incinerator into the environment, assessing the total mass loadings to the environment under all conditions of incineration,

"(iv) validation on sampling and analytical methodologies for measurements of emissions from hazardous waste incinerators, including recommendations for appropriate standards of combustion and destruction efficiency, the efficacy of the Principal Organic Hazardous Constituents (POHC)—Index of Incinerability and effective monitoring systems,

"(v) the biotoxicity of representative emissions and effluents from incinerators, including bioassays on collected and concentrated stack emissions,

"(vi) the movement of chemical emissions from incineration through the environment, incorporating an analysis of the role of micro-layers, for the purpose of determining exposure durations and concentrations and effects of behavior of exposed organisms with particular attention to the role of food webs,

"(vii) the long-term effect of such incineration emissions on air, water, and biota in the marine environment,

"(viii) the efficiency of land versus sea-based incinerators inlight of eratic ship movement due to marine conditions and other variables, and

"(ix) worst case analyses of catastrophic spillage of the full spectrum of compounds likely to be jettisoned from a full ship rupture in the open ocean or in a bay area, considering the probability of a spill, the movement, dispersion, and degradation of the spilled material, the impacts on biological species, and the effects on beaches, air and sediments, using theroetically possible worst case conditions;

"(G) epidemiological studies on the effect of such incineration emissions on human health; and

"(H) a comprehensive analysis of the transportation impacts for the land or barge transport of the hazardous wastes to the loading site for ocean incineration, including but not limited to—

"(i) health and safety risks,

"(ii) identification and designation of safest routes and modes of transport,

"(iii) adequacy of available transport containers and vehicles,

"(iv) accident probabilities,

"(v) adequacy of emergency response capabilities, and

"(vi) adequacy of information available to public officials on contents of hazardous waste shipping containers, routing of shipments, and recommended emergency response procedures.

"(3)(A) The Administrator shall prepare and submit to the Congress, not later than 3 years after receiving the report required under paragraph (2), a hazardous waste reduction and management plan which shall include recommendations, formulated after taking into account the comments of environmental and industry representatives for—

"(i) a comprehensive plan to reduce, recycle, reuse, treat, and destroy hazardous waste in an environmentally sound manner;

"(ii) coordinating consultation and action among the appropriate Federal agencies regarding major spills of hazardous waste in port, in transit, and during incineration at sea; and

"(iii) legislation that will provide incentives to encourage and promote the expeditious development of environmentally sound hazardous waste reduction technologies and environmentally sound treatment technologies.

"(B)(i) The Administrator shall—

"(I) before commencing preparation of the plan required under this paragraph, hold public hearing on, and invite written public comment regarding, areas of public concern to be addressed in the plan;

"(II) before preparing the final version of the plan, make a preliminary draft of the plan available to the public and hold public hearings on, and invite public comment regarding, that draft; and

"(III) after preparing a final version of the plan (but before submitting it to the Congress), make the plan available to the public and invite written public comment regarding the plan.

"(ii) When the hazardous waste reduction and management plan is submitted to the Congress under subparagraph (A), the Administrator shall also submit to the Congress the transcripts of all public hearings held under clause (i), together with a written response by the Environmental Protection Agency to each public comment, whether arising at a public hearing or submitted in writing, made under clause (i) at each stage of the preparation of the plan.

"(4) For purposes of this subsection, the term 'hazardous waste' means a solid or liquid waste, or combination of solid wastes, which because of its quantity, concentrations, or physical, chemical, or infectious characteristics may—

"(A) cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible illness;

"(B) pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of or otherwise managed; or

"(C) bioaccumulate in the marine environment or whose breakdown or transformation products will bioaccumulate in the marine environment.".

SEC. 2. There are authorized to be appropriated to the Environmental Protection Agency such sums as may be necessary to carry out subsection (j) (2) and (3) of section 104 of the Marine Protection, Research, and Sanctuaries Act of 1972 (as added by the first section of this Act), and those sums shall remain available until expended.

SEC. 3. This Act shall take effect October 1, 1985.

By Mr. COCHRAN (for himself and Mr. PRYOR):

S. 1040. A bill to provide emergency assistance to promote the marketing and sales of agricultural commodities, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

EMERGENCY AGRICULTURAL MARKETING AND SALES ACT

● Mr. COCHRAN. Mr. President, I am today introducing "The Emergency Agricultural Marketing and Sales Act of 1985," a bill to provide immediate assistance to promote the marketing and sales of U.S. agricultural commodities.

I am very pleased to have Senator PRYOR join in the introduction of this bill as an original cosponsor.

On April 3, I introduced the Farm and Market Recovery Act of 1985 (S. 843), a bill to establish a new direction for the next generation of Federal farm policy. The provisions in S. 843 were taken from the comments and suggestions of literally hundreds of witnesses who have shared with the Agriculture Committee their views on ways to provide relief and stability for the financially stressed agricultural industry in the short run and assure a solid recovery for the long run. S. 843 will effectively address the dual problems of the current agricultural economy;

First, financial distress in the production sector, and,

Second, continued erosion of both domestic and international markets.

Both problems are perceived to be price related. Farmers need higher prices to yield an adequate return to capital and labor, but lower effective prices are needed to be competitive in the markets.

Mr. President, the trade title and the marketing loan provision contained in S. 843 will accomplish this dual objective. What this new bill does is to split out the provisions in S. 843 that are critical ingredients to an effective marketing and sales policy for separate and immediate consideration.

The marketing loan provision will solve both problems currently depressing the agricultural economy effectively and efficiently without necessarily reducing the size of the industry. By providing for the discounting of the regular CCC nonrecourse loan, the cornerstone in farm policy for many years, an adequate safety net of financial stability can be maintained for farmers while both domestic and international customers are offered U.S. commodities at competitive prices. This is a worthwhile public policy objective because maintaining an economically healthy and expanding agricultural industry is an effective way of sustaining the Nation's economic recovery.

U.S. agriculture's maximum economic potential must be captured. Although agriculture nationally accounts for one-fifth of employment, one-fourth of trade, and one-fifth of gross national product, it has not shared proportionally in the economic recovery that has occurred to date. As a result, financial stress has increased throughout the industry.

An important factor associated with the economic health of agriculture is the level of exports. Since exports account for over half of the sales of cotton, rice, soybeans, wheat, and feedgrains, it is no surprise that loss of market share, as experienced in the last few years, has significantly contributed to a depressed agriculture economy: Accumulating stocks, declining commodity prices and farm income, and increasing Federal program cost.

This description is an accurate analysis of the current state of the farm economy. U.S. exports have declined almost continuously from the high point of approximately $43.8 billion in 1981. Unfortunately, the future prospects for exports look bleak, unless policy changes are made immediately. I heard repeatedly from farm groups during hearings on the 1985 farm bill that exports are down and continue to deteriorate. This is borne out by the continued reduction in USDA's estimates for aggregate agricultural exports for this year. In December, USDA estimated that farm exports this year would total $36.5 billion. In February, the estimate was lowered to $35.5 billion. And, in March, the estimate was lowered another billion to $34.5. If the $34.5 billion estimate is the final result, it will be the lowest level since 1979 and will be a 21-percent decline in total exports from the high point in 1981. But, based on current comments from commodity traders, the estimate of total trade is very likely to be adjusted downward again.

For specific commodities the impact is even more drastic. I refer my colleagues to table 1 which will follow my statement. Based on export sales data, wheat and wheat products are 44 percent below last year and 46 percent below the previous 5 year average. Corn exports are 26 percent below last year, and 33 percent below the previous 5 year average. Soybean exports are 37 percent below last year, and 45 percent below the previous 5 year average. Cotton exports are 20 percent below last year, and 16 percent below the previous 5 year average.

This alarming trend in exports must be turned around in order to improve the financial stability and outlook of the U.S. agricultural industry. Also, the current trend must be changed for agriculture to continue to make a significant positive contribution to the Nation's trade balance. The current high national trade deficit has a depressing effect on the U.S. economy by holding industrial output down and unemployment up. A record trade deficit of $123.3 billion was registered in 1984, but the deficit for the first quarter of this year is running at an even higher annual rate—$131 billion as estimated by the Commerce Department

The reasons cited by the Department of Agriculture for the downward adjustments in U.S. agricultural exports are factors external to the industry. Factors most frequently listed are:

First, a dollar exchange rate that has, in effect, added a 35-percent tax on U.S. farm products to foreign customers and a 35-percent discount on foreign products coming into this country;

Second, Government administered prices that are set at levels to take our markets; and

Third, export subsidies by foreign competitors.

The impact of the high dollar value on U.S. trade is now so great that Paul Volcker recently said, "The exchange rate today is too important an economic variable to ignore in our policymaking."

There are many complaints lodged against current farm policy. However, the single most important area of concern for U.S. agricultural policy, if it is now and intends to remain a global industry, is maintaining and expanding market share based on our real production and distribution economic advantages. To ensure this objective, U.S. agricultural policy must be designed and administered to react in a timely and effective way to the needs, conditions, and characteristics of all markets, domestic as well as international.

Mr. President, in light of the current data and estimates of a disastrous rate of deterioration in U.S. agricultural exports, I believe, immediate action is necessary. Any relief that can be provided for some commodities in the 1985 farm bill is as much as a year or more away. That is too long to wait—assistance is needed now. I worry that serious and permanent loss of additional markets will occur without such assistance. This bill, the Emergency Agricultural Marketing and Sales Act of 1985, provides the tools and the flexibility needed to adjust to and be competitive in global markets. These changes are necessary for the near term economic recovery and the long-

term stability and growth of U.S. agriculture.

Mr. President, I encourage my colleagues to join us in support of this bill.

Mr. President, I ask unanimous consent that an accompanying table, a summary outline and the bill be included in the RECORD at this point.

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

TABLEI.—WEEKLY EXPORT PERFORMANCE INDICATORS BASED ON EXPORT SALES REPORTING DATA AS OF MARCH 21, 1985

[1,000 metric tons, except cotton]

Commodity/ marketing year	Wheat and products	Corn	Soybeans	Soybean cake and meal	Cotton (1,000 running bales)
No. of weeks	42	25	29	25	33
Outstanding sales:					
5-year average	6,455	12,463	4,038	1,113	2,355
1982-1983	6,712	11,101	4,138	914	2,044
1983–1984	6,207	11,300	3,535	797	2,480
1984–1985	3,461	8,343	2,220	553	1,987
Change from previous year (percent)	−44	−26	−37	−31	−20
Change from 5-year average (percent)	−46	−33	−45	−50	−16

Source: U.S. Export Sales, Foreign Agricultural Service, U.S. Department of Agriculture.

S. 1040

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Emergency Agricultural Marketing and Sales Act of 1985".

EXPANSION OF MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES AND PRODUCTS

SEC. 2. (a) Notwithstanding any other provision of law, the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities, including but not limited to wheat, feed grains, upland cotton, rice, and soybeans, and products thereof acquired by the Commodity Credit Corporation, are provided to United States exporters and users and foreign purchasers at no cost to encourage the development, maintenance, and expansion of export markets for United States agricultural commodities and products thereof.

(b) In carrying out the program authorized by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities and products thereof in any case in which the importation of a manufactured product made, in whole or in part, from a commodity or product thereof made available for export under this section would place domestic users of the commodity or product thereof at a competitive disadvantage;

(2) shall, to the extent that agricultural commodities and products thereof are to be provided to foreign purchasers during any fiscal year, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and products thereof and who continue to purchase such commodities and products thereof on an annual basis in quantities greater than the level of purchases in a previous representative period;

(3) shall ensure, insofar as possible, that any use of agricultural comodities or products thereof made available under this section be made in such manner as to encourage increased use and avoid displacing usual marketings of United States agricultural commodities and products thereof; and

(4) shall take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities or products thereof made available under this section.

(c) If a foreign purchaser sells in the importing country agricultural commodities or products thereof received from the Secretary of Agriculture, under the authority of this section, and uses the receipts from the sale of such commodities or products thereof for the construction or rehabilitation of facilities in the importing country to improve the handling, marketing, processing, storage, or distribution of United States agricultural commodities or products thereof in such importing country, such purchaser shall be eligible to receive supplemental distributions of agricultural commodities or products thereof under this section. Supplemental distributions under this section shall be made with such commodities or products thereof, at such intervals, and in such amounts as the Secretary determines appropriate taking into account the extent to which facility improvements have been made, the capability of the importing country to distribute or otherwise use additional commodities or products thereof, and such other factors as determined appropriate by the Secretary that are consistent with the purposes of this section.

(d) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

(e) The Secretary of Agriculture may issue such regulations as the Secretary deems necessary to carry out this section.

(f) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

INTERMEDIATE EXPORT CREDIT

SEC. 3. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "In addition, the Corporation may guarantee the repayment of loans made to finance such sales.";

(2) by inserting ", and no loan may be guaranteed," after "financed" in paragraph (2);

(3) in paragraph (3)—

(A) by inserting "or guarantees" after "financing";

(B) by striking out "and" at the end of subparagraph (C);

(C) by striking out "credit" in subparagraph (D);

(D) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and"; and

(E) by adding at the end thereof the following new subparagraph:

"(E) to finance the importation of agricultural commodities by developing nations for use in meeting their food needs.";

(4) by striking out paragraph (4) and redesignating paragraphs (5) through (9) as paragraphs (4) through (8), respectively;

(5) in paragraph (4) (as redesignated by paragraph (4) of this section)—

(A) by inserting "(A)" after the paragraph designation;

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(C) by amending clause (i) (as redesignated) to read as follows:

"(i) Repayment shall be in dollars with interest at a rate determined by the Secretary,"; and

(D) by adding at the end thereof the following new subparagraph:

"(B) Contracts of guarantee under this subsection shall contain such terms and conditions as the Commodity Credit Corporation shall determine.";

(6) by inserting "or guarantees" after "financing" in paragraph (5) (as redesignated by paragraph (4) of this section);

(7) in paragraph (6) (as redesignated by paragraph (4) of this section)—

(A) by inserting "or guarantee" after "finance" each place it appears; and

(B) by inserting "or guarantee" after "financing" in subparagraph (B);

(8) by inserting "or guaranteed" after "financed" in paragraph (7) (as redesignated by paragraph (4) of this section); and

(9) by inserting at the end thereof the following new paragraph:

"(9) For purposes of financing or guaranteeing export sales under this subsection, to the extent practicable, no less than $500,000,000 for each of the fiscal years ending September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988.".

EXPORT CREDIT SALES AND CREDIT GUARANTEES

SEC. 4. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end thereof the following new subsection:

"(e)(1) If a country does not meet the financial qualifications for export credit or credit guarantees provided by the Commodity Credit Corporation under this section, the Secretary of Agriculture may provide to such country commodities acquired by the Corporation through price support operations and products thereof to the extent necessary to reduce the cost to such country of purchasing United States agricultural commodities and to allow such country to meet such qualifications.

"(2) The Secretary shall review and adjust annually the amount of commodities provided to a country under paragraph (1) in order to encourage such country to place greater reliance on increased use of commercial trade to meet the qualifications referred to in paragraph (1).".

EXPANDED DONATION OF AGRICULTURAL COMMODITIES

SEC. 5. Section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended by striking out "wheat" each place it appears in the first, third, and eighth sentences and inserting in lieu thereof "other agricultural commodities and products thereof".

REPAYMENT OF AGRICULTURAL COMMODITY LOANS

SEC. 6. (a) Notwithstanding any other provision of law, in the case of a loan made to a producer for any of the 1981 through 1985 crops of wheat, feed grains, upland cotton,

or rice under section 107B(a), 105B(a), 103(g)(1), or 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1445b-1(a), 1444d(a), 1444(g)(1), or 1441(i)(1)), respectively, which is outstanding on the date of enactment of this Act, such producer may repay such loan for such crop at a level which is the lesser of—

(1) the original loan rate established for such crop; or

(2) such loan rate as the Secretary determines will—

(A) minimize the number of loan forfeitures;

(B) not result in excessive total stocks of such commodity;

(C) reduce the costs incurred by the Federal Government in storing such commodity; and

(D) maintain the competitiveness of such commodity in domestic and export markets.

(b) Notwithstanding any other provision of law, as used in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308), the term "payments" does not include any gain realized by a producer from repaying a loan at the lesser of the original loan rate or a loan rate determined by the Secretary of Agriculture.

BASIC OUTLINE OF THE PROPOSED BILL "THE EMERGENCY AGRICULTURAL MARKETING AND SALES ACT OF 1985"

Provides near-term assistance through expanded marketing and sales programs effective immediately upon enactment to help U.S. agriculture to compete more effectively, including:

(a) Market bonus plan.—Requires Secretary to make available additional stocks of CCC-owned commodities to domestic or foreign purchasers in order to expand markets and help counter unfair trade practices and subsidies, as well as address problems relating to the over-valued dollars;

(b) Aid to trade plan.—Requires Secretary in cases where country may not meet financial requirements to qualify for export credit or guarantees to make available CCC-owned stocks to reduce the cost of such commodities and to enable that country to qualify for such loans or guarantees;

(c) Expanded donation authority.—Expands existing Section 416 authority relating to dairy and wheat to include all CCC-owned commodities.

(d) Expands export credit by authorizing intermediate export credit program providing guarantees on terms 3-10 years to encourage additional sales of U.S. agricultural commodities as well as value-added products.

(e) Establishes marketing loan which would require Secretary to reduce or otherwise allow producers to repay their regular CCC price-support loans at the original level or at such level as necessary to (1) minimize potential loan forfeitures, (2) prevent accumulation of government stocks, (3) reduce government cost of storing such commodities, and (4) allow such commodities to be marketed freely and competitively, both domestically and internationally.●

● Mr. PRYOR. Mr. President, today—with my colleague, Senator COCHRAN, from Mississippi—I am introducing the Emergency Agricultural Marketing and Sales Act of 1985. This bill is the framework around which a 1985 farm program can be developed.

In 1985, the Congress has the responsibility of rewriting a new farm program that addresses the problems now facing our agricultural industry. We have spent hours in debate on the floor and even more in the Senate Agriculture Committee on the crisis in American agriculture. This crisis, Mr. President, is real. And the Congress has to develop a sound, cost-effective program that returns profit back to our farmers' vocabulary while redefining the proper role for Government in today's farm program.

Our primary goal should be to enhance farm income. Many agree that to do this, we must be price-competitive in international markets. While we all believe strongly in fair trade, we must also admit that trade has not been fair. And because of this—and other such factors as a high dollar, cargo preference laws, and poor trading negotiations—our agricultural exports continue to deteriorate.

Last year, we exported $38 billion in agricultural exports. On December 3, USDA estimated agricultural exports this year to be $36.5 billion. On February 20, the estimate was lowered to $35.5 billion. And on March 12, it was further lowered to $34.5 billion.

Mr. President, we are not competitive today. And because of this, we are a residual supplier to these international markets. Even worse, we have not given our farmers the necessary tools to make them competitive—or given them the support that amounts to anything more than rhetoric. They are the most efficient and productive sector in the world economy today. Yet America's farmers are economic slaves, shackled by poor Government policy and decisions.

This bill, the Emergency Agricultural Marketing and Sales Act of 1985, begins the removal of these shackles. It allows the farmer to enter international markets and be competitive. It provides a framework for competition while being cost-efficient to the taxpayer. It will increase exports. And it provides additional credit for foreign purchasers, expanded donation authority under section 416, and a market bonus plan. Under this plan, the Secretary of Agriculture will be required to make available additional stocks of CCC-owned commodities to domestic and foreign purchasers in order to expand our markets and help counter unfair trade practices and subsidies.

In addition, this bill provides an innovative concept that no longer allows for our loan program to set the floor for world commodity prices. This concept, called, a "marketing loan," would require the Secretary of Agriculture to allow our producers to repay their regular Commodity Credit Corporation price support loans at the lower of the original level as set by Congress—or at the world market price for that particular commodity. It is therefore different from our current system of loans, which must be repaid in full or else the commodity is forfeited to the Government.

Mr. President, this program is not only cost-efficient, but, compared to current programs, it would also be a savings. Today's programs lead to a Government takeover of surplus stocks that are difficult to dipose of and costly to store. The cost of acquiring and storing these stocks is greater to the taxpayer than simply discounting the amount of loan repayment. Thus the marketing loan avoids costly Government takeovers.

This plan fully meets the basic intent of all farm programs to provide "safety-net" protection. Farmers would receive the protection of the initial congressionally-set loan level, plus whatever target price is in place.

If market prices go down, farmers would still have the assurance of the loan value which provides a certain minimum safety net to provide needed cash flow. The current elements of farm-owned reserves, deficiency payments, and so forth, could be retained and used in various combinations. It is also my intention that this program of "marketing loans" would not have a payment limitation in keeping with past farm programs where such limitations have never applied to loan proceeds.

Senator COCHRAN and I believe that making the farmer a loan and then allowing that loan to be repaid at world market prices is a much more effective way to provide support to our farmers. In other words, when the supply and demand conditions are such that the market prices are below the loan rate, the farmer would be allowed to repay the loan at that level and is then free to market his crops as he sees fit.

Mr. President, this program is designed to work hand-in-hand with any farm program proposal now or in the future. It can be the starting point for making our farmers once again competitive and a force in world markets. It can also start a market-oriented agriculture that allows our farmers to get a profitable price from the market place and not from Government price-support programs.

Mr. President, I ask unanimous consent that an example of how it would work, be included in the RECORD at this point.

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

THE MARKETING LOAN: FARM SUPPORT IN A COMPETITIVE WORLD MARKET

Objective: Retain necessary economic support for farmers in a cost-effective way for taxpayers while allowing U.S. farm products to be competitive in world markets.

HOW TO MEET THE CHALLENGE?

The American farmer—and all of agriculture—is facing economic stress as exports fall. World markets are distorted by the strong dollar and unfair foreign trade practices. How do we allow U.S. farm products to

be priced competitively, without asking farmers to bear the entire burden of adverse macroeconomic conditions and competition from foreign governments?

THE MARKETING LOAN

Consider the following program change:

1. Make the farmer a marketing loan at harvest.

2. Allow that loan to be paid back at the loan level or the world market price whichever is lower.

Such a system would:

Protect the farmer. He is assured the initial value of the loan and has the flexibility to repay at the discounted level.

Assist the exporter. He can acquire the commodity from the farmer and sell it at competitive world price levels without interference from the government support program.

Benefit the user. Processors and consumers would have access to the commodities at market price levels.

Reduce government costs. There would be less need for costly programs to store and maintain government held surpluses.

What are the choices a farmer has with the marketing loan?

Basically, three. Here are some examples:

1. *Settle and sell at settlement price:*

Under this situation the farmer would get a loan of $4.00 per unit and settle with USDA at $3.70. If he immediately sold at $3.70, he would be guaranteed the $4.00.

Loan: $4.00. Pay back: $3.70. Gain at settlement: +30 cents. Sale price of the commodity: +$3.70.

Realized price: $4.00.

2. *Settle and hold with price going up to $3.90:*

Under this situation the farmer would get a loan of $4.00 and settle at $3.70 per unit. If he holds and the price goes to $3.90, the following is the realized price.

Loan: $4.00. Pay back: $3.70. Gain at settlement: +30 cents. Sale price of the commodity: +$3.90.

Realized price: $4.20.

3. *Settle and hold with price going up to $3.50:*

Under this situation the farmer would get a loan of $4.00 and settle at $3.70 per unit. If he holds and the price goes to $3.50, the following would be the realized price.

Loan: $4.00. Pay back: $3.70. Gain at settlement: +30 cents. Sale price of the commodity: +$3.50.

Realized price: $3.80.

These examples illustrate that under the program outlined above a farmer would be assured a support level but the option is still available for him to consider a marketing strategy. In other words, he can make money above the loan with good marketing. Of course, poor marketing could result in a realized price below the loan.

By Mr. BOSCHWITZ (for himself and Mr. BOREN):

S. 1041. A bill to support and stabilize farm income and provide an orderly transition to a market-oriented agricultural economy; to the Committee on Agriculture, Nutrition, and Forestry.

FAMILY FARM PROTECTION AND FULL PRODUCTION ACT

● Mr. BOSCHWITZ. Mr. President, today my distinguished colleague from Oklahoma, Senator BOREN and I, in a bipartisan effort, are introducing the Family Farm Protection and Full Production Act of 1985. Our choice of title for this important bill is no accident. The title, in a few words, states what this body must address in deciding the direction of farm policy for the remainder of this decade. The conditions we now confront in agriculture require constructive appropriate action. These policies we have followed for the past 50 years have burdened our agricultural economy with set-asides, diversions, and low prices. A radical departure from this policy is in order.

The protection of family farm income is a goal we must face squarely. Too often in the past, programs designed to aid family farms have had precisely the opposite effect. Family farms have been trampled in the rush to assist an economy as large and diverse as agriculture. Our bill offers that needed income protection.

Tied to family farm income protection is full production. Allowing farmers to operate at full production is a concept that seems to run against conventional thought in this city. As others move to further reduce the productive capacity of agriculture in this country, we propose just the opposite. This bill restores American agriculture to full production. We will not tie the hands of the most efficient farmers in the world.

Farmers face many difficulties ahead. Foreign competitors are aggressively moving to take away our markets. The U.S. export market share for grains, which jumped from 40 to 60 percent in the 1970's, has now fallen below 50 percent. And the worst may be yet to come. Foreign competitors are building an agricultural export infrastructure—the roads, grain silos and port facilities—that will make their farmers formidable competitors over the long-term future. We cannot stand back and allow this challenge to go unanswered. Our agricultural sector is simply too important.

The bill we introduce today contains four basic initiatives to meet the challenges of family farm income protection and full production. First, our bill protects the income of family farms by providing direct "transition payments" based on past production. For too long, farmers have been locked into a destructive cycle of maintaining their acreage of crops in surplus at a smaller and smaller profits simply to maintain a production history for Government programs. This bill breaks that destructive cycle. Farmers are free to respond to market signals without penalty.

Second, our bill establishes a long-term soil and water conservation program of at least 20 million acres targeted at our Nation's most erodible soil. This bill will encourage a careful stewardship of the soil for future generations of Americans.

Third, our measure dramatically lowers the loan rate for program crops. This will immediately make our commodities more competitive in foreign markets. We are not proposing some slow-to-react formula that can easily be outmaneuvered by our competitors. Rather, we propose to lower the loan to market clearing levels upon enactment of the bill. The signal we send to the rest of the world by such action is unmistakable. We're telling them the United States is serious about world trade in agricultural products. Countries that have supported their own inefficient farmers will have to dig much deeper into their pockets. Countries in a rush to build a large export infrastructure will need to reassess their competitive position in the world market. Such a stroke quickly restores our competitiveness.

Finally, in a world where governments routinely intervene to sell their farmers' surplus stocks at whatever price the world can pay, this bill lines up the support of our Government behind our farmers in the international arena. We are prepared to meet the challenges posed by other countries using unfair trading practices.

I encourage each of my colleagues to join with us in support of this constructive rethinking of farm legislation. It sends a much needed message of hope from Washington to rural America.

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

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

S. 1041

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Family Farm Protection and Full Production Act of 1985."

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TITLE I—AGRICULTURAL EXPORTS

GREEN DOLLAR EXPORT CERTIFICATE PROGRAM

SEC. 101. (a) The Secretary of Agriculture shall establish, pursuant to section 5(3) of the Commodity Credit Corporation Charter Act, a program to make Green Dollar export certificates available to commercial exporters of United States agricultural commodities and their products. The Secretary shall make Green Dollar export certificates available under the program, under those terms and conditions that the Secretary determines are appropriate, when the Secretary determines that this action will:

(1) develop, maintain, or expand foreign markets for U.S. agricultural commodities or their products; or

(2) offset—

(i) the use by other countries of subsidies and other unfair trading practices,

(ii) the adverse effects of U.S agricultural price support levels which are temporarily above the export prices offered by overseas competitors in export markets, or

(iii) fluctuations in the exchange rate of the United States dollar against other major currencies.

(b) The amount of Green Dollar export certificates to be made available to an exporter may be determined—

(1) on the basis of competitive bids submitted by exporters; or

(2) by announcement of the Secretary.

(c) Each Green Dollar export certificate may be redeemed for commodities owned by the Commodity Credit Corporation. Such commodities must be exported from the United States. The Secretary of Agriculture may set values on CCC-owned commodities for redemption by Green Dollar certificates which are different than the acquisition prices of the commodities. The Secretary of Agriculture shall provide that (A) the certificates may be transferred among commercial exporters of United States agricultural commodities; and that the (B) certificates must be redeemed within 6 months from the date they are issued.

EXPORT OF COMMODITY CREDIT CORPORATION STOCKS

SEC. 102. (a) The Secretary of Agriculture shall, on October 1 of each year, beginning October 1, 1985, determine the total quantity of each commodity owned by the Commodity Credit Corporation.

(b) Prior to September 30 of each year, beginning with September 30, 1986, the Secretary of Agriculture, through the Commodity Credit Corporation, shall, in accordance with subsection (c), make available for export a quantity of commodities out of stocks owned by the Commodity Credit Corporation equal to at least 20 percent of the total quantity of commodities owned by the Commodity Credit Corporation on October 1 of the previous year, as determined by the Secretary pursuant to subsection (a) of this section.

(c) In implementing the provisions of subsection (b), the Secretary of Agriculture shall make available stocks of the Commodity Credit Corporation pursuant only to—

(1) subparagraphs (3) (B) and (C) of section 4(b) of the Food for Peace Act of 1966;

(2) section 416 of the Agricultural Act of 1949.

(d) The Secretary of Agriculture may provide commodities pursuant to subsection (b) of this section to specific countries or without regard to export destination.

(e) The Secretary of Agriculture is authorized to use the funds and facilities of the Commodity Credit Corporation to carry out the provisions of this section.

(f) The Secretary of Agriculture is authorized to issue appropriate regulations to carry out the provisions of this section.

(g) The authority provided under this section is in addition to, and not in place of, any other authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

INTERMEDIATE TERM EXPORT PROGRAMS

SEC. 103. Section 4(b) of the Food for Peace Act of 1966, as amended (7 U.S.C. 1707a(b)), is amended by—

(1) striking out "financed" in paragraphs (1), (2) and (8) and inserting "financed or guaranteed" in lieu thereof;

(2) striking out "financing" in paragraphs (3), (4), and (7)(B) and inserting "financing or guarantees" in lieu thereof;

(3) inserting "or guaranteed" after "provided" in paragraph (6); and

(4) striking out "finance" in paragraph (7)(B) and inserting "finance or guarantee" in lieu thereof.

EMBARGO PROTECTION

SEC. 104. Section 1204 of the Agriculture and Food Act of 1981 is amended by—

(1) Deleting:

(A) in subsection (a) "(1)";

(B) the semicolon at the end of subsection (a)(1) and inserting in lieu thereof a period;

(C) paragraphs (2) and (3) of subsection (a);

(D) in subsection (b) "clause (1) of"; and

(E) subsection (d).

(2) redesignating subsection (e), (f), and (g) as (d), (e), and (f), respectively.

SHIPMENT OF AGRICULTURAL EXPORTS

SEC. 104. Export activities of the Commodity Credit Corporation under this Act, and activities of the Commodity Credit Corporation or the Secretary of Agriculture to promote the export of agricultural commodities under any other Act, shall not be subject to cargo preference requirements, except with respect to exports under the Agricultural Trade Development and Assistance Act of 1954.

TITLE II—CONSERVATION ACREAGE RESERVE

DEFINITIONS

SEC. 201 For purposes of this Title—

(1) "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) "conservation payment" means a payment made by the Secretary of Agriculture to an owner or operator of a farm having eligible reserve acreage to compensate such owner or operator for the expenses of establishing vegetative cover on such land or for inducing such land to wetlands, for retiring such land from cultivated crop production, for placing such land in the Conservation Acreage Reserve in accordance with the program authorized by this Title, and for instituting other conservation practices designed to conserve and protect their soil and water resources;

(3) "eligible reserve acreage" means highly erodible land or wetland type land that has been devoted to the production of an agricultural commodity during at least two of the three crop years prior to January 1, 1986;

(4) "highly erodible land" means land that is subject to excessive erosion as determined by the Secretary of Agriculture;

(5) "Secretary" means the Secretary of Agriculture;

(6) "shelterbelt" means a vegetative barrier with a linear configuration composed of trees and shrubs and other approved perennial vegetation;

(7) "vegetative cover" means perennial grasses and legumes with an expected life span of five or more years or trees; and

(8) "wetlands" means inland fresh areas, artificially developed inland fresh areas, and other wetland type areas designated as wetlands by the Secretary.

CONSERVATION ACREAGE PRESERVE

SEC. 202. (a) The Secretary shall establish and carry out a conservation acreage reserve program with owners and operators of farms having eligible reserve acreage. Such conservation acreage reserve program is designed to assist such owners and operators (1) in making changes in their cropping practices and land-use systems which are needed to conserve, protect, and use the soil and water resources of their farms, ranches, or other lands (A) by converting at least 20 million acres of eligible reserve acreage normally devoted to the production of an agricultural commodity on a farm or ranch into a less intensive use, such as pasture, permanent grass or legumes, or trees or noncultivated wetlands and placing such land in the Conservation Acreage Reserve or (B) by establishing shelterbelts in areas prone to wind erosion and (2) in implementing the soil and water conservation measures and

practices which are needed under such changed systems and uses.

(b) During the crop years 1986 through 1989, the Secretary shall enter into contracts with owners and operators of farms having eligible reserve acreage which provide for a conservation payment to be made to owners and operators to assist them in implementing the program provided for by this Title.

(c)(1) To the extent practicable, at least ten percent of the total acreage for which contracts are entered into under the program authorized by this Title shall be induced to wetlands.

(2)(A) To the extent practicable, at least ten percent of the total acreage for which contracts are entered into under the program authorized by this Title shall be devoted to shelterbelts in areas prone to wind erosion.

(B) Owners and operators may not devote more acreage on a farm to shelterbelts established under the program authorized by this Title than is consistent with effective wind erosion control practices in the area, as determined by the Secretary.

(d) The total acreage for which contracts are entered into under the program authorized by this Title in any State, county, or local community shall be limited to a percentage of the total eligible acreage in such State, county, or local community which the Secretary determines would not adversely affect the economy of the State, county, or local community.

OBLIGATIONS OF THE OWNER OR OPERATOR

SEC. 203. In the contract between the Secretary and an owner or operator of a farm having eligible reserve acreage, the owner or operator shall agree to convert a specified number of acres of eligible reserve acreage on a farm from the cultivation of an agricultural commodity and place such land in the Conservation Acreage Reserve for a period of not less than 10 years or to establish shelterbelts for a period of not less than 20 years in areas prone to wind erosion, and—

(1) not to use such eligible reserve acreage or shelterbelts for agricultural purposes, except as prescribed by the Secretary;

(2) except in the case of eligible reserve acreage induced to wetlands, to establish approved vegetative cover on eligible reserve acreage and shelterbelts;

(3) to forfeit all rights to receive the conservation payment if there is a violation of the terms and conditions of the contract by the owner or operator at any stage during the time the owner or operator has control of the land subject to the contract if the Secretary determines that the violation is of such a nature as to warrant termination of the contract;

(4) to refund or accept such adjustments to the conservation payment as the Secretary may deem appropriate if it is determined that a violation of the terms and conditions of the contract by the owner or operator does not warrant termination of the contract;

(5) to refund any portion of a conservation payment together with interest thereon, as determined by the Secretary, upon the termination of the contract in accordance with subsection (3) of this section;

(6) upon the transfer of the right and interest of the owner or operator in the lands subject to the contract during the contract period, to forfeit all rights to the conservation payment under the contract and refund to the United States all conservation payments received together with interest thereon as determined by the Secretary, unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract or enters into a contract with the Secretary in accordance with section 205(a) of this Act;

(7) not to adopt any practice which the Secretary determines would tend to defeat the purposes of the program and;

(8) to such additional provisions as the Secretary determines to be desirable to effectuate the purposes of the program or to facilitate its administration.

OBLIGATIONS OF THE SECRETARY

SEC. 204. (a) In return for the agreement of the owner or operator under section 203, the Secretary shall make a conservation payment in cash or commodities to the owner or operator. The amount payable to owners and operators under contracts entered into in accordance with this Title will be determined through the submission of bids for such contracts by owners and operators in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate.

(b) In determining the acceptability of contract offers, the Secretary shall give priority to those bids that will result in the greatest prevention of erosion (or, in the case of wetlands, the most water conservation) for the conservation payment invested, when calculated on the basis of all relevant factors such as (1) the extent of erosion on the land which is the subject of the contract, (2) the productivity of the acreage diverted, (3) the number of acres of eligible reserve acreage divertred, (4) the suitability of the wetlands to be diverted, (5) the rate of compensation necessary to encourage owners or operators of eligible reserve acreage to participate in the program, and (6) the potential benefits to wildlife. The Secretary may establish differing criteria for determining the degree of erosion to be prevented or the degree of water conservation to be achieved for the various States and regions of the United States when determining the acceptability of contract offers.

(c) The Secretary shall reject contract offers from owners and operators in areas subject to wind erosion unless such owners or operators have established or agreed to establish appropriate shelterbelts as determined by the Secretary.

(d) The Secretary may reject any contract offers from owners and operators in a particular State where the conservation payment on the amount of acreage to be placed into the Conservation Acreage Reserve would be well above the average conservation payment or average acreage placed into the reserve per farm for that State for a particular level of erosion control or water conservation.

(e)(1) Except as provided in paragraph (2) of this subsection, the conservation payment stipulated in the bid submitted by the owner or operator may be made to the owner or operator in a lump sum or in five equal annual installments as determined by the Secretary.

(2) Any eligible reserve acreage which was not subject to cultivation during the period January 1, 1970 to December 31, 1979, may be placed in the Conservation Acreage Reserve only under contracts which provide for a lump sum conservation payment to compensate the owner or operator for the cost of establishing vegetative cover on such land, establishing shelterbelts on such land, or for returning such land to wetlands.

(f) Except for eligible reserve acreage induced to wetlands, the Secretary may allow owners or operators who enter into contracts to hay or graze land placed in the Conservation Acreage Reserve or devoted to shelterbelts under such terms and conditions as may be prescribed by the Secretary except that land placed in the Conservation Acreage Reserve or devoted to shelterbelts cannot be plowed or the soil otherwise disturbed after approved vegetative cover has been established under the contract.

(g) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provisions for sharing on a fair and equitable basis in conservation payments made under this program.

TERMINATION, MODIFICATION, OR WAIVER OF CONTRACT PROVISIONS

SEC. 205. (a) If, during the contract period, the owner or operator sells or otherwise transfers the ownership or right of occupancy of land subject to the contract, the new owner or operator may continue such contract under the same terms or conditions, enter into a new contract in accordance with the provisions of this Title, or may choose not to participate in such program.

(b) If, during the contract period, the Secretary determines that it is in the public interest that land which is the subject of a contract, or portions thereof, be devoted to tillable crops during any crop year or years, the Secretary may modify or waive terms and conditions of the contract involving such land in accordance with such conditions as the Secretary determines to be appropriate, consistent with a conservation plan for such land which is recommended by the Soil Conservation District and approved by the Chief of the Soil Conservation District (or comparable district), by an appropriate State official or the Soil Conservation Service.

(c) The Secretary may terminate any contract by mutal agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts as determined to be desirable to carry out the purposes of the program, facilitate its administration, or achieve such other goals as the Secretary determines to be appropriate.

AUTHORIZATION OF APPROPRIATIONS

SEC. 206. (a) The Secretary is authorized to carry out the program authorized by this Title through the Commodity Credit Corporation. In addition, the Secretary may utilize the services of local, county, and State Committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590h), the technical services of the Soil Conservation Service and Forest Service and the soil and water conservation district.

(b) There are hereby authorized to be appropriated without fiscal year limitation such sums as may be necessary to reimburse the Commodity Credit Corporation for any amounts expanded by the Corporation in accordance with this Title and not previously reimbursed.

MISCELLANEOUS

SEC. 207. (a) Conservation payments received by owners or operators in accordance with this title shall be in addition to and shall not affect the total amount of payments which any such owner or operator is otherwise eligible to receive under the provisions of this Act.

(b) The Secretary may issue such rules and regulations as the Secretary determines

necessary to carry out the provisions of this Title.

TITLE III—WHEAT

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1993 CROPS OF WHEAT

SEC. 301. Effective only for the 1986 through 1993 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107C a new section as follows:

"SEC. 107D. Notwithstanding any other provison of law—

"(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1993 crops of wheat at a level of $2.20 per bushel, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of wheat received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of wheat received by producers in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of wheat received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

"(b)(1) With respect to the 1986 through 1990 crops of wheat, the Secretary shall make payments to producers on farms having a wheat acreage base for the 1986 crop year. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and for the 1987 through 1990 crops, not more than 100 percent for each crop, and not less than 92 percent, 80 percent, 65 percent, and 50 percent for the 1987, 1988, 1989, and 1990 crops, respectively.

"(2)(A) The payment rate for wheat to producers on farms on which producers were participants in either the 1984 or 1985 Wheat Program established under section 107B of the Agricultural Act of 1949 shall be $1.42.

"(B) The payment rate for wheat to producers on farms not specified in subsection (b)(2)(A) shall be $1.10.

"(C) Notwithstanding any other provison of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, or 1990 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate for wheat for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1990 marketing year shall be computed by multiplying the acreage base by the payment yield established for the farm for wheat.

"(B) The acreage base for any farm shall be the average acreage planted and considered planted to wheat for harvest in the 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for wheat shall be the yield established for the farm for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for wheat was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to wheat or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(C) If the Secretary determines, prior to any of the 1991, 1992, or 1993 marketing years, that the cash receipts of producers eligible for the payments provided by this subsection for the marketing year for which the determination is made will, in the absence of a payment program, be less than 75 percent of the average cash receipts of such producers for the two immediately preceding marketing years, the Secretary may make available to producers of wheat payments for the 1991, 1992, or 1993 crops of wheat, determined in the same manner as payments for the 1990 crop or as the Secretary deems necessary. For purposes of the preceding sentence, the cash receipts of producers includes the payments authorized by this subsection.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for wheat or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of wheat.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under Section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation Domestic Allotment Act (relating to the assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 302. Section 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1994.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE REQUIREMENTS

SEC. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1993 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1993.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1993 CROPS OF WHEAT

SEC. 305. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1993 crops of wheat.

TITLE IV—FEED GRAINS

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1993 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1986 through 1993 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B a new section as follows:

"SEC. 105C. Nowithstanding any other provision of law—

"(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1993 crops of corn, grain sorghum, barley, and oats at a level of $1.90, $1.80, $1.63, and $1.01 per bushel, respectively, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level for any such commodity should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for such commodity for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of corn, grain sorghum, barley, and oats received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity for such marketing year, the Secretary may reduce the level of loans for such commodity for the following marketing year by an amount not greater than 10 percent of the level of loans for such commodity which is in effect at the time of the decrease. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity at the time of such determination and the loan level was not adjusted downward for such commodity for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for such commodity for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

"(b)(1) With respect to the 1986 through 1990 crops of corn, grain sorghum, barley, and oats, the Secretary shall make payments to producers on farms having an acreage base for the commodity for the 1986 crop year. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section, by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1990 crops, not more than 100 percent for each crop and not less than 92 percent, 80 percent, 65 percent and 50 percent for the 1987, 1988, 1989, and 1990 crops, respectively.

"(2)(A) The payment rate for corn, grain sorghum, barley, and oats to producers on farms on which producers were participants in either the 1984 or 1985 program for such commodity established under section 105B of the Agricultural Act of 1949 shall be $0.94, $0.88, $0.78, and $0.51, respectively.

"(B) The payment rate for corn, grain sorghum, barley, and oats to producers on farms not specified in subsecton (b)(2)(A) shall be $0.65, $0.62, $0.45, and $0.30, respectively.

"(C) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for corn, grain sorghum, barley, or oats for the 1987, 1988, 1989, or 1990 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate of such commodity by a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1990 marketing years shall be computed by multiplying the acreage base for the commodity by the payment yield established for the farm for the commodity.

"(B) The acreage base for any farm for corn, grain sorghum, barley, and oats shall be the average acreage planted and considered planted to the commodity for harvest in 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to the commodity for harvest shall include any acreage which the producers were prevented from planting to the commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producer. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for feed grains shall be the yield established for the farm for the commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for the commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to a feed grain or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date specified by the Secretary the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(c) If the Secretary determines, prior to any of the 1991, 1992 or 1993 marketing years, that the cash receipts of producers of corn, grain sorghum, barley or oats eligible for the payments provided by this subsection will, in the absence of a payment program, be less than 75 percent of the average cash receipts of such producers of such commodities for the two marketing years immediately preceding this year for which the determination is made, the Secretary may make available to producers of such commodities payments for the 1991, 1992, or 1993 crops of such commodity, determined in the same manner as payments for the 1990 crop or as the Secretary deems necessary. For the purpose of the preceding sentence, the cash receipts of producers includes the payments authorized by this subsection.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for feed grains or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of feed grains.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1993 CROPS OF FEED GRAINS

SEC. 402. Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1993 crops of feed grains.

TITLE V—COTTON

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 501. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to upland cotton of the 1986 through 1993 crops.

REPEAL

SEC. 502. (a) Section 506 of the Agriculture and Food Act of 1981 is repealed.

(b) Subsection (h) of section 103 of the Agricultural Act of 1949 is repealed effective beginning with the 1986 crop of extra long staple cotton.

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1993 CROPS OF COTTON

SEC. 503. Effective only for the 1986 through 1993 crops of upland cotton, Section 103 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(i)(1)(A) The Secretary shall make available to producers nonrecourse loans for

each of the 1986 through 1993 crops of upland cotton at a level of $0.50 per pound, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased any that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of upland cotton received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of upland cotton received by producers in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of upland cotton received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year.

"(B) For purposes of this subsection, extra long staple cotton means cotton which is produced from pure strain varieties of Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which American upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of such varieties or types and which is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

"(C) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1993 crops of extra long staple cotton at such level as the Secretary determines is fair and reasonable in relation to the level of loans for upland cotton, but in no event at a level in excess of 50 percent of the level of loans for upland cotton in effect at the time of the determination.

"(D) The Secretary adjusts the level of loans for upland cotton or extra long staple cotton in accordance with paragraph (1) of this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans for such commodity.

"(E) If authorized by the Secretary, nonrecourse loans provided for in this subsection may, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months.

"(2)(A) With respect to the 1986 through 1990 crops of cotton, the Secretary shall make payments to producers on farms having an upland cotton or extra long staple cotton acreage base for the 1986 crop year. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (B) of this paragraph by (ii) the payment quantity as defined in subparagraph (C) of this paragraph, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1990 crops, not more than 100 percent for each crop, and not less than 92 percent, 80 percent, 65 percent, and 50 percent, for the 1987, 1988, 1989, and 1990 crops, respectively.

"(B)(i) The payment rate for upland cotton to producers on farms on which producers were participants in either the 1984 or 1985 Upland Cotton Program established in accordance with subsection (g) of section 103 of the Agricultural Act of 1949 shall be $0.26.

"(ii) The payment rate for upland cotton to producers on farms not specified in subparagraph (B)(i) shall be $0.073.

"(iii) The payment rate for extra long staple cotton to producers on farms on which producers were participants in either the 1984 or 1985 Extra Long Staple Cotton Program established in accordance with section 4 of the Extra Long Staple Act of 1983 shall be $0.39.

"(iv) The payment rate for extra long staple cotton to producers on farms not specified in subparagraph (b)(iii) shall be $0.11.

"(v) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for upland cotton or extra long staple cotton for the 1987, 1988, 1989, or 1990 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for such commodity for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(C)(i) The payment quantity for upland cotton and extra long staple cotton for each of the 1986 through 1990 marketing years shall be computed by multiplying the acreage base for such commodity by the payment yield established for the farm for such commodity.

"(ii) the acreage base for any farm shall be the average acreage planted and considered planted to upland cotton or extra long staple cotton for harvest in the 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to upland cotton or extra long staple cotton for harvest shall include any acreage which the producers were prevented from planting to such commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for upland cotton or extra long staple cotton shall be the yield established for the farm for such commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for such commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D) A producer on a farm with respect to which payments are authorized by this paragraph shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producers devotes to cotton or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(E) The Secretary shall require, as a condition to receive the payments under this paragraph, that producers report annually on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(F) If the Secretary determines, prior to any of the 1991, 1992, or 1993 marketing years, that the cash receipts of producers of upland cotton or extra long staple cotton eligible for the payments provided by this paragraph will, in the absence of a payment program, be less than 75 percent of the average cash receipts of such producers of such commodity for the two marketing years immediately preceding the year for which the determination is made, the Secretary may make available to producers of cotton payments for the 1991, 1992, and 1993 crops of such commodity, determined in the same manner as payments for the 1990 crop or as the Secretary deems necessary. For the purpose of the preceding sentence, the cash receipts of producers include the payments authorized by this paragraph.

"(3)(A) The Secretary shall not require participation in any production adjustment control program for cotton or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make annual land diversion payments to producers of cotton.

"(4) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under Section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(5) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provision of this subsection.

"(6) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(7) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating the assignment of payments) shall apply to payments under this subsection.

"(8) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(9) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity pro-

gram may not be required as a condition of eligibility for loans or payments under this subsection.

"(10) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

MISCELLANEOUS COTTON PROVISIONS

SEC. 504. Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1993 crops.

SKIPROW PRACTICES

SEC. 505. Section 374(a) of the Agricultural Adjustment Act is amended by striking out "1985" and inserting in lieu thereof "1993".

PRELIMINARY ALLOTMENTS FOR 1994 CROP OF UPLAND COTTON

SEC. 506. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1994 crop.

TITLE VI—RICE

LOAN RATES AND TRANSITION PAYMENTS

SEC. 601. Effective only for the 1986 through 1993 crops of rice, Section 101 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(j) Notwithstanding any other provision of law—

"(1) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1993 crops of rice at a level of $5.50 per hundredweight, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of rice received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of rice received by producers in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of rice received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

"(2)(A) With respect to the 1986 through 1990 crops of rice, the Secretary shall make payments to producers on farms having a rice acreage base for the 1986 crop year. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (2)(B) of this section by (ii) the payment quantity as defined in subparagraph (2)(C) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1990 crops, not more than 100 percent for each crop, and not less than 92 percent, 80 percent, 65 percent, and 50 percent for the 1987, 1988, 1989, and 1990, respectively.

"(B)(i) The payment rate for rice to producers on farms on which producers were participants in either the 1984 or 1985 Rice Program established under subsection (i) of section 101 of the Agricultural Act of 1949 shall be $4.26.

"(ii) The payment rate for rice to producers on farms not specified in subparagraph (2)(B)(i) shall be $2.50.

"(iii) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, or 1990 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for rice for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(C)(i) The payment quantity for each of the 1986 through 1990 marketing years shall be computed by multiplying the acreage base by the payment yield established for the farm for rice.

"(ii) The acreage base for any farm shall be the average acreage planted and considered planted to rice for harvest in the 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to rice for harvest shall include any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for rice shall be the yield established for the farm for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for rice was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D)(i) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to rice or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(ii) The Secretary shall require, as a condition of eligibility to receive payments under this paragraph, that producers report annually on a date prior to harvest specified by the Secretary the amount of the farm acreage base devoted to the production of agricultural commodities or conserving uses.

"(4) If the Secretary determines, prior to any of the 1991, 1992, or 1993 marketing years, that the cash receipts of rice producers eligible for the payments provided by this paragraph will, in the absence of a payment program, be less than 75 percent of the average cash receipts (including transition payments) of such producers for the two marketing years immediately preceding the year for which the determination is made the Secretary may make available to producers of rice payments for the 1991, 1992, or 1993 crops of rice, determined in the same manner as payments for the 1990 crop or as the Secretary deems necessary. For the purpose of the preceding sentence, the cash receipts of producers includes the payments authorized by this subsection.

"(5) (A) The Secretary shall not require participation in any production adjustment control program for rice or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make land diversion payments to producers of rice.

"(6) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(7) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(8) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(9) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(10) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(11) The Secretary shall provide adequate safeguards to protect the interest of tenants and sharecroppers.

"(12) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.".

TITLE VII—DAIRY

REPEAL

SEC. 701. Section 201(c) of the Agricultural Act of 1949 (7 U.S.C. 1446(c) is repealed effective October 1, 1985.

PRICE SUPPORT PURCHASES, PAYMENTS, AND PAYMENT LIMITATION

SEC. 702. Effective beginning October 1, 1985, section 201(d) of the Agricultural Act of 1949 is amended to read as follows:

"(d) Notwithstanding any other provision of law—

"(1) The Secretary shall make price support available to producers of milk through the purchase of milk and the products of milk at a level of $10.60 per hundredweight for manufacturing grade milk containing 3.67 percent milkfat, except that:

"(A) If the Secretary estimates on October 1, 1986, or on October 1 of any subsequent fiscal year that for the twelve month period beginning on such date the net price support purchases of milk or the products of milk will exceed 5 billion pounds milk equivalent, the level of price support in effect on that date may be reduced by 50 cents per hundredweight.

"(B) If the Secretary estimates on October 1, 1986, or October 1 of any subsequent fiscal year that for the twelve month period beginning on such date that the net price support purchases of milk or the products of milk will be at a level which is less than 2 billion pounds milk equivalent, the level of price support in effect on that date may be increased by the Secretary by 50 cents per hundredweight: *Provided*, That in no event may the level of price support exceed a level of $10.60 per hundredweight for manufacturing grade milk containing 3.67 percent milkfat.

"(2)(A) The Secretary shall make payments available to producers of milk produced in the United States for the 1986 through 1990 fiscal years.

"(B) Subject to such limitations as are otherwise provided for, the amount of a producer's eligibility for payments for any fiscal year shall be the amount computed by multiplying (1) the payment rate by (2) the lesser of (i) the producer's marketings of milk produced by the producer in the United States for the fiscal year or (ii) the quantity of milk represented by the producer's payment base, by (3) 100 percent for fiscal year 1986, 92 percent for fiscal year 1987, 80 percent for fiscal year 1988, 65 percent for fiscal year 1989, and 50 percent for fiscal year 1990.

"(C) The payment rate shall be $1.50 per hundredweight, except that if the level of price support for milk is reduced under the provisions of paragraph (1)(A) of subsection (d), the payment rate shall be increased effective with the fiscal year in which such reduction is made by the percentage reduction in the level of price support.

"(D) A producer's payment base shall be the quantity of milk equal to the producer's average per annum marketings during fiscal years 1984 and 1985 of milk produced by the producer in the United States except that:

"(i) The producer's payment base shall be adjusted to take into account the acquisition of a base from another producer pursuant to subparagraph (F) of this paragraph;

"(ii) a producer who participated in the paid diversion program authorized by the Dairy and Tobacco Adjustment Act of 1983 may elect a base equal to the producer's marketings during calendar year 1982 of milk produced by the producer in the United States or the average of such marketings during calendar years 1981 and 1982; and

"(iii) subject to the provisions of subparagraph (E), if a producer was not producing milk during any portion of fiscal years 1984 and 1985, the Secretary may establish a payment base for such producer based upon the producer's actual marketings of milk during fiscal years 1984 and 1985 as the Secretary determines to be fair and equitable.

"(E) Except as provided in subparagraph (F) of this paragraph, no producer may receive payments under this paragraph if such producer, as determined by the Secretary, was not actively engaged in the production of milk as of the date of the enactment of this Act. Such producer shall not be entitled to a payment base except to the extent that the producer acquired a payment base from another producer in accordance with subparagraph (F) of this paragraph.

"(F) A producer may acquire the payment base of another producer if (1) the producer receiving the base acquires the entire production herd and facilities of the producer transferring the base; (2) the producer transferring the base agrees to the transfer of the base; and (3) the producer transferring the base has not made the election to receive payments which is specified in subparagraph G of this paragraph. The quantity of milk for which the producer who receives the base shall be eligible for payments in the fiscal year in which the transfer of the payment base occurs shall be reduced by that quantity of milk for which the producer transferring the base has received payments under this paragraph for the fiscal year in which the transfer of the payment base occurs.

"(G) A producer who terminates the production of milk in a fiscal year for which payments are available under this paragraph may elect for such fiscal year to receive a payment for that fiscal year which shall be based on the quantity of milk for which the producer was eligible to receive payments in the immediately preceding fiscal year: *Provided*, That

"(i) the producer on making such election shall not be eligible for payments under this paragraph in any succeeding fiscal year; and

"(ii) the production facilities of such producer may not be used by any person to produce milk in the fiscal year in which the termination occurs or in the next succeeding fiscal year.

"(H) Any producer who makes the election to receive payments in the manner specified in subparagraph (G) of this paragraph and who thereafter becomes ineligible for such payments shall be liable to the Commodity Credit Corporation for an amount equal to twice the amount of the payment received as the result of such election, together with interest thereon.

"(I) The Secretary may, to the extent practicable and on such fair and equitable basis as the Secretary shall determine, reduce the amount of payments which a producer may receive under this paragraph to account for milk marketings used to determine a producer's base or any marketings by a producer in any fiscal year which contained less than 3.67 percent milkfat.

"(J)(i) The total amount of payments which a person, as defined by the Secretary in accordance with Title VIII of this Act, may receive under this paragraph shall not exceed $20,000 for fiscal year 1986, $18,400 for fiscal year 1987, $16,000 for fiscal year 1988, $13,000 for fiscal year 1989, and $10,000 for fiscal year 1990.

"(ii) Any payments which are received by a person under this paragraph for any fiscal year shall be taken into account in the application of the maximum payment limitation provisions of Title VIII of this Act.

"(K) If the Secretary determines prior to the 1991, 1992, or 1993 fiscal years that in the absence of payments for such fiscal years the cash dairy receipts of United States dairy producers would be less than 75 percent of the average cash receipts (including payments under this paragraph) of such producers for the two fiscal years preceding the fiscal year for which such determination is made, the Secretary may make payments available for the fiscal year to which such determination applies. Such payments shall be made in the same manner and at the same payment and levels as payments for the 1990 fiscal year, or in the manner and at such levels the Secretary deems necessary.

"(L) The provisions of Section 8(g) of the Soil and Conservation and Domestic Allotment Act (relating to assignments of payments) shall apply to payments made under this paragraph.

"(M) The Secretary shall provide for the sharing of payments made under this paragraph for any farm among the producers on the farm on a fair and equitable basis.

"(N) Payments under this paragraph shall be made quarterly and only upon application which, pursuant to such requirements as the Secretary shall impose, shall set forth facts demonstrating the applicant's eligibility for the payment.

"(O) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this paragraph precludes the making of payments, the Secretary may, nevertheless, make such payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure.

"(3) The Secretary may issue such regulations as he determines necessary to carry out the provisions of this subsection.

"(4) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(5) The term 'United States' as used in paragraph (2) of this subsection means the forty-eight states of the United States.".

MISCELLANEOUS

SEC. 703. The Secretary of Agriculture shall implement the provisions of section 201(d) of the Agricultural Act of 1949, as amended by section 702 of this Act, without regard to the provisions requiring notice and other procedures for public participation in rulemaking contained in section 553 of title 5, United States Code, or in any directive of the Secretary.

TITLE VIII—PAYMENT LIMITATION AND CONSERVATION OF LANDS SUBJECT TO EXCESSIVE EROSION

PAYMENT LIMITATION

SEC. 801. Notwithstanding any other provision of law—

(1)(a) The total amount of payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, cotton, rice, and dairy shall not exceed $63,000 for the 1986 crop, $57,960 for the 1987 crop, $50,400 for the 1988 crop, $40,950 for the 1989 crop, and $31,500 for the 1990 crop. For purposes of this section, payments received under the annual programs established under the Agricultural Act of 1949 for dairy shall mean the payments received in the fiscal year corresponding with the year of the programs established for the other commodities.

(b) Except as provided in section 702 of this Act and subsection 1(a) of this Title, any payments which are otherwise authorized to be made under the provisions of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, cotton, rice, and dairy shall be subject to the following payment reductions:

(1) payments in excess of $20,000 but not more than $60,000 shall be reduced by 50 percent;

(ii) payments in excess of $60,000 but not more than $120,000 shall be reduced by 75 percent;

(iii) payments in excess of $120,000 but not more than $200,000 shall be reduced by 90 percent.

(2) The term "payments" as used in this section shall not include loans.

(3) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitations provided by this section.

CONSERVATION OF LANDS SUBJECT TO EXCESSIVE EROSION

SEC. 802. Notwithstanding any other provision of law—

(a) The Secretary shall identify at least 30 million acres of land devoted to the production of agricultural commodities that are subject to excessive erosion. Such acreage shall include at least 2.2 percent of the farm acreage bases of farms as established in Titles III, IV, V, and VI of this Act in areas subject to excessive wind erosion as determined by the Secretary unless the producers on such acreage demonstrate that they have installed and maintained shelterbelts or other practices approved by the Secretary. The Secretary shall not make available to producers price support loans as provided for by this Act with respect to commodities which are produced on acreage which is determined to be subject to excessive erosion in accordance with this subsection. In addition, the Secretary shall not make payments which are authorized by Titles III, IV, V, and VI to producers with respect to such acreage. Notwithstanding any other provision of this subsection, no acreage so identified shall include lands on which an approved Soil Conservation Service plan is being followed by the producer.

(b) Acreage identified as lands subject to excessive erosion under the provisions of subsection (a) of this section shall be eligible for the Conservation Acreage Reserve in accordance with Title II of this Act.

TITLE IX—GRAIN RESERVE

SEC. 901. (a) Effective with the 1986 crops of wheat and feed grains, section 110 of the Agricultural Act of 1949 is amended by—

(1) amending subsection (b) to read as follows: "In carrying out the producer storage program, the Secretary shall provide original or extended price support loans for wheat and feed grains for extended periods of time in order to promote orderly marketing when wheat or feed grains are in abundant supply. Loans made under this section shall be recourse loans at a level not to exceed the then current level of support under the wheat and feed grain programs established under Titles III and IV of this Act. Among such other terms and conditions as the Secretary may prescribe by regulation, the program shall provide for (1) repayment of such loans in not less than one year nor more than three years; (2) the prohibition of the forfeiture to the Commodity Credit Corporation of the wheat or feed grains pledged as collateral for a loan authorized by this section; (3) a rate of interest as determined under subsection (c) of this section; (4) payments to producers for storage for the first year of the loan; and (5) in the second and third years of the loan, payments to producers for storage for wheat or feed grains if (A) for wheat, the quantity of wheat in the reserve is less than 350 million bushels or for feed grains, the quantity of feed grains in the reserve is less than 800 million bushels and (B) the Secretary determines that such payments will not adversely disrupt the wheat or feed grain markets."; and

(2) amending subsection (c) to read as follows: "Interest shall not accrue with respect to any loan authorized by this section during the first year of such loan. The rate of interest with respect to the second and third years of any loan authorized by this section shall not be less than the rate of interest charged the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust such interest if (A) for loans on wheat, the quantity of wheat in the reserve is less than 350 million bushels or for loans on feed grains, the quantity of feed grains in the reserve is less than 800 million bushels and (B) the Secretary determines that such waiver or adjustment will not adversely disrupt wheat and feed grain markets"; and

(3) inserting after the third sentence in subsection (e) the following: "With respect to the 1985 and subsequent crops of wheat and feed grains, the Secretary shall not provide loans authorized by this section unless (1) the quantity of wheat in the reserve is less than 350 million bushels or the quantity of feed grains in the reserve is less than 800 million bushels, or (2) the Secretary determines that (A) the levels set forth in clause (1) of this sentence to not reflect current supply and demand conditions and (B) the quantity of wheat in the reserve is less than 15 percent of the projected usage of wheat in the then current marketing year or the quantity of feed grains in the reserve is less than 10 percent of the projected usage of feed grains in the then current marketing year.".

TITLE X—SUGAR

LOANS

SEC. 1001. Effective only for the 1986 through 1993 crops of sugar beets and sugar cane, subsection 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugar cane"; and

(2) amending subsection (h) to read as follows:

"(h) Effective October 1, 1986, the Secretary shall support prices of domestically grown sugar cane from the 1986 through the 1993 crop through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar. Effective October 1, 1986, the Secretary shall support the price of domestically grown sugar beets from the 1986 through the 1993 crop through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugar cane. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

TITLE XI—SPECIAL OPTION FOR 1985 CROP LOAN RECIPIENTS

REDEMPTION LEVEL OPTION

SEC. 1101. Notwithstanding any other provision of the law—

(a) The Secretary shall, as soon as practicable after the date of enactment of this Act, determine the market price received by producers of wheat, feed grains, upland cotton, extra long staple cotton, and rice during the immediately preceding 30 days. With respect to any of these commodities for which such price is not greater than 105 percent of the loan level in effect for any such commodity for the 1985 crop, the Secretary shall offer a repayment option to producers who receive 1985 price support loans for such commodity. Under the repayment option, producers shall be allowed to redeem their 1985 crop price support loan collateral at a price per bushel, per hundredweight, or per pound, whichever is applicable, lower than the loan level in effect for the commodity for which the loan is made at the time of disbursement of the loans. The optional repayment level shall be determined monthly by the Secretary to reflect market conditions and producers may redeem their 1985 crop loan collateral at any time prior to the maturity date of such loans at the monthly level in effect at the time of repayment: *Provided*, That nothing in this section shall be construed as relieving producers of the obligation to pay interest on the total amount of the loans which they receive from the Commodity Credit Corporation, computed from the date of disbursement of the loan through the date of redemption of the loan collateral.

(b) The optional repayment levels established by the Secretary under this Title shall not be less than $2.20 per bushel for wheat, $1.90 per bushel for corn, $1.80 per bushel for grain sorghum, $1.63 per bushel for barley, $1.01 per bushel for oats, $0.50 per pound for upland cotton, $0.75 per pound for extra long staple cotton, and $5.50 per hundredweight for rice.

(c) Producers who receive 1985 crop price support loans prior to the date of enactment of this Act shall be given the option with respect to the redemption of loan collateral as provided by subsection (a).

(d)(1) The provisions of this section shall not affect the calculation of deficiency payments which may be made to producers of the 1985 crops of wheat, feed grains, upland cotton, extra long staple cotton and rice.

(2) The difference between the total loan amounts which producers receive as 1985 crop price support loans and the amounts paid by producers to redeem the collateral securing such loans in accordance with the optional repayment levels established under this Title shall not be taken into account in the application of the maximum payment limitation provision of Section 1101 of the Food and Agriculture Act of 1981.

(e) The Secretary shall carry out the provisions of this section through the Commodity Credit Corporation.

(f) The Secretary may issue such regulations as the Secretary deems necessary to carry out the provisions of this section.

FAMILY FARM PROTECTION AND FULL PRODUCTION ACT OF 1985 AT A GLANCE

GOALS

(1) Protect farm income; (2) Full production; (3) Improve export competitiveness.

INCOME PROTECTION

The Family Farm Protection and Full Production Act sets up a system of "transition payments" for farmers growing major crops. These are direct payments to farmers. These payments have upper limits. Farmers may plant whatever they wish. They are free to plant according to market signals, rather than for the federal program. if nothing is planted (if that's the

most economical use to which the land can be put), an acceptable cover crop or conservation practice must be established to qualify for the payment. There are no annual set asides.

Crop	Loan rate [1]	Payment
Corn	$1.90	$0.94/bu.
Wheat	2.20	1.42/bu.
Cotton	.50	.26/bu.
Rice	5.50	4.26/bu.
Dairy	10.60	1.50/cwt.

[1] Support price.

As the size of operation increases, the percent of the payment made decreases according to this schedule:

	Transition payment with no limitation	Reduction factor (percent)	Transition payment with limitation
1st increment of	$20,000	100	$20,000
2nd increment of	40,000	50	20,000
3rd increment of	60,000	25	15,000
4th increment of	80,000	10	8,000
Total payment without limit	200,000		[1] 63,000

[1] Total payment with limit.

This focuses income protection on small and medium sized operations. The maximum payment per farmer in the first year would be $63,000. (Dairy Limit: $20,000 which applies to the $63,000.)

Transition payments would be made at 100 percent in 1986, and not less than 92 percent in 1987, 80 percent in 1988, 65 percent in 1989 and 50 percent in 1990.

EXPORT PROMOTION

The bill encourages exports of U.S. agricultural products through several mechanisms: (1) Lower loan rate; (2) Green Dollar Certificate Program; (3) Mandatory CCC stock reduction; (4) Intermediate credit guarantees.

CONSERVATION

The Secretary of Agriculture will designate 30 million acres of highly erodible land to be put to conservation. Bids will be taken on at least 20 million acres for 10-year conservation reserve. Payments may be made in a lump sum or over 5 years.

INNOVATIVE ASPECTS OF THE BOSCHWITZ-BOREN APPROACH

1. This is the only bipartisan farm bill yet introduced in the Senate.
2. A transition payment.
3. Farmers receive the benefit of prices exceeding the loan rate without losing the transition payment.
4. An incremental table that focuses the transition payment on the family farm.
5. This is not a program farmers would plant for. It frees them to respond to market signals rather than responding to the program signals.
6. No annual set asides or diversions—this is a full production bill.
7. Loan rates that immediately establish us as competitive in world markets, not simply set according to arbitrary multi-year formula which takes too long to adjust to market realities.
8. Loan rates that will not lead to further CCC acquisitions.
9. An interim program for 1985 crops to prevent CCC from acquiring huge stocks at great expense. These stocks would be difficult to dispose of and would likely burden CCC with additional storage costs for several years.
10. A "Green Dollar" program to establish export competitiveness and work down CCC stocks.
11. A loan rate not established by multi-year averages.
12. A large "sodbuster" provision to move fragile lands to a conservation reserve and specifically provide for shelterbelts and wetlands. No transition payment made on erodible land.
13. A dairy support program that allows for income protection for farmers, yet substantially lowers prices to consumers to increase demand.

FAMILY FARM PROTECTION AND FULL PRODUCTION ACT OF 1985, QUESTIONS AND ANSWERS

How does the Family Farm Protection and Full Production Act of 1985 differ from other farm bills?

This program has three primary goals: to maintain farm income, to promote sales of agricultural products on the export market and to allow full production in the agricultural sector. To achieve these goals it uses several new mechanisms and some traditional tools of federal farm policy.

What tools are employed?

Four primary mechanisms are used. To promote exports, the bill lowers loan rates to a level that will increase sales overseas and discourage foreign competitors from increasing production. It also sets up several export promotion programs to be run by the federal government. The bill establishes a "transition payment" system to provide reasonable income as the U.S. regains foreign markets. Lastly, the bill mandates a Conservation Acreage Reserve to remove highly erodible and less productive land from production.

Is this a comprehensive farm bill?

Yes. It provides programs for corn, wheat, cotton, rice, sugar, dairy exports and conservation. The bill would be in effect for eight years.

FARM INCOME PROTECTION

The Family Farm Protection and Full Production Act replaces traditional systems of acreage reduction and target prices with a transition payment that gives farmers adequate cash as U.S. ag products regain their competitiveness on world markets. This is a full production farm bill. The only land it removes from production is the highly-erodible land, which enters the Conservation Acreage Reserve.

How is the transition payment calculated?

For wheat, corn, cotton, and rice, a transition payment would be established that would provide the same income over variable costs for farmers at full production as is now earned in the 1985 Acreage Reduction Program. Loan rates would be reduced and the transition payment would bring income to that level. The loan rates and payments for various crops are listed below:

Crop	Loan rate	Transition payment
Wheat	$2.20	$1.42
Corn	1.90	.94
Cotton	.50	.26
Rice	5.50	4.26

For example, if a farm had a 200 acre corn-base and a 100 bushel per acre yield, it would receive $.94 times 10,000 bushels. Total payment: $18,800.

Would there be limits on these payments?

Yes. The transition payment system targets assistance to small and medium sized operations by reducing the percentage of the transition payment a farm receives as its output increases. On the first, $20,000 of payment, 100 percent would be paid. On the next $40,000, 50 percent would be paid. On the next $60,000, 25 percent would be paid. On the next $80,000, 10 percent would be paid. A farm receiving the maximum payments would earn $63,000 under the program.

When does the transition begin?

In 1986, the transition payment is made at 100 percent. Then it is reduced on this schedule no lower than: 1987—92 percent; 1988—80 percent; 1989—65 percent; 1990—50 percent.

What cropping restrictions are placed on those receiving transition payments?

None. The transition payment would be made regardless of what is produced on the land during the years 1986 through 1990. Farmers receiving payments are free to make planting decisions based on economic signals. They do not have to plant a crop at all. However, if no crop is produced, an acceptable cover crop or conservation practice must be established to qualify for the transition payment.

Would farmers have to set aside acres under the program?

This is a full production bill. However, transition payments would not be made for crops grown on 30 million acres of highly erodible land, as defined by the Secretary of Agriculture, unless an approved Soil Conservation Service plan is being followed.

EXPORT PROMOTION

The lower loan rate would do a great deal to increase exports. This makes U.S. ag products more attractive to foreign buyers and discourages further expansion of production. The bill proposes additional export promotion programs also, including a mandatory reduction in CCC stocks and an incentive program, called the Green Dollar program to encourage exports using CCC stocks.

What is a "Green Dollar?"

Green Dollars are certificates issued to exporters that can be redeemed for commodities owned by the CCC. The Secretary of Agriculture is mandated to use Green Dollars to maintain competitiveness abroad.

How would a Green Dollar program work?

Exporters would be allowed to bid for the number of Green Dollars they need to complete an export sale. When the sale is complete, the exporter would receive Green Dollar Certificates, which would be redeemable for CCC stocks. These stocks also must be exported, although exporters could sell their Green Dollar Certificates to another exporter. (In other words, a secondary market would be allowed for buying and selling Green Dollar Certificates.)

Is there a limit on the amount of CCC stocks to be used in this program?

No. The Secretary may use as large a quantity of CCC stocks as necessary to carry out the program.

SOIL AND WATER CONSERVATION

The Family Farm Protection and Full Production Act includes an aggressive conservation program to protect our soil and water resources. It would make 30 million acres of highly erodible land ineligible for transition payments and CCC loans. This would discourage production of crops on these acres. At least 20 million acres of this land would be accepted into a ten-year Con-

servation Acreage Reserve (CAR) by competitive bids. Also, former wetlands which are now producing crops could be bid into the reserve and then revert to wetlands.

How long would land be placed in the reserve?

Land would be in the reserve for 10 years. Farmers would bid to receive either a lump sum payment in the first year of the reserve or annual payments through the first five years.

How will bids be selected?

The Secretary of Agriculture would choose bids that will prevent the most erosion per dollar invested. The bill gives him the flexibility to establish different criteria for selection in various states and regions. He would be allowed to reject bids that are high relative to others in that state or region. To the extent practicable, at least 10 percent of the total program acreage will be in wetlands and 10 percent of the total program acreage will be devoted to planting shelterbelts in areas prone to wind erosion.

Will the amount of land eligible for the conservation reserve be limited?

Yes. The Secretary may limit the amount of land entering the reserve in any particular county to preserve the economic health of surrounding agricultural businesses and rural communities.

Further, any highly erodible lands that have been initially plowed since January 1, 1980, will be eligible for the reserve only with lump sum bids sufficient to re-establish a cover crop. This program is not designed to provide a windfall to people who have been engaged in sodbusting.

DAIRY

The transition payment idea has also been adapted for the dairy sector of the farm economy. The bill establishes a transition payment of $1.50 per hundredweight. The CCC purchase price would be $10.60 per hundredweight, so the effective price received by the farmer would be the current level of $12.10 per hundredweight.

How is the transition payment calculated?

Farmers who wish to receive transition payments must provide proof of milk marketings for the 1984 and 1985 marketing years. Farmers who participated in the dairy diversion program may use their marketing history from that program. Farmers would be paid the transition payment of $1.50 per hundredweight multiplied by the total number of hundredweights marketed per year. Overall, a dairyman may receive no more than $20,000 a year in dairy transition payments. If a dairyman is at or near the limit of transition payments for other crops, such as corn or wheat, the special payment for dairy would be reduced or eliminated so the total transition payments do not exceed the limits set for crops.

How will the transition be made?

The transition payments will be made at 100 percent of the calculated amount in 1986. They will be made at no lower than 92 percent in 1987, 80 percent in 1988, 65 percent in 1989 and 50 percent in 1990. After 1990, the Secretary would have the authority to continue some form of income support payments if needed. Due to the unique cash flow requirements on dairying, the transition payments would be made quarterly.

FAMILY FARM PROTECTION AND FULL PRODUCTION ACT OF 1985—DETAILED DESCRIPTION

This bill consists of 11 titles: (1) Agricultural Exports; (2) Conservation Acreage Reserve; (3) Wheat; (4) Feed Grains; (5) Cotton; (6) Rice; (7) Dairy; (8) Payment Limitation and Conservation of Land Subject to Excessive Erosion; (9) Grain Reserve; (10) Sugar; and (11) Special Option for 1985 Crop Loan Recipients. It would be effective for 8 years, terminating on September 30, 1993.

EXPORT PROMOTION

Green dollar export certificate

The Secretary shall maintain the competitiveness of U.S. agricultural exports by use of Green Dollar export certificates. The program shall be used to regain market share, to meet commercial competition, and to offset: (1) the use by other countries of subsidies and other unfair trading practices; (2) temporary imbalances caused by U.S. loan rates which are above world market levels; and (3) fluctuations in the value of the dollar against other major currencies.

The Green Dollar Export Certificate Program shall be run similar to the GR 345 program (terminated in 1972). Exporters may bid for the amount of Green Dollar Certificates they need to complete an export sale. (Alternatively, the Secretary may run the program using an announced amount of Green Dollar Certificates instead of competitive bids.)

After completing the sale the exporter would provide USDA with appropriate documentation proving that the commodity was exported. The exporter then would receive Green Dollar Certificates. These may be redeemed in exchange for CCC-owned commodities which also must be exported. The Secretary may set values on CCC commodities for redemption by Green Dollar Certificates which are different than the acquisition prices of the commodities. Exporters may create a secondary market by buying and selling Green Dollar Certificates, but these Certificates must be redeemed within 6 months of the date issued.

The Secretary shall use as large a quantity of CCC stocks as is necessary to effectively carry out this program. The Secretary is authorized to use funds of the CCC in addition to commodities to carry out this program.

CCC stock reduction program

On October 1 of each year, the Secretary shall take an inventory of all commodities owned by the CCC. Prior to the following September 30, the Secretary shall cause at least 20 percent of those stocks to be exported (assuming the commodities are not needed to operate the Green Dollar program) through the following programs:

1. Provide CCC-owned commodities for use in GSM-301 and GSM-201 intermediate credit programs to develop infrastructure for importing and using agricultural commodities and to expand livestock production.

2. Overseas donations of CCC-owned commodities through Section 416.

The Secretary is authorized to use funds of the CCC if they are necessary to carry out the stock reduction program.

GSM-201 and GSM-301 guarantees

Allow the GSM-201 and GSM-301 intermediate credit programs to be utilized with guaranteed commercial credits as well as direct CCC credits or CCC-owned commodities.

Embargo prevention

Omit the references to loans at 100 percent of parity from the embargo prevention language of the 1981 Farm Bill. Continue the requirement for direct payments to farmers.

Cargo preference

Include the language from S. 721, the Boren-Boschwitz cargo preference bill.

WHEAT, CORN, COTTON AND RICE

Loan rates

1. Lower loan rates to $2.20 for wheat, $1.90 for corn, $0.50 for cotton, and $5.50 for rice.

This is in line with the increase in the dollar since 1981. It will return our loan rates to about the same relative position compared to other currencies that they held in 1981.

This reduction will make U.S. wheat and corn competitive at current prices with similar commodities from other origins.

It maintains an appropriate relationship between the loan rates for various grains so that some wheat can be economically used for livestock feed when market conditions warrant it.

2. Allow the loan to be lowered by at least 10% starting with the 1987 crop year if the market price for the previous year is within 5% of the loan rate. Require the Secretary to lower the loan by at least 10% if the market price for the previous 2 years is within 5% of the loan rate and if the loan rate was not adjusted downward in the previous year. Allow the Secretary to raise the loan by up to 5% if market conditions over the 2 preceding years warrant it and if such increase will not jeopardize the competitive position of U.S. agriculture in world markets.

Income support

1. Establish "transition payments" which would provide the same income over variable costs at full production that farmers now earn with the 1985 Acreage Reduction Program. These would be $1.42 for wheat, $.94 for corn, 0.26 for cotton, and $4.26 for rice for farmers who participated in the 1984 or 1985 programs. For farmers who did not participate in either the 1984 or 1985 programs, the transition payment would be $1.10 for wheat, 0.65 for corn, $0.073 for cotton, and $2.50 for rice. (The payment for non-participants is equal to the drop in the loan rate for each commodity.)

2. Calculate each farm's acreage base and yield for 1986 in the same manner as was done in 1985. (This will give a number of bushels for each farm.)

3. Multiply that number of bushels for each farm times the transition payment. This would determine the size of the "income support" each farmer would receive, subject to payment limitations.

4. The transition payment would be made at 100% in 1986, 92% in 1987, 80% in 1988, 65% in 1989, and 50% in 1990. (That is, the total payment received by each farm would be reduced each year by the percentage indicated. A farmer receiving $63,000 the first year would receive $57,960 in the second, $50,400 in the third, $40,950 in the fourth, and $31,500 in the 5th.) The Secretary would have the discretion to make higher payments if circumstances require it, up to 100 percent. It would be paid regardless of the price of the commodity on which it is originally based. After 1990, the Secretary would have the discretion to continue some form of income support payments if it is necessary to maintain adequate farm income.

5. Payment limitation. This sliding scale skews the bulk of the benefits to small and medium size farmers while still allowing fairly large farmers to receive payments.

	Transition payment with no limitation	Reduction factor (percent)	Transition payment with limitation
1st increment of	$20,000	100	$20,000
2nd increment of	40,000	50	20,000
3rd increment of	60,000	25	15,000
4th increment of	80,000	10	8,000
Total payment without limit	200,000		[1] 63,000

[1] Total payment with limit.

6. The transition payment would be made regardless of what is produced on the land during any of the years, 1986 through 1990. If no crop is produced on the land, an acceptable cover crop or other conservation practice must be established to qualify for a transition payment.

7. Transition payments and corp loans shall not be made for crops grown on at least 30 million acres of highly erodible land (as defined by the Secretary) unless an approved SCS plan is being followed in cropping the farm. This shall include 2.2 percent of the acreage base of farms in areas prone to wind erosion unless those farmers can demonstrate that they have installed and maintained shelterbelts or other SCS approved practices. These lands excluded from payment shall be eligible for the Conservation Acreage Reserve, although the Secretary need not accept them into the CAR if their bids are too high. To be eligible for the CAR, farmers in areas subject to wind erosion must establish appropriate shelterbelts.

8. The Secretary shall insure that the interests of tenants are protected when administering the transition payments. (Landlords should not be allowed to simply evict tenants and collect the transition payments. The Secretary prohibit transition payments to landlords that engage in such practices.)

9. If the loan rate is decreased in 1987 or later, the transition payment for each farm shall be increased by the same percentage that the loan rate falls. (A 10% drop in the loan would mean that the transition payments would increase by 10%.) Total payment to any farmer would still be limited by the miximum payment limitations listed above.

10. Farmers shall report their acreage planted to all crops on a date prior to harvest as specified by the Secretary in order to qualify for transition payments.

Annual acreage reduction programs are prohibited including paid diversion.

Farmer owned reserve

1. No new entries will be allowed until wheat stocks in the FOR have fallen below 350 million bushels or feed grain stocks have fallen below 800 million bushels. The Secretary could adjust these figures to equal 15% of annual usage for wheat and 10% of annual usage for feed grains if the total usage changes over time.

2. The Secretary would have discretion to allow direct entry into the reserve (as opposed to waiting until 9 month CCC loans expire).

3. The reserve loan could not be offered at a premium over the regular loan. It would be a 3 year recourse loan in which the grain could not be forfeited to the CCC.

4. CCC would pay storage and waive interest for the first 12 months and farmers could not sell the grain during the this time. The Secretary would have the discretion to allow grain to be sold during the first 12 months if extraordinary market conditions develop. After 12 months, storage payments and interest waiver would cease and the farmers would repay the loan whenever the grain is sold, or else at the end of the 3 year loan if the grain is not yet sold. The Secretary would have the discretion to extend the interest waiver and storage payments if market conditions make it advisable, but only if wheat stocks are below 350 million bushels and feed grains are below 800 million bushels.

Loan rate options for participants in the 1985 crop programs.

1. Upon enactment of this bill, the Secretary shall offer participants in the 1985 wheat, corn, cotton and rice programs another choice in regard to their CCC loans if the market price is not more than 5% greater than the loan rate during the preceding month. ($2.68 for corn, $3.47 for wheat, 60.2 cents for cotton, and $8.40 for rice.)

2. If the market price is below these levels, the participant shall have the option to either receive a loan which is repayable at the established level ($2.55 for corn, $3.30 for wheat, $0.573 for cotton, and $8.00 for rice), or else receive a loan which would be repaid at a price to be established monthly by the Secretary to reflect current market conditions. In no case would this repayment rate be less than the level which shall prevail for the 1986 crops ($1.90 for corn, $2.20 for wheat, $.50 for cotton, and $5.50 for rice).

3. If participants have received their CCC loans prior to enactment of the bill, they shall have the option of paying them back at the rate to be determined monthly by the Secretary.

4. This additional option shall in no way affect the calculation of the 1985 crop deficiency payments as specified in the 1985 program.

5. No payment limitation shall apply to the amount of the loan which the farmer may not have to repay under this provision.

DAIRY TRANSITION PROGRAM

The dairy transition program would be similar to the transition program for wheat, corn, cotton, and rice.

1. The CCC purchase price would be set at $10.60 per cwt. for FY86.

2. If CCC dairy purchases are projected on October 1 of any year to exceed 5 billion pounds (milk equivalent) for the coming marketing year, the Secretary may, at his discretion, lower the CCC purchase price by 50 cents.

3. If CCC dairy purchases are projected on October 1 of any year to be less than 2 billion pounds (milk equivalent) for the coming marketing year, the Secretary may raise the support price by 50 cents, but not above $10.60 for the 5 year life of the transition program.

4. Each farmer who wishes to receive a transition payment shall provide proof of his milk marketings for the 1984 and 1985 marketing years (same as the fiscal year; Oct. 1–Sept. 30). Farmers who have participated in the dairy paid diversion program may use their marketing history for that program instead of their actual sales. Farmers who have a marketing history for only the last part of that 2 year period shall be allowed to pro rate that amount to establish a more equitable 2 year history.

5. A transition payment of $1.50 per cwt. shall be multiplied times the average number of hundredweights marketed (or considered marketed). The total transition payment shall be subject to a payment limitation of $20,000. If a farmer is at or near the limitation on transition payments which applies to wheat, corn, cotton, and rice, his special transition payment for dairy shall be reduced or eliminated so that his total payments don't exceed the limit established for those crops.

6. The transition payment would be made at 100% of its calculated amount in 1986 (subject to the payment limitation), and not less than 92% in 1987, 80% in 1988, 65% in 1989, and 50% in 1990. (The payment received by the farm in 1986 would be reduced in the following year by the indicated percentage.) It would be paid regardless of the price received for milk. After 1990, the Secretary would have the discretion to continue some form of income support payments if farm conditions warrant it.

7. The transition payments shall be made to dairy farmers on a quarterly basis.

8. Dairy farmers who have a marketing history but are not actively engaged in the production of milk on the date of enactment of this bill shall not be eligible to receive transition payments.

9. Dairy farmers who discontinue producing milk during the transition period shall be eligible to receive transition payments for 1 year after they stop milking. This is subject to the condition that no one produces milk in facilities owned by that farmer during the year after he stops milking.

10. New entrants would be eligible to receive transition payments only if they take over facilities which are being used by someone who is currently eligible to receive transition payments. If the milk production of the new producer is lower than the production established in the farm's marketing history, the transition payments shall be correspondingly reduced. In no case shall the transition payments be increased above their established level if a facility changes ownership. No transition payments shall be made to new entrants who take over facilities on which the previous owner had exercised his option to receive transition payments for one year after stopping milk production.

11. If the CCC purchase price is decreased in 1987 or later, the transition payment for each farm shall be increased by the same percentage that the CCC purchase price falls. (A 50 cent drop in the purchase price is a decline of 4.95%. If this decrease occurred, the amount of the transition payment would increase by 4.95%.)

SUGAR

The current sugar program is working well. This bill would not change it. The loan rate would be left at 18 cents.

CONSERVATION ACREAGE RESERVE (CAR)

1. Mandate a long term (10 years) conservation reserve of a least 20 million acres targeted to erodible land and wetlands which are currently being tilled.

2. Farmers may bid to receive either a lump sum payment in the first year or annual payments for the first 5 years.

3. The Secretary shall choose the bids that will prevent the most erosion per dollar invested. (In the case of wetlands, those bids that represent the best values in water conservation will be preferred.) He shall have the flexibility to establish differing criteria for the various states and regions of the country. The Secretary shall have the discretion to reject bids which are high relative to others in that state or region.

4. To the extent practicable, at least 10% of the total program acreage shall be devoted to wetlands. At least 10% of the acreage shall be devoted to planting shelterbelts in areas prone to wind erosion, but no farmer

shall be able to bid in more of his land for planting shelterbelts than is consistent with effective wind erosion control practices in the area. Shelterbelts must remain in place for a least 20 years.

5. The Secretary is encouraged to consider the potential benefits to wildlife when he accepts bids under the CAR.

6. The Secretary may limit the amount of land entering the CAR from any county so that no substantive damage will be done to agricultural businesses and rural communities.

7. The Secretary may allow haying and grazing on the CAR, at his discretion. However, the land may not be plowed or the soil otherwise disturbed after an initial cover crop is established.

8. Any highly erodible lands that have been initially plowed since January 1, 1980 shall be eligible for entry into the CAR only with lum sum bids sufficient to re-establish an appropriate cover crop.●

By Mr. PACKWOOD (for himself and Mr. HATFIELD):

S. 1046. A bill for the relief of Kok Djen Su and Grace Su, husband and wife; to the Committee on the Judiciary.

RELIEF OF KOK DJEN SU AND GRACE SU

● Mr. PACKWOOD. Mr. President, Mr. and Mrs. Su came to this country as students, he to Portland State in 1972 and she to the University of Washington, independently. Mr. and Mrs. Su's last location and date of entry into the United States was in Honolulu, HI, on September 23, 1975, for Kok Djen and on March 29, 1975, for Grace. When Kok completed his undergraduate degree in June 1976, he found that he would like to remain in the United States permanently and explored the avenues that were open to him. In the meantime, on November 12, 1977, he married Grace Tanuwidjaya (a.k.a. Grace Tan) in Seattle.

Kok and Grace Su were born in Indonesia. Kok was born on November 10, 1952, in Kebunen, and Grace was born on June 22, 1955, in Senarang. Both received visas issued at the American Embassy in Jakarta, Indonesia. Both Kok and Grace had F-1 visas. Kok's visa was out of status as of 1979, and Grace's was out of status as of 1977.

In September 1977, Kok was informed by Immigration that there was a permanent status quota available under the preference for "investors in the U.S." He was told it required investing at least $40,000 and employing at least three U.S. citizens. Relying upon that advice, he immediately sought such an investment opportunity and in April 1978 purchased the SunDowner Restaurant in Hood River. His initial cash investment, including downpayment, purchase of signs, new equipment, inventory, and legal fees was $80,000. To put the place on a sound basis and to bring it to a quality that would attract a good clientele, his cash investment grew to approximately $100,000, every penny of which came from his savings and his share of family property in Indonesia. In fact, he brought all of his money from Indonesia—a total of nearly $125,000—to enable him to continue his studies and provide for himself and his wife while he got the business going.

During all of this time, he was pursuing his studies at Portland State, in a masters program in electrical engineering. For the first year after getting the restaurant, he commuted to school from Hood River, as well as supervising the restaurant, and doing the cooking.

When he reported to Immigration in April 1978 that he had made the necessary investment, he was informed, "Sorry, the quota is closed." Thus, his application was not even accepted. No one had bothered to warn him that such quotas are subject to closure, or even that there is a danger of such a thing happening. Relying on what he had been told 8 months before, Kok had risked great amounts of time, money, and energy in purchasing a business which was crying for good management. Further, Kok had turned the business into a first-class establishment.

In the fall of 1979, Grace bore a child, Justin Alexander. The added duties of caring for a pregnant wife, and his inability to find a competent cook who would move to Hood River, caused him to temporarily discontinue his studies. By this time, the restaurant was employing between 12 and 15 people—presently 14—and it had become one of the better places to eat in Hood River. He also was actively pursuing any available avenue through which he might obtain permanent resident status.

The most recent judicial action by the Su family was their application for suspension of the order of deportation on February 28, 1984, based on 7 continuous years of residency. The Su case was also before Administrative Law Judge Newton Jones. Twice before, and on January 20, 1982, Judge Jones found them deportable and gave them until April 20, 1982, to effect voluntary departure. The State Department found no basis for their request for political asylum. Presently, the Su's hold temporary resident status while their private bill is pending.

If this family is forced to leave the United States:

First, they will almost certainly lose most, if not all, of their money invested in the Oregon economy. They have a mortgage on their restaurant of $80,000 and meeting that obligation depends upon the continued successful operation of the restaurant—in fact, he has already paid $30,000 toward his mortgage. With today's interest rates, finding someone who would assume this obligation is at best remote.

Second, the Su's would arrive in Indonesia with nothing more than they might get out of a forced sale of the business—if, in fact, there was any sale.

Kok Su is of Chinese extraction. While he is not presently under any direct threat, and he is an Indonesian citizen—his parents immigrated to Indonesia before he was born—he is immediately subject to the dangers every resident of Indonesia of Chinese extraction must face.

Fourth, 13 U.S. citizens, gainfully employed because of the Su's industry, courage, and capital, will likely be out of work. Further, because the Su's regularly employ local college students during the summer, Hood River will lose a good source of summer youth employment.

Fifth, Grace Su is pregnant and has experienced a history of troublesome pregnancies. The stress caused by a traumatic deportation could have severe impact of her health.

Whenever and wherever I am in Oregon, I receive innumerable inquiries from my constituents as to the Su's welfare and immigration status. Their community and the State of Oregon supports and looks forward to the passage of this private bill so that the Su family may become full-fledged American citizens.●

By Mr. CHILES (for himself, Mr. ROTH, Mr. PRYOR, Mrs. KASSEBAUM, Mr. BURDICK, Mr. COHEN, Mr. HOLLINGS, Mr. DECONCINI, Mr. SASSER, Mr. EXON, and Mr. NICKLES):

S. 1047. A bill to reform the laws relating to former Presidents; to the Committee on Governmental Affairs.

FORMER PRESIDENT'S FACILITIES AND SERVICES REFORM ACT

Mr. CHILES. Mr. President, today, I am introducing the Former Presidents Facilities and Services Reform Act of 1985. The bill is designed to stop, and then reverse, the increasing costs of services and protection currently provided former Presidents.

A close examination of former Presidents' benefits reveals we are still in an era of the imperial former Presidency, with lavish libraries, special staffs and benefits, around-the-clock Secret Service protection for life, and other badges of privilege.

This legislation will establish a reasonable set of controls on the Federal spending associated with programs benefiting former Presidents. Today, the authorizations for these programs remain open ended; the level of expenditures remain out of control. Their cost has leaped from $64,000 in 1955 to $6.3 million in 1975 to over $26 million in fiscal 1984. That amounts to a fourfold increase in just the last 10 years.

Since 1981, the program has cost more than the expense of running the White House itself for our incumbent President.

Looking back on how the laws relating to former Presidents were put together, Congress has repeatedly affirmed a national policy which ensures each former President is able to lead a dignified retired life, free from a need to commercialize the prestige of the Office of the Presidency, and free from danger resulting from its visibility. The original purposes of the various laws governing former Presidents reflect this belief.

Prior to 1958, the President of the United States was virtually the only officer or employee of the Federal Government not covered by some sort of retirement program, much less the other benefits they receive today.

But the fourfold increase greatly exceeds the original programs expectations. More importantly, tax dollars have been used to help former Presidents become wealthy. This is a consequence never envisioned by the lawmakers who authorized the Former President's Act, the Former Presidents Library Act, Secret Service protection, or other benefits. It is a consequence that seriously detracts from citizen confidence and respect for the institution of the American Presidency.

Now, by failing to place reasonable limits on Presidential libraries, Secret Service protection, office and staff allowances, the Congress is permitting the former President programs to go beyond their intent and character. I strongly believe allowing former Presidents to use tax dollars to become wealthy is a waste that should be stopped. This bill is intended to stop this waste and restore the appropriate character and intent to these programs.

This bill is similar to legislation I introduced in the 96th, 97th, and 98th Congresses. Since its initial introduction over 5 years ago, considerable work and several modifications have resulted in this 1985 edition.

While progress for this legislation has been slow, it has been steady. There has been a sustained national discussion on what the taxpayers' responsibility for former Presidents should be. I believe all interested parties have commented. I think the provisions which are summarized at the end of my statement represent a balanced approach which maintains the traditional dignity of the American Presidency but ends the era of the imperial former Presidency.

For three reasons I am optimistic this Congress will send this legislation to President Reagan for his signature. Last Congress, with the active support of Chairman WILLIAM ROTH, the Committee on Governmental Affairs voted to report similar legislation to the full Senate. The White House requested the chairman of the Appropriations Committee to place a hold on the bill in order to block its passage. After Senators ROTH, PRYOR, and I indicated we would attempt to amend the Treasury and Postal Service appropriations bill to force its consideration, Majority Leader Howard Baker arranged for direct meetings between then Special Assistant to the President Ed Meese, Senator ROTH, and myself. While negotiations did not end in time for passage last session, the bill introduced today does address several of the issues raised on President Reagan's behalf.

Second, title I of the bill structures the Federal Government's responsibility for Presidential libraries in a new way. For the first time both endowment and space limitation requirements are imposed. This approach combines work of the House, which passed a Presidential libraries bill last Congress and is presently considering identical legislation, with the work of the Senate Governmental Affairs Committee. We believe limiting the Federal responsibility to operating and maintaining a single, 70,000 square foot facility and requiring an endowment of 20 percent of the facility value to help support those expenses would restore the Federal responsibility to an appropriate level. Future libraries and museums could be larger, but the excess of 70,000 square feet would have to be financed totally by private sources.

Third, former President Richard Nixon recently indicated his desire to forgo Secret Service protection. Former President Gerald Ford responded to this action by stating on national television that at the proper time, under the proper circumstances, he and Mrs. Ford will do the same. I view these actions as an acknowledgment by two of our former Presidents that there comes a point when the need for protection is diminished.

This should encourage some Members of Congress who have previously been concerned by limitations on this protection to rethink the issue. Congress should acknowledge its responsibility to draw a reasonable line. We should end the automatic, lifelong, open-ended nature of this protection that is provided presently. My bill would limit automatic protection to 5 years, after which it could be continued if the Secretary of Treasury formally justifies the need.

I continue to believe Federal spending for former Presidents should be curtailed and made consistent with original intents. This year's bill reflects the 5-year crucible in which the ideas contained in this legislation have been molded. It effectively strikes a balance between the legitimate needs which arise from an individual's service as President, and the need to establish reasonable controls on Federal spending.

While passage of this bill is not going to balance the budget, it will save money. Moreover, it will end the era of an imperial former Presidency. Given the sacrifices many are being asked to make in order to reduce the huge national deficit we face, the imperial former Presidency is a highly visible national symbol which is wrong and must end.

Mr. President, I ask unanimous consent that the bill I am introducing today on former Presidents together with a summary be printed in the RECORD.

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

S. 1047

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Former Presidents Facilities and Services Reform Act of 1985".

DEFINITIONS

SEC. 2. For purposes of this Act, the term "former President" means an individual—

(1) who has held the office of President of the United States of America;

(2) whose service in such office has terminated other than by removal pursuant to section 4 of article II of the Constitution of the United States of America; and

(3) who does not currently hold such office.

TITLE I—PRESIDENTIAL LIBRARIES

RESEARCH AND MUSEUM FACILITIES

SEC. 101. Section 2101(1) of title 44, United States Code, is amended by inserting before the semicolon a comma and "and may include research facilities and museum facilities in accordance with this chapter".

PRESIDENTIAL ARCHIVAL DEPOSITORIES

SEC. 102. (a) Section 2112(a) of title 44, United States Code, is amended to read as follows:

"(a)(1) When the Archivist considers it to be in the public interest, the Archivist may—

"(A)(i) accept, for and in the name of the United States, land, a facility, and equipment offered as a gift to the United States for the purposes of creating a Presidential archival depository;

"(ii) take title to the land, facility, and equipment on behalf of the United States; and

"(iii) maintain, operate, and protect the land, facility, and equipment as a Presidential archival depository and as part of the national archives system;

"(B)(i) make agreements, upon terms and conditions the Archivist considers proper, with a State, political subdivision, university, institution of higher learning, institute, or foundation to use as a Presidential archival depository land, a facility, and equipment of the State, subdivision, university, or other organization, to be made available by it without transfer of title to the United States; and

"(ii) maintain, operate, and protect the depository as a part of the national archives system; and

"(C) accept, for and in the name of the United States, gifts offered for the purpose of making any physical or material change or addition to a Presidential archival depository.

"(2) The Archivist shall promulgate architectural and design standards applicable to Presidential archival depositories in order to

ensure that such depositories (A) preserve Presidential records subject to chapter 22 of this title and papers and other historical materials accepted for deposit under section 2107 of this title and (B) contain adequate research facilities.

"(3) Prior to accepting and taking title to any land, facility, or equipment under subparagraph (A) of paragraph (1), or prior to entering into any agreement under subparagraph (B) of such paragraph or any other agreement to accept or establish a Presidential archival depository, the Archivist shall submit a written report on the proposed Presidential archival depository to the President of the Senate and the Speaker of the House of Representatives. The report shall include—

"(A) a description of the land, facility, and equipment offered as a gift or to be made available without transfer of title;

"(B) a statement specifying the estimated total cost of the proposed depository and the amount of the endowment for the depository required pursuant to subsection (g) of this section;

"(C) a statement of the terms of the proposed agreement, if any;

"(D) a general description of the types of papers, documents, or other historical materials proposed to be deposited in the depository to be created, and of the terms of the proposed deposit;

"(E) a statement of any additional improvements and equipment associated with the development and operation of the depository, an estimate of the costs of such improvements and equipment, and a statement as to the extent to which such costs will be incurred by any Federal or State government agency;

"(F) an estimate of the total annual cost to the United States of maintaining, operating, and protecting the depository;

"(G) a certification that such facility and equipment (whether offered as a gift or made available without transfer of title) comply with standards promulgated by the Archivist pursuant to paragraph (2) of this subsection; and

"(H) a statement that the Archivist has determined that the amount required pursuant to subsection (g) of this section to be deposited in an endowment for the Presidential archival depository will be available for deposit in accordance with the requirements of such subsection.

"(4) Prior to accepting any gift under subparagraph (C) of paragraph (1) for the purpose of making any physical or material change or addition to a Presidential archival depository, the Archivist shall submit a report in writing on the proposed change or addition to the President of the Senate and the Speaker of the House of Representatives. The report shall include—

"(A) a description of such gift;

"(B) a statement specifying the estimated total cost of the proposed physical or material change or addition and the amount of the deposit in an endowment for the depository required pursuant to subsection (g) of this section in order to meet the cost of such change or addition;

"(C) a statement of the purpose of the proposed change or addition and a general description of any papers, documents, or historical materials proposed to be deposited in the depository as a result of such change or addition;

"(D) a statement of any additional improvements or equipment for the depository associated with such change or addition;

"(E) an estimate of the increase in the total annual cost to the United States of maintaining, operating, and protecting the depository that will result from such change or addition;

"(F) a certification that the depository, and the equipment therein will, after such change or addition, comply with the standards promulgated by the Archivist pursuant to paragraph (2) of this subsection; and

"(G) a statement that the Archivist has determined that the amount required pursuant to subsection (g) of this section to be deposited in an endowment for the depository in order to meet the cost of such change or addition will be available for deposit in accordance with the requirements of such subsection.

"(5) The Archivist may not—

"(A) accept or take title to land, a facility, or equipment under subparagraph (A) of paragraph (1) for the purpose of creating a Presidential archival depository;

"(B) enter into any agreement under subparagraph (B) of such paragraph or any other agreement to accept or establish a Presidential archival depository; or

"(C) accept any gift under subparagraph (C) of such paragraph for the purpose of making any physical or material change to a Presidential archival depository,

until the expiration of a period of 60 days of continuous session of Congress beginning on the date on which the Archivist transmits the report required under paragraph (3) of this subsection with respect to such Presidential archival depository or the report required under paragraph (4) of this subsection with respect to such change or addition, as the case may be.".

(b) Section 2112(g) of title 44, United States Code, is amended to read as follows:

"(g)(1) When the Archivist considers it be in the public interest, the Archivist may solicit and accept gifts or bequests of money or other property for the purpose of maintaining, operating, protecting, or improving a Presidential archival depository. The proceeds of gifts or bequests, together with the proceeds from fees or from sales of historical materials, copies or reproductions, catalogs, or other items, having to do with a Presidential archival depository, shall be paid into an account in the National Archives Trust Fund and shall be held, administered, and expended for the benefit and in the interest of the Presidential archival depository in connection with which they were received, and for the same purposes and objects, including custodial and administrative services for which appropriations for the maintainance, operation, protection, or improvement of Presidential archival depositories might be expended.

"(2) The Archivist shall provide for the establishment in such Trust Fund of separate endowments for the maintenance of the land, facility, and equipment of each Presidential archival depository, to which shall be credited any gifts or bequests received under paragraph (1) that are offered for that purpose. Income to each such endowment shall be available to cover the cost of facility operations, but shall not be available for the performance of archival functions under this title.

"(3) The Archivist shall not accept or take title to any land, facility, or equipment under subparagraph (A) of subsection (a)(1), or enter into any agreement to use any land, facility, or equipment under subparagraph (B) of such subsection for the purpose of creating a Presidential archival depository, unless the Archivist determines that there is available, by gift or bequest for deposit under paragraph (2) of this subsection in an endowment with respect to such depository, an amount for the purpose of maintaining such land, facility, and equipment equal to—

"(A) the product of—

"(i) the total cost of acquiring or constructing such facility and of acquiring and installing such equipment, multiplied by

"(ii) 20 percent; plus

"(B)(i) if title to the land is to be vested in the United States, the product of—

"(I) the total cost of acquiring the land upon which such facility is located, or such other measure of the value of such land as is mutually agreed upon by the Archivist and the donor, multiplied by

"(II) 20 percent; or

"(ii) if title to the land is not to be vested in the United States, the product of—

"(I) the total cost to the donor of any improvements to the land upon which such facility is located (other than such facility and equipment), multiplied by

"(II) 20 percent; plus

"(C) if the Presidential archival depository will exceed 70,000 square feet in area, an amount equal to the product of—

"(i) the sum of—

"(I) the total cost described in clause (i) of subparagraph (A); plus

"(II) the total cost described in subclause (I) or (II) of subparagraph (B)(i), as the case may be, multiplied by

"(ii) the percentage obtained by dividing the number of square feet by which such depository will exceed 70,000 square feet by 70,000.

"(4) The Archivist may not accept any gift under subparagraph (C) of paragraph (1) for the purpose of making any physical or material change in a Presidential archival depository unless the Archivist determines that there is available, by gift or bequest for deposit under paragraph (2) of this subsection in an endowment with respect to such depository, an amount for the purpose of maintaining the land, facility, and equipment of such depository equal to the difference between—

"(A) the amount which, pursuant to paragraph (3) of this subsection, would have been required to have been available for deposit in such endowment with respect to such depository if such change or addition had been included in such depository on—

"(i) the date on which the Archivist took title to the land, facility, and equipment for such depository under subparagraph (A) of subsection (a)(1); or

"(ii) the date on which the Archivist entered into an agreement for the creation of such depository under subparagraph (B) of such paragraph,

as the case may be; minus

"(B) the amount which, pursuant to paragraph (3) of this subsection, was required to be available for deposit in such endowment with respect to such depository on the date the Archivist took such title or entered into such agreement, as the case may be.".

APPLICABILITY

SEC. 103. Paragraphs (3) and (4) of section 2108(g) of title 44, United States Code (as added by the amendment made by section 102 of this Act) shall apply with respect to any Presidential archival depository created as a depository for the papers, documents, and other historical materials and Federal records pertaining to any President who takes the oath of office as President for the first time on or after May 9, 1984.

TITLE II—FORMER PRESIDENTS

SPOUSAL PENSIONS

SEC. 201. Subsection (e) of the first section of the Act entitled "An Act to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes", approved August 25, 1958 (72 Stat. 838; 3 U.S.C. 102 note) is amended to read as follows:

"(e) The spouse of a deceased former President shall be entitled to receive from the United States a monetary allowance at a rate per annum, payable monthly by the Secretary of the Treasury, which is equal to two-thirds of the rate which is payable under subsection (a) to a former President. The monetary allowance of such spouse—

"(1) commences on the day after the former President dies;

"(2) terminates on the last day of the month before such spouse—

"(A) dies; or

"(B) remarries before becoming sixty years of age; and

"(3) is not payable for any period during which such spouse holds an appointive or elective office or position in or under the Federal Government or the government of the District of Columbia to which is attached a rate of pay other than a nominal rate.".

OFFICE AND STAFF FOR FORMER PRESIDENTS

SEC. 202. (a) Subsections (b) and (c) of the first section of the Act entitled "An Act to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes", approved August 25, 1958 (72 Stat. 838; 3 U.S.C. 102 note) are amended to read as follows:

"(b)(1) The Administrator of General Services (hereinafter referred to as the 'Administrator') is authorized to provide to each former President, upon request, necessary services and facilities, including—

"(A) one suitable office, not to exceed four thousand square feet in area unless the Administrator determines that circumstances exist to warrant the provision of an office in excess of four thousand square feet, in a public building owned or leased by the United States in a location in the United States as the former President shall designate;

"(B) appropriate equipment for such office, including furniture, furnishings, office machines and equipment, and office supplies, as determined by the Administrator after consultation with the former President or the individual designated by the former President under subsection (c);

"(C) payment of the compensation of members of an office staff designated by the former President at rates determined by the former President which are not in excess of the rate provided for level II of the Executive Schedule under section 5313 of title 5, United States Code, except that notwithstanding any other provision of law, persons receiving compensation as members of an office staff of a former President under this subsection shall not be considered to be employees of the Federal Government except for purposes of chapters 81, 83, 87, and 89 of title 5, United States Code;

"(D) payment of travel expenses and subsistence allowances, including rental of Government or hired motor vehicles, found necessary by the former President, as authorized for employees serving intermittently under section 5703 of such title;

"(E) when authorized by the President, transportation on Government aircraft or Government chartered aircraft solely for the purpose of enabling a former President to complete the affairs of such former President's office and otherwise as required incidentally to protect such former President;

"(F) communications services found necessary by the former President;

"(G) payment of expenses for necessary printing and binding, notwithstanding the provisions of section 501 of title 44, United States Code; and

"(H) movement of the personal effects and household goods of a former President and the family of the former President from the Executive Residence at the White House in Washington, the District of Columbia, to a location in the United States selected by such former President.

"(2) Any Federal employee may be detailed to the office staff of a former President on a reimbursable basis with the consent of the head of the agency involved. Any such detail shall be for a period not in excess of eight months and ten days after the date on which the former President leaves office. An employee detailed to the office of a former President shall be responsible only to the former President for the performance of such employee's duties during the period of such detail. An employee detailed under this paragraph is deemed, for the purpose of preserving the employee's allowances, privileges, rights, seniority, and other benefits, an employee of the agency from which such employee is detailed, and such employee is entitled to pay, allowances, and benefits from funds available to that agency. The authorization and payment of such allowances and other benefits from appropriations available therefor is deemed to comply with section 5536 of title 5, United States Code.

"(3) The costs of providing transportation to a former President under subparagraph (E) of paragraph (2) shall be paid from amounts appropriated for such former President under subsection (i) and from such amounts as may be collected by the Administrator from the Secret Service, other Federal agencies, or other persons for the use of space on Government aircraft or Government chartered aircraft and are credited (with respect to such former President) to the account for appropriations under this Act.

"(c) Each former President may designate to the Administrator an individual authorized to make, on the behalf of such former President, such designations or findings of necessity as may be required in connection with the services and facilities to be provided under subsection (b).".

(b)(1)(A) Subsection (e) of such section (as amended by section 201 of this Act) is redesignated as subsection (j).

(B) Subsection (f) of such section is redesignated as subsection (k).

(2) Such section is amended by inserting immediately after subsection (c) the following new subsections:

"(d) Funds provided for necessary services and facilities for a former President under this Act shall be used for activities which are the direct result of such former President having held the office of President. Such funds may not be used for partisan political activities or income generating activities (including the preparation of the memoirs of such former President and the preparation for any speech, radio or television appearance, or other activity for which such former President will receive any compensation or honorarium), as determined under standards established by the Administrator.

"(e)(1) The Administrator is authorized to provide necessary services and facilities to a former Vice President for use in connection with winding up the affairs of office of such former Vice President. Such services and facilities shall be of the same general character as the services and facilities provided to a former President under subsection (b). The Administrator shall provide for the movement of the personal effects and household goods of a former Vice President and the family of the former Vice President from the Vice President's House in Washington, the District of Columbia, to a location in the United States selected by such former Vice President.

"(2) Each former Vice President shall be entitled to conveyance within the United States and its territories and possessions of all mail matter, including airmail, sent by such former Vice President under the written autograph signature of such former Vice President in connection with preparations for winding up of official duties as Vice President.

"(3) No funds for necessary services and facilities provided to a former Vice President under this Act shall be used for partisan political activities or income generating activities (including the preparation of the memoirs of such former Vice President and the preparation for any speech, radio or television appearance, or other activity for which such former Vice President will receive any compensation or honorarium), as determined under standards established by the Administrator.

"(f) No funds appropriated under this Act may be expended by the Administrator for the provision of services and facilities under this Act with respect to a former President or former Vice President at any time after ninety days after the date on which such former President or former Vice President dies.

"(g) Except for expenditures from an imprest fund consisting of such amounts as the Administrator shall determine, any expenditure of funds under this Act may be made only with the prior approval of the Administrator or the designee of the Administrator.

"(h) By March 1 of each year, each former President shall prepare and transmit to the Committee on Governmental Affairs of the Senate, the Committee on Government Operations of the House of Representatives, and the Committees on Appropriations of the Senate and the House of Representatives a report concerning activities carried out with the funds for necessary services and facilities provided under this Act.

"(i)(1) To carry out the provisions of subsections (b) and (e), there are authorized to be appropriated to the Administrator with respect to a former President and former Vice President a total of $1,000,000 for the fiscal year in which the term of a former President expires, except that no funds appropriated pursuant to this paragraph shall be available for expenditure until the day on which such term expires.

"(2) Except as provided in paragraphs (3) and (4), to carry out the provisions of subsection (b) with respect to each former President, there are authorized to be appropriated to the Administrator—

"(A) $300,000 for each of the first four fiscal years beginning after the fiscal year in which the term of a former President expired;

"(B) $250,000 for the fifth and each of the three succeeding fiscal years beginning after

the fiscal year in which the term of a former President expired; and

"(C) $200,000 for the ninth and each of the succeeding fiscal years beginning after the fiscal year in which the term of a former President expired.

"(3) Except as provided in paragraph (4), to carry out the provisions of subsection (b) with respect to any individual who is a former President on the date of enactment of this subsection, there are authorized to be appropriated to the Administrator—

"(A) $300,000 for each of the four fiscal years beginning after the fiscal year in which this subsection is enacted;

"(B) $250,000 for the fifth and each of the three succeeding fiscal years beginning after the fiscal year in which this subsection is enacted; and

"(C) $200,000 for the ninth and each succeeding fiscal year beginning after the fiscal year in which this subsection is enacted.

"(4) The provisions of paragraphs (2) and (3) shall cease to be in effect ten years after the date of enactment of this subsection.".

(c) Section 4 of the Presidential Transition Act of 1963 (3 U.S.C. 102 note) is repealed.

(d) Section 5 of such Act is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 5. There are authorized to be appropriated to the Administrator such sums as may be necessary for carrying out the purposes of this Act, except that with respect to any one Presidential transition not more than $2,000,000 may be appropriated for the purposes of providing services and facilities to the President-elect and Vice-President-elect under section 3. The President shall include in the budget transmitted to Congress, for each fiscal year in which the President's regular term of office will expire, a proposed appropriation for carrying out the purposes of this Act.".

TITLE III—PROTECTION OF FORMER PRESIDENTS, FORMER VICE PRESIDENTS, AND THEIR FAMILIES

PROTECTION AUTHORIZED

SEC. 301. (a) On or after the date of enactment of this Act, no Secret Service protection shall be provided to a former President or to the spouse or child of a former President, unless such protection is authorized by subsection (b) or is extended or reinstated by the Secretary of the Treasury or the President in accordance with section 302.

(b) The Secret Service is authorized to protect a former President after the date of enactment of this Act for a period of five years beginning on the date of enactment of this Act or on the date on which an individual becomes a former President, whichever is later, and for such additional periods as the Secretary of the Treasury may authorize under section 302. The Secret Service is authorized to protect the spouse or child of a former President after the date of enactment of this Act to the extent that such protection is incidental to the protection of the former President or if such protection is authorized by the Secretary of the Treasury or the President under section 302. The Secret Service is authorized to protect the spouse of a deceased former President after the date of enactment of this Act for a period of six months after the date on which such former President dies and for such additional periods as the Secretary of the Treasury may authorize under section 302.

REINSTATEMENT OF PROTECTION

SEC. 302. (a)(1) After the expiration or termination of Secret Service protection to a former President or the spouse or child of a former President, the Secretary of the Treasury may authorize the reinstatement of such protection—

(A) in the case of a former President, for one one-year period; and

(B) in the case of a spouse or child of a former President, for one six-month period, upon a finding that a threat warranting such protection exists to the individual.

(2) The Secretary of the Treasury may extend Secret Service protection reinstated under paragraph (1) or provided under section 3056 of title 18, United States Code, prior to the date of enactment of this Act or under section 301 on or after the date of enactment of this Act—

(A) in the case of a former President, for additional consecutive one-year periods; and

(B) in the case of a spouse or child of a former President, for additional consecutive six-month periods.

(b) No extension of Secret Service protection under subsection (a)(2) shall become effective unless the Secretary of the Treasury submits the request for such extension to the Congress and a period of sixty days of continuous session of the Congress has expired after the date on which the request is submitted. For purposes of this subsection and subsection (c), continuity of session is broken only by an adjournment sine die, but the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded.

(c) The President is authorized to direct the United States Secret Service to protect a former President or a spouse or child of a former President upon a determination that a threat warrants emergency action. The President shall notify Congress of any such action. Such authorization shall extend for—

(1) a period not in excess of sixty calendar days; or

(2) in the case of the submission by the Secretary of the Treasury of a request for extension under subsection (b) within such sixty-day period, a period not in excess of the time required for the expiration of sixty days of continuous session of Congress after the date on which such request is submitted.

PROTECTION OF FORMER VICE PRESIDENTS

SEC. 303. (a) The Secret Service is authorized to protect a former Vice President if such protection is authorized by the Secretary of the Treasury in accordance with subsection (b).

(b) The Secretary of the Treasury may authorize the provision of Secret Service protection to a former Vice President upon a finding that a threat warranting such protection exists to such former Vice President. The Secretary of the Treasury may authorize the provision of such protection for a period beginning on the date on which the Vice Presidential term of such former Vice President expires and ending on the last day of the fiscal year in which such term expired.

TECHNICAL AMENDMENT

SEC. 304. Section 3056(a) of title 18, United States Code, is amended by adding at the end thereof the following new sentence: "The protection authorized in paragraphs (3) and (4) shall only be provided in accordance with sections 301 and 302 of the Former Presidents Services and Facilities Reform Act of 1985.".

THE FORMER PRESIDENTS FACILITIES AND SERVICES REFORM ACT OF 1985

SUMMARY

Title I: Presidential libraries

Establishes the Archivist of the United States as responsible for managing Presidential libraries. The Archivist is to create architectural and design standards for the construction of Presidential libraries by private parties. The Archivist may accept—as private gifts or pursuant to agreements with state or local governments, institutes, or foundations—land, facilities and equipment as are needed to operate and maintain a Presidential library.

Prohibits the Archivist from making any agreement for a Presidential library unless he determines an endowment equal to 20 percent of the total cost of the facility is provided. Income from the endowment will be earmarked and used to help pay for the operating costs of the library.

Requires all new libraries to be in a single facility whose size shall be limited to 70,000 square feet, unless an endowment is provided to pay for the operating and maintenance costs associated with any additional space beyond the limit.

Requires the Archivist to submit a library prospectus to Congress for a 60-day review period before he may act to accept responsibility to operate and maintain a library. The submission must include an estimate of all federal costs associated with the library and an estimate of the annual cost to the government for operation and maintenance.

Requires all modifications for existing libraries be subject to similar Congressional review requirements.

Title II: Office, staff, and allowances

Establishes an original staff allowance of $300,000 a year, which will be reduced over a nine year period to a ceiling of $200,000. The Administrator of the General Services Administration is to the accountable federal official for supervising the allowance.

Limits each former President to one office which is to be located in a public building owned or leased by the United States. The office is not to be in excess of 4,000 square feet unless the Administrator determines unusual circumstances exist to warrant more space.

Prohibits absolutely the use of funds for either partisan political activities or income-generating activities. Funds may not be used for the preparation of memoirs or of speeches and other media engagements for which the former President is to be paid.

Requires each former President submit a report by March 1 of each year detailing his activities and their expense.

Mandates a 10-year "sunset" provision for the authorization of staff allowances. The automatic termination forces Congress to redetermine what the proper funding should be at least every 10 years.

Places the pensions of widows of former President's at two-thirds the level the former President's pension would be if he were alive.

Authorizes the Administrator to provide necessary services and facilities to a former Vice President for winding up the affairs of office.

Title III: Presidential protection

Specifies a former President may have automatic, around-the-clock Secret Service protection for five years instead of for life. A spouse and children are entitled to protection only if their safety is related to the former President's.

Permits the Secretary of Treasury, at his own discretion to extend Secret Service protection of a former President for one year and of a widow or child for six months after the original period. He must determine a threat warrants protection.

Authorizes the Secretary of Treasury to provide additional one-year periods of protection after submitting requests for extension to Congress under a sixty-day review period.

Authorizes the President to direct the Secret Service to protect a former President, spouse, widow or child upon determining a threat warrants emergency action. The President shall notify Congress and such authorization shall not extend beyond sixty days, or beyond the time needed for Congressional review once the Secretary of Treasury has submitted a request.

Limits protection of former Vice Presidents from their last day in office to the end of that fiscal year.

COST OF FORMER PRESIDENTS TO U.S. TAXPAYERS

Fiscal year	Libraries	Office allowances	Secret Service protection	Total
1955	$63,745			$63,745
1956	64,853			64,853
1957	74,836			74,836
1958	142,536			142,536
1959	168,057	$160,000		328,057
1960	180,140	200,000		380,140
1961	219,223	250,000		469,223
1962	294,297	300,000		594,297
1963	325,520	310,000		635,520
1964	380,251	300,000	$49,507	729,758
1965	559,485	310,000	100,790	970,275
1966	611,966	235,000	289,022	1,135,988
1967	613,745	235,000	346,633	1,195,378
1968	676,000	251,000	390,298	
Truman Library addition	312,000			1,629,298
1969	1,406,808	253,000	527,552	
Hoover Library addition	1,074,000			3,261,360
1970	1,980,855	335,000	727,617	3,043,472
1971	2,252,289	343,000	1,002,355	
Eisenhower Library addition	1,610,000			5,207,644
1972	2,513,559	418,000	1,275,120	
Roosevelt Library addition	882,000			5,088,679
1973	2,722,116	408,000	1,241,117	4,371,233
1974	2,863,457	60,000	979,789	3,903,246
1975	4,542,447	160,000	1,530,144	6,232,591
1976	6,409,380	364,168	2,294,887	9,698,435
1977	6,297,611	390,000	4,679,489	11,367,100
1978	7,230,486	671,000	6,252,190	14,153,676
1979	7,523,783	771,000	7,187,582	
Truman Library addition	2,667,000			18,149,365
1980	10,171,000	740,394	7,563,432	18,474,826
1981	12,295,000	718,325	9,741,663	22,754,958
1982	11,532,000	1,025,000	11,750,238	23,384,738
1983	12,972,000	1,029,000	10,941,419	24,942,419
1984	14,350,000	1,068,000	10,741,124	26,159,124
1985 (estimated)	15,734,000	1,170,000	10,215,000	27,119,000
1986 (estimated)	20,505,000	1,208,000	9,167,000	30,880,000

By Mr. DENTON (for himself, Mr. DOLE, Mr. BENTSEN, Mr. GRASSLEY, Mr. HATCH, and Mr. HUMPHREY):

S. 1048. A bill to amend title 18 of the United States Code and the Adoption Reform Act; to the Committee on the Judiciary.

ANTI-FRAUDULENT ADOPTION REFORM ACT

Mr. DENTON. Mr. President, I rise today to introduce, together with Senators DOLE, BENTSEN, GRASSLEY, HATCH, and HUMPHREY, the Anti-Fraudulent Adoption Practices Act of 1985. The bill would provide necessary legal protections to adoptive parents, birth mothers, and children who might be victimized by the activities of unscrupulous persons who solicit money for the performance of adoption services that are never rendered.

Adoption is one of the most charitable and loving acts in our Nation. With public and private agencies acting as a catalyst, adoption unites prospective parents and adoptable children into a permanent family unit. Last year, agencies placed thousands of children, including infants, school aged children, minority children, and children possessing varying degrees of physical, mental, or emotional handicaps, into good homes.

Unfortunately, not all adoptions have a happy ending. Many adoptions involve people who prey on the emotions and frustrations of couples longing for children and on confused and distraught birth mothers. Those unscrupulous people perpetrate their fraud with complete disregard for the welfare of the subject of the adoptive efforts—the children. I believe that the adoption process must be protected from fraud.

Enactment of the Anti-Fraudulent Adoption Practices Act will send a loud and clear message to people who would put monetary gain or selfish motivation above the welfare and best interests of the adoptive parents, the birth mothers, and the children. Specifically, the bill would provide for the following:

First, criminal penalties for any person who defrauds prospective adoptive parents or biological parents;

Second, civil remedies for prospective adoptive parents or biological parents who have been defrauded;

Third, criminal penalties for any person who coerces or entices biological parents or adoptive parents, or who is paid compensation over and above the normal expenses for arranging an adoption; and

Fourth, activities for the Department of Health and Human Services and the Department of Justice which would aid in prosecuting illegal adoption activities.

The bill would in no way usurp the legitimate authority of the States to regulate adoption practices within their borders. What is intended is the establishment of uniform national penalties and remedies for persons who are victimized by fraudulent adoption rings operating in interstate or foreign commerce. The bill would allow the Federal Government to work in concert with the States to supplement, not supplant, State adoption statutes.

Mr. President, the Anti-Fraudulent Adoption Practices Act is needed to end the heartbreak of many disappointed families and vulnerable birth mothers who are exploited by false promises. I urge my colleagues to join Senators DOLE, BENTSEN, GRASSLEY, HATCH, HUMPHREY, and me, to end the black market adoption activities that create tragedy for many American families.

I ask unanimous consent that a copy of the bill be printed in the RECORD at this point.

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

S. 1048

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Anti-Fraudulent Adoption Practices Act of 1985".

SEC. 2. (a) Title 18 of the United States Code is amended by inserting between chapter 1 and chapter 2 the following new chapter:

"CHAPTER 1A—ADOPTION PRACTICES

"Sec.
"31. False pretenses in connection with the offering of adoption services.
"32. Placing a child for adoption for compensation.
"33. Transportation of individuals under threat.
"34. Definitions.
"35. Effect on State law.

"§ 31. False pretenses in connection with the offering of adoption services

"(a) It shall be unlawful for any person, performing or offering to perform any interstate or foreign adoption service in connection with the placement of a child in a home for adoption, to knowingly make any material statement or knowingly make or use any material document that is known to be false, or to knowingly conceal or misrepresent any material fact, in connection with the performance of such interstate or foreign adoption service or the offer so to do.

"(b) Any person who commits a violation of this section shall be punished by imprisonment for a period of not more than five years, or a fine not exceeding the amount of $250,000, or both

"§ 32. Placing a child for adoption for compensation

"(a) It shall be unlawful for any person to solicit or receive money or any other thing of value, or the promise thereof, for placing or arranging for the placement of any child in a home for adoption under circumstances that would require or result in such child being transported in interstate or foreign commerce.

"(b) Any person who commits a violation of this section shall be imprisoned for a period of not more than five years, or fined not more than $250,000, or both.

"(c) The provisions of this section shall not apply in the case of any person who—

"(1) solicits or receives any money or thing of value as the bona fide agent of a child care or a public or private adoption agency which is authorized or licensed by a State to provide permanent care for children or to place children for adoption, in exchange for bona fide services rendered by said agency; or

"(2) solicits or receives money, any other thing of value, or the promise thereof, for arranging or undertaking to arrange a non-agency placement of a child for adoption, if the making of the non-agency placement is lawful in the State into which the child is placed and if the placement is attempted or made in compliance with the laws of such State.

"§ 33. Transportation of individuals under threat

"(a) It shall be unlawful for any person, by the use of force or threat, to knowingly cause any other individual to travel in interstate or foreign commerce in connection with the placement of a child in a home for permanent free care or adoption.

"(b) Any person who commits a violation of this section shall be punished by imprisonment for a period of not more than ten years, or fined not more than $250,000, or both.

"(c) The provisions of this section shall not apply to any person who effects the placement of a child in a home for adoption pursuant to a lawful order of a court of record within a State.

"§ 34. Definitions

"As used in this chapter—

"(1) the term 'child' means a person who, by reason of minority, is legally subject to parental control or guardianship; and such term shall include a child in the womb;

"(2) the term 'State' shall include the District of Columbia and any territory or possession of the United States, in addition to the Commonwealth of Puerto Rico;

"(3) the term 'interstate or foreign adoption service' means procurement, transportation or delivery of a child, or any material assistance with procurement, transportation or delivery of a child, from a State or country other than the State in which the prospective adoptive parent resides; and

"(4) the term 'person' means an individual, corporation, partnership, any unincorporated association or any combination or association thereof.

"§ 35. Effect on State law

"Nothing in this chapter shall be construed as limiting or otherwise affecting the applicability or validity of any compact entered into between any of the several States with regard to the provision of services in connection with the placing of a child in a home for adoption.".

(b) The table of chapters for part I of title 18, United States Code, is amended by inserting between the items relating to chapter 1 and the item relating to chapter 2 the following:

"1A. Adoption practices..... 31.".

SEC. 3. The Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 is amended—

(1) in section 202 (42 U.S.C. 5112) by adding after subsection (c) the following:

"(d) The Secretary shall—

"(1) review all model adoption legislation and procedures for the purpose of proposing such changes as are considered appropriate to insure the protection of children available for adoption, prospective adoptive parents and a parent or parents wishing to give a child up for adoption from fraudulent adoption practices,

"(2) coordinate with national, State and voluntary organizations concerned with adoption, efforts to improve State adoption legislation, and

"(3) assist the States in the development of improved procedures for controlling illegal adoption practices.";

"(2) in section 203 (42 U.S.C. 5113) by amending subsection (b)(1) to read as follows:

"(1) provide (after consultation with other appropriate Federal departments and agencies, including the Bureau of the Census) for the establishment and operation by January 1, 1987, of a national adoption data-gathering and analysis system.";

"(3) in section 204 (42 U.S.C. 5114) by striking out all after "Secretary" and inserting in lieu thereof "shall conduct an ongoing study of the nature, scope, and effects of the placement of children in adoptive homes (not including the homes of stepparents or relatives of the child in question) by persons or agencies which are not licensed by or subject to regulation by any government entity. The Secretary shall issue biannual reports on the findings of the study."; and

"(4) by adding at the end thereof the following:

"DEFRAUDING PROSPECTIVE ADOPTIVE PARENTS; CIVIL REMEDIES

"SEC. 206. Any person who, having accepted money or anything of value in connection with an offer of, or performance of, any interstate or foreign adoption service and knowingly makes any material statement or knowingly makes or uses any material document that is known or should be known to be false, or knowingly conceals or misrepresents any material fact, in connection with the performance of such interstate or foreign adoption service, shall be liable for damages to any individual who has paid money or anything of value for the performance of such service or act. The district courts of the United States shall have jurisdiction to hear such cases regardless of the amount in controversy, and the plaintiff in such actions shall be entitled to recover such consequential and punitive damages plus costs and attorney fees, as the court deems appropriate.

"DEFRAUDING BIRTH MOTHER; CIVIL REMEDIES

"Sec. 207. Any person who agrees to pay any expenses of a pregnant woman in expectation of adopting her child or arranging for the adoption of her child, and who knowingly makes any material statement or knowingly makes or uses any material document that is known or should be known by that person to be false or knowingly conceals or misrepresents any material fact, shall, if such woman traveled in interstate or foreign commerce as part of such agreement, be liable to such woman for damages incurred. The district courts of the United States shall have jurisdiction to hear and determine such cases regardless of the amount in controversy, and the plaintiff in such actions shall be entitled to recover such consequential and punitive damages, plus costs and attorney's fees, as the court deems appropriate.

"CIVIL ACTIONS BY ATTORNEY GENERAL

"Sec. 208. (a) The district courts of the United States shall have jurisdiction to prevent and restrain violations of this Act by issuing appropriate orders.

"(b) The Attorney General may institute proceedings under this section. Pending a final determination thereof, the court may at any time enter such restraining orders or prohibitions, or take such other actions as it deems proper.

"DEFINITIONS

"Sec. 209. For purposes of this Act the term—

"(1) 'person' means any individual, corporation, partnership, any unincorporated association or any combination or association thereof; and

"(2) 'interstate or foreign adoption service' means procurement, transportation or delivery of a child, or any material assistance with procurement, transportation or delivery of a child, from a State or country other than the State in which the prospective adoptive parent resides.".

Mr. DOLE. Mr. President, I am pleased to join the distinguished Senator from Alabama in introducing the "Antifraudulent Adoptions Act of 1985."

I first introduced this legislation in the last Congress in response to a national tragedy: A tragedy created by people who preyed on the emotions and frustrations of couples longing for children and confused, distraught unwed mothers who sought a good home for their children. The tragedy—which came to be known as the "Mexican Adoption Scam"—involved scores of vulnerable couples throughout the country who were bilked out of thousands of dollars. They were told that children from Mexico could be made available for adoption in a relatively short period of time, if only they could provide the money in advance. And while some children were eventually made available for adoption, many couples were left with neither their hopes fulfilled, nor their money returned.

The purpose of this bill is to provide additional Federal statutory protections for the victims of such inhumane crimes by closing the gap which exists under current law in the Nation's ability to effectively combat and deter interstate adoption frauds. Because the States may only prosecute for acts occurring within their own boundaries, the Federal Government is best equipped to prosecute adoption rings that operate on a nationwide scale.

It should be emphasized that this bill is not intended to usurp the legitimate authority of States to regulate adoption practices within their jurisdiction as they see fit. What is intended is to provide uniform, national penalties and remedies for persons who are victimized by adoption scams which operate in interstate and foreign commerce.

It should also be emphasized that this bill is not intended in any way to prohibit or discourage the availability of adoption services outside of the community of State licensed adoption agencies. The bill specifically exempts from its reach agreements between adoptive parents and birth mothers which may involve the payment of legitimate fees to professionals who perform services to the adoption.

Mr. President. I wish to commend and thank Senator DENTON for taking the lead on this important legislation in this Congress. As a member of the Senate Judiciary Committee, and a principal sponsor of the bill when I introduced it last year, Senator DENTON is in a good position to carry this bill forward through the legislative process and I look forward to working with him in that effort.

By Mr. DIXON:

S. 1050. A bill to protect and promote U.S. agricultural exports, and to provide for the protection of highly erodible land; to the Committee on Agriculture, Nutrition, and Forestry.

AGRICULTURAL EXPORT ENHANCEMENT AND SOIL CONSERVATION ACT

Mr. DIXON. Mr. President, I rise today to introduce the Agricultural Export Enhancement and Soil Conservation Act of 1985.

The object of this bill, Mr. President, is to protect and enhance some of the basic assets of our farm economy: export markets, and the natural resources on which the farm economy depends.

We are all familiar with the crises facing American Agriculture today. Next week in the Agriculture Committee we will be making up what may well be the most important farm bill of the last several decades. As we go into these important deliberations, we must assure ourselves that several basic assets of the farm economy are maintained and improved.

We must regain our export markets, and not give them to other nations through misconceived embargoes. Title I of this bill limits this possibility; it is essentially the amendment that I offered in the last Congress, and that was approved by the Senate, to the Export Administration Act. This title does not eliminate the President's authority to restrict exports; it simply subjects them to the approval of the Congress.

We must improve our export position. Titles II and III of the bill seek to do this, the first through a bonus system paying commodities to exporters. If carryover stocks of wheat or feed grains exceed certain figures, title III directs the Secretary of Agriculture to provide export credits for the export of these crops, at interest rates designed to offset the last few years' change in the value of the dollar.

We must also conserve our resources, including fragile lands. The Government should not reward farmers for plowing up fragile lands. Title IV is designed to prevent so-called sodbusters from participating in Government commodity programs.

In the Agriculture Committee we will be considering these and other measures as we work on the 1985 farm bill. I look forward to working with my colleagues on producing a bill that will place America's agricultural economy back on an economically sound base.

By Mr. ZORINSKY (for himself, Mr. EXON, and Mr. HARKIN):

S. 1051. A bill to provide price and income protection for farmers and to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FOOD AND AGRICULTURE ACT OF 1985

Mr. ZORINSKY. Mr. President, today I am introducing the Food and Agriculture Act of 1985 which, in general, will be effective for the 1986 through 1989 crops. The legislation is designed to achieve the following six primary objections:

First, increase farm income. To accomplish that objective as efficiently as possible, the bill provides a mandatory production control program for wheat and a tiered system of target prices for feed grains.

The commodity programs provided under this bill will be flexible enough to respond to volatile export markets and the needs of domestic consumers, while providing some measure of protection for family farm operators.

Second, ensure consumers of a safe and reliable supply of reasonably priced food. Food is a tremendous bargain in this country and—if we are to continue to enjoy this abundance—consumers must share in the cost of maintaining our family farm system of agricultrue.

A 1-percent increase in the amount of disposable income Americans spend on food would increase net farm income by about 20 percent, if all of that increase was passed through to farmers.

Third, reduce overproduction, thereby reducing Government costs while at the same time improving commodity prices.

Fourth, provide for adequate soil and water resource conservation. We cannot afford to mortgage the future by depleting the natural resources that future generations will rely on for their agricultural production.

In that regard, the bill provides for a conservation reserve program which could remove about 30 million acres of land from production. In addition, the legislation includes a so-called sodbuster provision and a wetlands conservation program that eliminate the incentives provided under current farm programs to cultivate certain fragile lands.

Fifth, expand and develop new markets through export sales and research and development on alternative uses for farm products.

To expand existing export markets and develop new markets, the bill provides for an aggressive export program to enable American farmers to compete with the heavily subsidized exports of other countries. American farmers can compete with the farmers of other countries but they cannot compete with the treasuries of other countries.

A workable export program—by using credit and export PIK programs—will effectively provide a tiered system of prices—one level for domestic consumers and another level for export markets.

Sixth, reduce the cost of farm programs while making them more effective. A preliminary economic analysis of this bill indicates that it will cost less than an extension of the current farm programs and result in increased farm income.

This bill is the product of many hours of work and careful study of the suggestions and comments made during the farm bill hearings—including two field hearings that I conducted in Nebraska.

As a result of the hearing process and suggestions received from farmers and others, I refined and modified my initial ideas about future farm programs. The legislation I am introducing today is a proposal that combines new and innovative ideas with tried and proven programs.

For those reasons, I believe this legislation will receive the serious consideration it deserves. However, I am prepared to listen to and consider additional suggestions on how to improve this bill. During the markup of the 1985 farm bill, I expect to offer and support appropriate amendments.

Despite the importance of the 1985 farm bill, we must recognize that many of the economic forces adversely affecting agriculture today will not be influenced by farm legislation or the Secretary of Agriculture. In this regard, the huge Federal budget deficit is one of the biggest problems confronting farmers.

There is no question that we must reduce Federal spending. We can do this while meeting the needs of our most basic industry—agriculture—by reordering our priorities so that we give a little less to the International Monetary Fund, a little less for bailing out multinational corporations, and a little less for helping unappreciative foreign governments.

As Congress continues work on the budget and farm legislation, I will be working to make certain that—whatever proposals we adopt—farmers are treated at least as well as multinational corporations and foreign governments.

If our Nation's farmers are treated fairly, improvements will be made in the agricultural economy. I am convinced that a healthy agricultural economy will provide the essential foundation for our Nation's long-term prosperity.

I ask unanimous consent that a short explanation of the Food and Agriculture Act of 1985 and the text of the bill be printed in the RECORD.

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

S. 1051

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents,

may be cited as the "Food and Agriculture Act of 1985".

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PART A—COMMODITY PROGRAMS

TITLE I—WHEAT

MARKETING QUOTAS

SEC. 101. Effective only for the 1986 through 1989 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"PROCLAMATIONS OF MARKETING QUOTAS

"SEC. 332. (a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat in the marketing year beginning in the next succeeding calendar year will, in the absence of a marketing quota program, likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat shall be in effect for such marketing year and for either the following marketing year or the following three marketing years, if the Secretary determines and declares in such proclamation that a three- or four-year marketing quota program is necessary to effectuate the policy of this Act. In the case of the 1986 crop, such determination and proclamation shall be made as soon as practicable after the enactment of the Food and Agriculture Act of 1985.

"(b) If a national marketing quota for wheat has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 or later than April 15 of the calendar year preceding the year in which such marketing year begins, except that in the case of the 1986 crop, such determination and proclamation shall be made as soon as practicable after the enactment of the Food and Agriculture Act of 1985. The amount of the national marketing quota for wheat for any marketing year shall be an amount of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(c) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or increased to meet a national emergency or a material increase in the demand for wheat, the national marketing quota shall be increased or terminated by the Secretary.".

SEC. 102. Effective only for the 1986 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"SEC. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332 of this Act. The apportionment factor shall be determined by dividing the national marketing quota for such crop of wheat by the average of the number of bushels of wheat that the Secretary determines was produced in the United States during the crop years 1980 through 1984 adjusted to reflect the amount of wheat that would have been produced during such years for (1) drought, flood, or other natural disaster, or other conditions beyond the control of producers and (2) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years, as determined by the Secretary."

SEC. 103. Effective only for the 1986 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"FARM MARKETING QUOTAS

"SEC. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332 of this Act, the Secretary shall establish a farm marketing quota for each farm on which wheat was produced, or considered produced, during the crop years 1980 through 1984.

"(b) The farm marketing quota shall be equal to the average number of acres of wheat produced, or considered produced, on the farm during the crop years 1980 through 1984 multiplied by (1) the average yield for wheat produced, or considered produced, on the farm during such crop years as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield, and (2) by the marketing quota apportionment factor.

"(c) For the purposes of this section, wheat shall be considered to have been produced on the farm is any crop year to the extent that the Secretary determines that wheat was not produced on the farm (1) because of drought, flood, or other natural disaster, or other condition beyond the control of the producer as determined by the Secretary, or (2) because the producers on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by June 1 of the calendar year preceding the marketing year for which a national marketing quota has been proclaimed under section 332 of this Act, except that in the case of the 1986 crop, such quotas shall be established as soon as practicable after the enactment of the Food and Agriculture Act of 1985.".

SEC. 104. Effective only for the 1986 through 1989 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"MARKETING PENALTIES

"SEC. 335. (a) The marketing of wheat produced on a farm in excess of the farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 per centum of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid—

"(1) if such wheat is marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) if such wheat is marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) if such wheat is marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies or fails to certify the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary, an amount of wheat equal to the farm program yield, as determined by the Secretary under section 107D(d) of the Agricultural Act of 1949, times the planted acreage, shall be deemed to have been marketed in excess of the farm marketing quota, and the penalty provided for in subsection (a) of this section on such amount of wheat shall be paid by the producer.

"(d) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty imposed by this section in the succeeding marketing year to the extent that (1) the total amount of wheat available for marketing from the farm in the marketing year from which the wheat is carried over did not exceed the farm marketing quota, or (2) the total amount of wheat available for marketing in the succeeding marketing year (that is, the sum of the amount of wheat carried over and the amount of wheat produced on the farm subject to a farm marketing quota in the succeeding marketing year) does not exceed the farm marketing quota for the succeeding marketing year.

"(e) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even through it is marketed prior to the date on which such marketing year begins.

"(f) The Secretary shall require collection of the penalty provided for in this section upon a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for market-

ing from the farm in excess of the farm marketing quota is of the total amount of wheat available for marketing from the farm if satifactory proof is not furnished the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm. All funds collected under this section during one marketing year shall be deposited in a special account with the Treasurer of the United States until the end of the next succeeding marketing year. Upon certification of the Secretary, there shall be paid out of such special account to persons designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due upon wheat marketed in excess of the farm marketing quota for any farm. Such special account shall be administered by the Secretary, and the basis for, the amount of, and the person entitled to receive a payment form such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(g) Until the amount of the penalty provided by this section is paid, a lien on the wheat with respect to which such penalty is incurred, and any subsequent wheat subject to marketing quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States for the amount of the penalty.

"(h) The person liable for the payment or collection of the penalty on any amount of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(i) If marketing quotas for wheat are not in effect for any marketing year, all previsous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year. Such termination shall not abate any penalty previously incurred by a producer or relieve any buyer of the duty to remit penalties previously collected.".

SEC. 105. Effective only for the 1986 through 1989 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"REFERENDUM

"SEC. 336. If a national marketing quota for wheat for one, two, or four marketing years is proclaimed, the Secretary shall, not later than August 1 of the calendar year in which such national marketing quota is proclaimed, conduct a referendum by secret ballot, of wheat producers to determine whether they favor or oppose marketing quotas for the marketing year or years for which proclaimed. In the case of the 1986 crop, the referendum shall be conducted as soon as practicable after the date of enactment of the Food and Agriculture Act of 1985. Any producer who produced wheat on a farm during at least one of the crop years 1980 through 1984 shall be eligible to vote in the referendum. The Secretary shall proclaim the results of any referendum held hereunder within thirty days after the date of such referendum and if the Secretary determines that 50 percent or more of the producers voting in the referendum voted against marketing quotas, the Secretary shall proclaim that marketing quotas will not be in effect with respect to the crop of wheat produced for harvest in the calendar year following the calendar year in which the referendum is held. If the Secretary determines that more than one-half of the producers voting in a referendum approve marketing quotas for a period of two or four marketing years, no referendum shall be held for the subsequent year or years of such period.".

SEC. 106. Effective only for the 1986 through 1989 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"SEC. 338. Farm marketing quotas shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, the farm marketing quota on a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer, and the Secretary may reallocate the amount of any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 107. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107C the following new section:

"SEC. 107D. Notwithstanding any other provision of law—

"(a)(1) Except as provided in paragraphs (2) and (3) of this subsection, the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the level of loans and purchases determined under paragraph (1) of this subsection shall not be less than the higher of—

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes and insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) $3.55 per bushel.

"(3) For any crop of wheat for which marketing quotas are not in effect, the level of loans and purchases determined under paragraph (1) of this subsection shall not be less than the higher of—

"(A) 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest; or

"(B) $3.30 per bushel.

"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection. Payments for any crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. Payments for any crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate of wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop.

"(C)(i) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

"(I) the national average cost of production per bushel of wheat as determined by the Secretary under subsection (a)(1) of this section; or

"(II) $4.65 per bushel.

"(ii) For any crop of wheat for which wheat marketing quotas are not in effect, the established price shall not be less than—

"(I) in the case of the 1986 crop, $4.38 per bushel; and

"(II) in the case of the 1987 through 1989 crops, the established price for the preceding crop adjusted by the Secretary to reflect any change in (*a*) the average adjusted cost of production for the two crop years immediately preceding the year for which the determination is made from (*b*) the average adjusted cost of production for the two crop years immediately preceding the year previous to the one for which the determination is made.

"(D) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the results of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a

rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such looses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to ensure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) For any crop of wheat for which marketing quotas are not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than August 15 of the calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the enactment of the Food and Agriculture Act of 1985. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less that 80 per centum.

"(3)(A) The individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (e)(2) of this section by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (e)(2) of this section, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which wheat marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quality of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938.

"(d) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under any other provision of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may provide for any crop of wheat for which marketing quotas are not in effect either a program under which the acreage planted to wheat would be limited as described in paragraph (2) of this subsection or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than August 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Food and Agriculture Act of 1985.

"(2) If a wheat acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the wheat acreage base for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed under this paragraph shall be the acreage planted on the farm to wheat for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to wheat for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage that the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereinafter in this subsection referred to as "reduced acreage'. If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of wheat, subsection (c) of this section shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform

basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under the paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, seasme, safflower, sunflower, castor beans, mustard seed, crambe, plantago, ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect or marketing quotas for wheat are in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 108. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

SEC. 109. Sections 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

SEC. 110. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 111. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1989 crops of wheat.

TITLE II—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAMS, AND LAND DIVERSION PAYMENTS FOR THE 1986 THROUGH 1989 CROPS

SEC. 201. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B a new section as follows:

"SEC. 105C. Notwithstanding any other provision of law—

"(a)(1)(A) Except as provided in subparagraph (B) of this paragraph, the Secretary shall make available loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) The level of loans and purchases for a crop determined under subparagraph (A) of this paragraph shall not be less than the higher of—

"(i) 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding five marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest; or

"(ii) $2.55 per bushel.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection. Payments for any crop of feed grains shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage that the acreage actually planted to feed grains.

"(B) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop.

"(C) For the 1986 crop of corn, the established price shall be not less than the following levels:

"(i) $3.18 per bushel for any portion of the crop so determined (based on the farm program acreage and the farm program payment yield) that does not exceed ten thousand bushels;

"(ii) $3.08 per bushel for any portion of the crop so determined that is more than ten thousand bushels but does not exceed twenty thousand bushels;

"(iii) $2.98 per bushel for any portion of the crop so determined that is more than

twenty thousand bushels but does not exceed thirty thousand bushels; and

"(iv) $2.88 per bushel for any portion of the crop so determined that is more than thirty thousand bushels but does not exceed forty thousand bushels.

"(D) For each of the 1987 through 1989 crops of corn, the established price shall not be less than the level of established price for the preceding crop adjusted by the Secretary to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. For each of the 1987 through 1989 crops, the levels of established price shall be applicable to the same portions of the crop as specified for the 1986 crop in subparagraph (c) of this paragraph. For each of the 1986 through 1989 crops, no level of established price shall be applicable and no payment rate shall be computed for any portion of the crop so determined that exceeds forty thousand bushels.

"(E) The payment rates for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rates and applicable to such portion of the respective commodity as the Secretary determines fair and reasonable in relation to the rates at which payments are made available for corn.

"(F) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) crop insurance indemnity payments under the Federal Crop Insurance Act and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop for the purpose of determining the allocation factor under paragraph (2) of this subsection if he Secretary determines if necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be used domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by he amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (e)(2) of this section by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (e)(2) of this section, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may provide for any crop of feed grains either a program under which the acreage planted to feed grains would be limited as described in paragraph (2) of this subsection or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested.

"(2) If a feed grain acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the feed grain acreage base for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limita-

tion under this paragraph if such producer has previously produced a malting variety of barley for harvest, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed under this paragraph shall be the acreage planted on the farm to feed grains for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to feed grains for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to feed grains for harvest shall include any acreage that the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determind is hereinafter in this subsection referred to as "reduced acreage". If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of feed grains, subsection (c) of this section shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this paragraph as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall ensure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may also pay an appropriate share of the cost of approved soil and water conservation practices (including practices that may be effective for a number of years) established by the producer on reduced acreage, set-aside acreage, or additional diverted acreage. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 202. Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE III—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 301. Effective only for the 1986 through 1989 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

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

"(i)(1) The price of soybeans shall be supported through loans and purchases during each of the four marketing years beginning with the 1986 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel: *Provided*, That if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more that 105 per centum of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the marketing year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available

on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law—

"(A) the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans; and

"(B) soybeans shall not be considered an eligible commodity for any reserve program, and the Secretary shall not authorize payments to producers to cover the cost of storing soybeans.".

TITLE IV—PEANUTS

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 401. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

(1) Subsection (a) through (j) of section 358;

(2) Subsection (a) through (h) of section 358a;

(3) Subsection (a), (b), (d), and (e) of section 359;

(4) Part I of subtitle C of title III; and

(5) Section 371.

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA FOR THE 1986 THROUGH 1989 CROPS OF PEANUTS

SEC. 402. Effective only for the 1986 through 1989 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(q) The national poundage quota for peanuts for each of the marketing years 1986 through 1989 shall be established by the Secretary at a level that will meet domestic edible, seed, and related needs for peanuts. The level established for any marketing year shall not be less than 1,100,000 tons increased by an amount that the Secretary estimates the domestic edible, seed, and related uses of peanuts in such year will exceed 1,100,000 tons. The national poundage quota shall be announced by the Secretary not later than December 15 of the year preceding the marketing year for which such poundage quota will be effective.

"(r)(1) the national poundage quota established under subsection (q) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(s)(1) A farm poundage quota shall be established for each farm that had a farm poundage quota for the 1985 crop of peanuts and for each other farm on which peanuts were produced in at least two of the crop years 1983 through 1985 as determined by the Secretary. The farm poundage quota for any such farm for the 1986 through 1989 marketing years shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year as adjusted under this subsection, but not including any increases for undermarketings from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection. For the purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years. A farm poundage quota established on a farm under the provisions of paragraph (2) or (6) of this subsection shall be considered as being established under the provisions of this paragraph for all subsequent marketing years.

"(2) Any increase in a State's poundage quota apportionment from 1985 to 1986 shall be allocated equally to all farms that are eligible for a farm poundage quota for the 1986 marketing year under paragraph (1) of this subsection. If the national poundage quota is increased for any of the marketing years 1987 through 1989, such increase in a State's poundage quota apportionment shall be allocated equally among (A) all farms on which a poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made and (B) all other farms on which peanuts were produced during at least two of three immediately preceding crop years as determined by the Secretary.

"(3) The farm poundage quota established on a farm for any marketing year 1986 through 1989 shall be reduced, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, to the extent that the Secretary determines that the farm poundage quota established on the farm for any two of the three marketing years preceding the year for which the determination is being made was not produced, or considered produced, on the farm. For the purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include any increases for undermarketing of quota peanuts from previous years or any increases resulting from the allocation of quotas voluntarily released for one year under paragraph (7) of this subsection.

"(4) For the purpose of this subsection, the farm poundage quota shall be considered produced on a farm if (A) poundage quota of peanuts was not produced on the farm for reason of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary, or (B) the farm poundage quota on the farm was released voluntarily under paragraph (7) of this subsection for only one of the three marketing years immediately preceding the year for which the determination is being made.

"(5) Notwithstanding any other provision of law, the farm poundage quota established on a farm under this subsection, or any part thereof, may be permanently released by the owner of the farm, or the operator with the permission of the owner, and the poundage quota on the farm shall be adjusted to the extent that the quota is so released.

"(6) The total amount of farm poundage quota reduced or voluntarily released from farms in a State during any year under paragraphs (3) or (5), respectively, of this subsection shall be allocated under regulations issued by the Secretary to other farms in the State on which peanuts were produced in at least two of the three crop years immediately preceding the year in which such allocation is being made. Not less than 25 percent of such poundage quota shall be assigned to farms on which no quota was established for the preceding year's crop.

"(7) The farm poundage quota established on a farm for a marketing year, or any portion thereof, may be voluntarily released to the Secretary to the extent that such quota of peanuts will not be produced on the farm during the crop year. Any farm poundage quota voluntarily released on farms in a State shall be allocated to other farms in the State on such basis as the Secretary may prescribe. Any adjustment in the poundage quota for a farm under this paragraph shall be effective only for the marketing year for which it is made and shall not be taken into consideration in establishing a poundage quota on the farm for any subsequent marketing year.

"(8) The farm poundage quota on a farm for any marketing year shall be increased by the number of pounds by which the total marketings of quota peanuts for the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than the total amount of the applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years: *Provided*, That no increase for undermarketings in previous years shall be made to the poundage quota on any farm to the extent that the quota on such farm for the marketing year was reduced under paragraph (3) of this subsection for failure to produce. Increases in farm poundage quotas made under this paragraph shall not be counted against the national poundage quota for the marketing year involved. Any farm poundage quota increase made under this paragraph may be used in the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall prescribe by regulation.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(t) For each farm for which a farm poundage quota was established under subsection (s) of this section, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. If peanuts were not produced on the farm in at least three years during such five-year period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(u) Not later than December 15 of each calendar year, the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with re-

spect to the crops of peanuts produced in the four calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, and fourth years of the period. The Secretary shall proclaim the result of the referendum within thirty days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(v) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (s) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketing of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (s) of this section;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 403. Effective only for the 1986 through 1989 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(k) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in this same State and that had a farm poundage quota for the preceding year's crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(l) Transfers (including transfer by sale or lease) of farm poundage quota under this section shall be subject to the following conditions:

"(1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders;

"(2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota;

"(3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and

"(4) such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 404. Effective only for the 1986 through 1989 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(m)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either (A) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers, (B) marketed through an area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949, or (C) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (q) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal the farm's average yield, as determined under section 358(t) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

"(n) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c) of this section, are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (r) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

(o) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced for the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(p)(1) Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts contracted by a handler shall not be required under paragraph (1) of this subsection if the handling and disposal of such peanuts is conducted in the manner prescribed in regulations issued by the Secretary.

"(B) The regulations issued by the Secretary under subparagraph (A) shall permit handlers of shelled peanuts to export peanuts classified by type, without physical supervision under paragraph (1) of this subsection, in quantities as described in subparagraph (C) of this paragraph.

"(C)(i) Sound split kernel peanuts in an amount equal to twice the pounds of such peanuts purchased by the handler as additional peanuts.

"(ii) Sound mature kernel peanuts in an amount equal to the pounds of such peanuts purchased by the handler as additional peanuts less the amount of sound split kernels purchased by the handler.

"(iii) the remaining quantity of total kernel content purchased by the handler as

additional peanuts and not crushed domestically.

"(D) Any additional peanuts exported without physical supervision under subparagraph (B) of this paragraph shall be evidenced by on-board bill of ladings or other appropriate documentation as may be required by the Secretary or both. Handler's obligations to export peanuts in quantities described in subparagraph (C) shall be reduced by a reasonable shrinkage allowance to be determined by the Secretary. The Secretary may require adequate financial guarantees as well as evidence of adequate facilities and assets in order to assure compliance with the obligation of the handler to export peanuts without physical supervision under subparagraph (B) of this paragraph. If a handler should suffer a loss of peanuts as a result of fire, flood, or other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the handler's total purchases for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(4) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation. The amount of any penalty imposed on a handler under this subsection that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary under the provisions of subsection (s)(5) of this section. A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(5) If any additional peanuts exported by a handler should reenter the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the reentry.

"(q) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced. Each such contract shall contain the final price to be paid by the handler for the peanuts involved and a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(r) Subject to the previous of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) no less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later then December 31 of the marketing year. For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence to facilitate the orderly marketing of additional peanuts.

"(s)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section, other than a penalty on an importer under subsection (p)(5), is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law and except as otherwise provided in subsection (p)(4) of this section, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.".

PRICE SUPPORT PROGRAM

SEC. 405. Effective only for the 1986 through 1989 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A a new section as follows:

"PRICE SUPPORT FOR 1986 THROUGH 1989 CROPS OF PEANUTS

"SEC. 108B. Notwithstanding any other provision of law—

"(1) The Secretary shall make price support available to producers through loans, purchases, and other operations on quota peanuts for each of the 1986 through 1989 crops. The national average quota support rate for the 1986 crop of quota peanuts shall be the same as the national average support rate established for the 1985 crop of quota peanuts adjusted by the Secretary by the percentage of any increase in the prices paid by producers for commodities and services, interest, taxes, and farm wages rates during calendar years 1981 through 1985 as determined by the Secretary. The national average quota support rate for each of the 1987 through 1989 crops of quota peanuts shall be the national average quota support rate for the preceding crop, adjusted to reflect any increase, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act. The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(2) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1989 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets; *Provided*, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(3)(A) In carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.60 (1985 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those oper-

ations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(B) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan, for additional peanuts placed under loan, and for additional peanuts produced without a contract between a handler and a producer as described in section 359(q) of the Agricultural Adjustment Act of 1938, except that separate pools shall be established for Valencia peanuts produced in New Mexico. Bright hull and dark hull Valencia peanuts produced in the Southwest area shall be considered as different types for the purpose of establishing pools under this section. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of (i) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss in the pool for quota peanuts as provided in clause (i) of this sentence. Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by the producer. Notwithstanding any other provisions of this section, the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under the provisions of section 358(s)(8) of the Agricultural Adjustment Act of 1938. In addition, losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(s)(8) of the Agricultural Adjustment Act of 1938, shall be offset by gains or profits from pools in other production areas as determined by the Secretary.

"(4) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(u) of the Agricultural Adjustment Act of 1938.".

REPORTS AND RECORDS

SEC. 406. Effective only for the 1986 through 1989 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 401. Section 101 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1989 crops of peanuts.

TITLE V—SUGAR

SUGAR PRICE SUPPORT

SEC. 501. Effective only for the 1986 through 1989 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

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

"(j) The price of each of the 1986 through 1989 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified below:

"(1) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for each of the 1986 through 1989 crops.

"(2) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

TITLE VI—WOOL AND MOHAIR

EXTENSION OF PRICE SUPPORT PROGRAM

SEC. 601. Section 703 of the National Wool Act of 1954 is amended by—

(1) striking out "1985" in subsection (a) and inserting in lieu thereof "1989"; and

(2) striking out "1985" in subsection (b) and inserting in lieu thereof "1989".

TITLE VII—DAIRY

MILK PRICE SUPPORT

SEC. 701. Effective with respect to milk marketed for commercial use after September 30, 1985, subsection (d) of section 201 of the Agricultural Act of 1949 is amended to read as follows:

"(d) Notwithstanding any other provision of law—

"(1) Effective for the fiscal year ending September 30, 1986, the price of milk shall be supported at a level not less than $11.60 per hundredweight of milk containing 3.67 per centum milk fat.

"(2) Effective for the fiscal year ending September 30, 1987, and each fiscal year thereafter through the fiscal year ending September 30, 1989, the price of milk shall be supported at a level not less than the support level for the immediately preceding fiscal year adjusted as follows:

"(A) if the Secretary estimates, as of the beginning of any such fiscal year, that the net price support purchases of milk or the products of milk will be in excess of five billion pounds milk equivalent, the Secretary may establish the level of support for such fiscal year at a level not less than 95 per centum of the support level for the immediately preceding fiscal year; and

"(B) if, during any such fiscal year, the Secretary determines that an increase in the price support for milk is necessary to ensure an adequate supply of pure and wholesome milk, the Secretary may increase such level of support for such fiscal year by not to exceed 5 per centum: *Provided*, That the authority provided in this clause may be exercised only once during each fiscal year.

"(3) The price of milk shall be supported through the purchase of milk and the products of milk.".

FEDERAL MILK MARKETING ORDERS

SEC. 702. Section 101(b) of the Agriculture and Food Act of 1981 is amended by striking out "1985" and inserting in lieu thereof "1989".

TRANSFER OF DAIRY PRODUCTS TO VETERANS HOSPITALS AND THE MILITARY

SEC. 703. Section 202 of the Agricultural Act of 1949 is amended by striking out "1985" and inserting in lieu thereof "1989".

DAIRY INDEMITY PROGRAM

SEC. 704. Section 3 of the Act of August 13, 1968 (7 U.S.C. 4501), is amended by striking out "1985" and inserting in lieu thereof "1989".

TITLE VIII—TOBACCO

PRICE SUPPORT FOR THE 1986 THROUGH 1989 CROPS OF TOBACCO

SEC. 801. Section 106 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection (h) as follows:

"(h) The provisions of this section shall be inapplicable to any crop of tobacco produced for harvest after 1989 except as may hereafter be authorized by law.".

TITLE IX—MISCELLANEOUS COMMODITY PROVISIONS

ADVANCE PAYMENTS

SEC. 901. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, the Agricultural Act of 1949, is amended by adding after 107D, as added by section 201 of this Act, a new section as follows:

"ADVANCE PAYMENTS

"SEC. 107E. (a) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary may make available advance deficiency payments to producers who agree to participate in such program.

"(b) Advance deficiency payments under subsection (a) shall be made to the producer under the following terms and conditions:

"(1) Such payments shall be made available to producers as soon as practicable after the producer files a notice of intention to participate in such program.

"(2) Such payments shall be made available to producers in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying (A) the estimated farm program acreage for the crop, by (B) the farm program payment yield for the crop, by (C) 50 per centum of

the projected payment rate, as determined by the Secretary.

"(3) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this section, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(4) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been under this section, the producers who received such advance payments shall refund such payments.

"(5) Any refund required under paragraph (3) or (4) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(6) If a producer fails to comply with the requirements under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this section, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulations.

"(C) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(d) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(e) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.".

SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

SEC. 902. Effective for the 1986 through 1989 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 is amended to read as follows:

"SUPPLEMENTAL SET-ASIDE AND ACREAGE LIMITATION AUTHORITY

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105C(e) or 107D(e) of this title for one or more of the crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. To carry out effectively a set-aside or acreage limitation program under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

SPECIAL GRAZING AND HAY PROGRAM

SEC. 903. Section 109 of the Agricultural Act of 1949 is amended by striking out "1985" in the first sentence of subsection (a) and inserting in lieu thereof "1989".

COMMODITY CREDIT CORPORATION SALES PRICES RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 904. Effective only for the marketing years for the 1986 through 1989 crops, section 407 of the Agricultural Act of 1949 is amended by—

(1) striking out in the third sentence the language following the third colon and inserting in lieu thereof the following: *"Provided,* That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use.".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 905. Section 1001 of the Food and Agriculture Act of 1977 is amended by—

(1) striking out "1985" in each place that it appears in subsections (a) and (b) and inserting in lieu thereof "1989"; and

(2) adding a new subsection (c) as follows:

"(c) Notwithstanding any other provision of law, whenever marketing quotas are in effect for any of the 1986 through 1989 crops of wheat, the Secretary of Agriculture may require, as a condition of loans, purchases, and payments on any commodity under the Agricultural Act of 1949, that the acreage normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers, shall be reduced by an amount equal to acreage that the Secretary determines would normally be planted to wheat on a farm minus the individual farm program acreage on the farm under section 107D(c)(3)(A) of the Agricultural Act of 1949.

NORMAL SUPPLY

SEC. 906. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat or corn for the marketing year for any of the 1986 through 1989 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 907. Effective only for the 1986 through 1989 crops of wheat and feed grains, section 408(k) of the Agricultural Act of 1949 is amended to read as follows:

"REFERENCES TO TERMS MADE APPLICABLE TO WHEAT AND FEED GRAINS

"(k) References made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to level of loans and purchases for wheat and feed grains under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat and feed grains under this Act.".

PAYMENT LIMITATIONS FOR WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

SEC. 908. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice shall not exceed $50,000 for each of the 1986 through 1989 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice shall not exceed $100,000 for each of the 1986 through 1989 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, or any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation.

(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of such limitation: *Provided,* That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

PART B—AGRICULTURAL EXPORTS, CONSERVATION, AND CREDIT

TITLE X—AGRICULTURAL EXPORTS

EXEMPTION FOR AGRICULTURAL EXPORTS FROM CARGO PREFERENCE REQUIREMENTS

SEC. 1001. Notwithstanding any other provision of law, export activities of the Commodity Credit Corporation under the Commodity Credit Corporation Charter Act, and activities of the Corporation or the Secretary of Agriculture to promote the export of agricultural commodities under any other Act, shall not be subject to cargo preference requirements, except with respect to the export of (a) agricultural commodities under the Agricultural Trade Development

and Assistance Act of 1954 or other provisions of law that provide for the furnishing of such commodities to a foreign nation without provision for reimbursement, or (b) agricultural commodities procured, contracted for, or otherwise obtained for other agencies of the United States.

EXTENSION OF PUBLIC LAW 480

SEC. 1002. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) striking out "1985" in the first sentence and inserting in lieu thereof "1989"; and

(2) striking out "Agriculture and Food Act of 1981" in the second sentence and inserting in lieu thereof "Food and Agriculture Act of 1985".

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1003. Section 4(d) of the Food for Peace Act of 1966 is amended by striking out "1985" both places it appears and inserting in lieu thereof "1989".

EXPORT CREDIT AND CREDIT GUARANTEES

SEC. 1004. (a) Effective for the fiscal year ending September 30, 1986, $325,000,000 of Commodity Credit Corporation funds shall be used by the Commodity Credit Corporation for direct export credit under its blended credit export sales program.

(b) Effective for the fiscal year ending September 30, 1986, not less than $5,000,000,000 in credit guarantees shall be made available by the Commodity Credit Corporation under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and products.

INTERMEDIATE CREDIT FOR AGRICULTURAL EXPORTS

SEC. 1005. Section 4(b) of the Food for Peace Act of 1966 is amended by—

(1) adding, at the end of paragraph (1), the following: "Such financing may consist of the provision of direct credit or guaranteeing the repayment of loans made by entities other than the Corporation to finance such sales.";

(2) in paragraph (2)—

(A) striking out "or" at the end of clause (A),

(B) striking out the period at the end and inserting in lieu thereof "; or"; and

(C) adding at the end thereof a new clause (C) as follows:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) in paragraph (3)—

(A) striking out "and" at the end of clause (C);

(B) striking out "credit" in clause (D);

(C) striking out the period at the end and inserting in lieu thereof "; and"; and

(D) adding at the end thereof a new clause (E) as follows:

"(E) otherwise to promote the export of United States agricultural commodities.";

(4) in paragraph (4), striking out "to encourage credit competition; or"; and

(5) inserting "through the provision of direct credit" after "subsection" in paragraph (5).

DEVELOPMENT, MAINTENANCE, AND EXPANSION OF EXPORT MARKETS FOR AGRICULTURAL COMMODITIES AND PRODUCTS

SEC. 1006. (a) Notwithstanding any other provision of law, the Secretary of Agriculture shall formulate and carry out a program under which agricultural commodities and products acquired through the price support operations of the Commodity Credit Corporation are made available to United States exporters, processors, and foreign purchasers at no cost to encourage the development, maintenance, and expansion of export markets for United States agricultural commodities and products.

(b) In carrying out the program authorized by this section, the Secretary of Agriculture—

(1) shall take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities and products in any case in which the importation into the United States of a product made, in whole or in part, from a commodity or product made available for export under the program would place domestic users of the commodity at a competitive disadvantage;

(2) shall, to the extent that the agricultural commodities and products are provided to foreign purchasers during any fiscal year under this section, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and products and who continue to purchase such commodities and products on an annual basis in quantities greater than the level of purchases in a previous representative period;

(3) shall ensure, insofar as possible, that the agricultural commodities or products made available under this section will be used in a manner to encourage increased use of the commodities or products in the importing country and avoid displacing usual marketings of the United States agricultural commodities and products; and

(5) shall take such action to ensure insofar as practicable that any commodity or product made available under this section will not be sold or transshipped to other countries or used in the importing country for other than domestic purposes.

(c) The Secretary of Agriculture shall carry out the program authorized by this section through the Commodity Credit Corporation.

(d) The Secretary of Agriculture may issue such regulations as the Secretary deems necessary to carry out this section.

(e) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary of Agriculture or the Commodity Credit Corporation under any other provision of law.

PAYMENT OF SUBSIDIES FOR THE EXPORT OF AGRICULTURAL COMMODITIES AND PRODUCTS

SEC. 1007. (a) Whenever the Secretary of Agriculture determines that—

(1) the supply of any agricultural commodity or product for which price support is available under the Agricultural Act of 1949 are in excess of 150 per centum of the estimated stocks required to meet anticipated needs as determined by the Secretary taking into consideration domestic requirements, export demand, emergency food aid requirements, and the need for adequate carryover stocks, among other things, and

(2) the export of the commodity or product is being adversely affected by price or credit subsidies or similar trading practices of foreign countries or instrumentalities thereof in connection with their agricultural exports.

the Commodity Corporation shall carry out an export subsidy program under the provisions of the Commodity Credit Corporation Charter Act to neutralize the effect of the export subsidy or trading practice of foreign countries or instrumentalities on exports of the United States agricultural commodity or product.

(b) In carrying out the export subsidy program, the Commodity Credit Corporation may use (1) its funds to subsidize exports of the commodity or product directly or (2) stocks of the commodity or product acquired through price support operations of the Corporation to subsidize such exports through payments-in-kind made to United States exporters, processors, or foreign purchasers, or (3) both of the methods described in clauses (1) and (2). The Corporation may use stocks of a different commodity or product than the commodity or product adversely affected by foreign subsidies or unfair trade practices to make in-kind payments under the preceding sentence if the Secretary of Agriculture determines that the stocks of the commodity or product to be used are in excessive supply and that the use of such commodity or product is appropriate to ensure the effective operation of the program.

AGRICULTURAL TRADE AGREEMENTS

SEC. 1008. It is the sense of Congress that the President should undertake negotiations to develop long-term bilateral and multilateral agreements to promote the free trade of agricultural commodities and products between the United States and other countries.

TITLE XI—NATURAL RESOURCE CONSERVATION

Subtitle A—Soil Conservation

SHORT TITLE

SEC. 1101. This subtitle may be cited as the "Soil Conservation Act of 1985".

DEFINITIONS

SEC. 1102. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, or on an annual basis by one-trip planters;

(2) the term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program. Such districts or units of State or local government may be called "conservation districts", "soil conservation districts", "soil and water conservation districts", "resource conservation districts", "natural resource districts", "land conservation committees", or a similar name;

(3) the term "field" means that term as defined in section 718.2 of title 7 of the Code of Federal Regulations, except that any highly erodible land on which an agricultural commodity is produced after the date of enactment of this subtitle and which is not exempt under section 1104 shall be considered as part of the field in which such land was included on such date of enactment, unless the Secretary permits modification of the boundaries of the field to effectuate the purposes of section 1103 or to facilitate the practical administration thereof;

(4) the terms "highly erodible land" and "highly erodible cropland" mean land or cropland classified by the Soil Conservation Service of the Department of Agriculture as class IVe, VIe, VII, or VIII land under the land capability classification system in effect on the date of enactment of this title. The land capability class for a field shall be that determined by the Secretary to be the predominant class under regulations issued by the Secretary;

(5) the term "erosion-prone cropland" means land that is classified by the Soil Conservation Service of the Department of

Agriculture as class IIIe, IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of enactment of this subtitle and that has been devoted to the production of an agricultural commodity in three out of the past five years, or any other land in a State that the Soil Conservation Service determines has an erosion rate, in the production of an agricultural commodity, that is equal to or greater than the average erosion rate in the same State on any of the foregoing classes of land; and

(6) the term "Secretary" means the Secretary of Agriculture.

PROGRAM INELIGIBILITY FOR PRODUCTION ON HIGHLY ERODIBLE LAND

SEC. 1103. (a) Except as provided in section 1104 and notwithstanding any other provision of law, following the date of enactment of this subtitle any person who produces in any crop year an agricultural commodity on highly erodible land shall be ineligible, as to any commodity produced during that crop year by such person for—

(1) any type of price support or payments made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (115 U.S.C. 714 et seq.), or any other Act;

(2) a farm storage facility loan under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(3) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1510 et seq.);

(4) a disaster payment under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(5) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land.

(b) The Secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of persons who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of tenants and sharecroppers.

EXEMPTIONS

SEC. 1104. (a) The sanctions of section 1103 shall not be activated by the planting of a crop of an agricultural commodity—

(1) on any land that was cultivated to produce any of the 1981 through 1985 crops of agricultural commodities;

(2) before the date of enactment of this subtitle;

(3) during any crop year beginning before the date of enactment of this subtitle;

(4)(A) in an area within a conservation district under a conservation system that has been approved by a conservation district after it has been determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for that conservation district, or (B) in an area, not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of such agricultural commodity on highly erodible land; or (5) or any highly erodible land if such land was planted in reliance on the determination by the Soil Conservation Service that such land was not highly erodible land, but the exemption under this clause shall not apply to any crop that was planted on any land after the Soil Conservation Service determines such land to be highly erodible land.

(b) The provisions of section 1103 shall not apply to any loan made before the date of enactment under this subtitle.

COMPLETION OF SOIL SURVEYS

SEC. 1105. The Secretary shall, as soon as practicable, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle and, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

CONSERVATION RESERVE PROGRAM

SEC. 1106. (a) Notwithstanding any other provision of law, the Secretary shall formulate and carry out a program with owners and operators of erosion-prone cropland to assist them in conserving and improving the soil and water resources of their farms or ranches. In any such program, the Secretary shall include other than erosion-prone cropland upon a demonstration by the conservation district that a serious soil erosion problem exists on such land, or in an area not within a conservation district if the Secretary determines that such a serious soil erosion problem exists.

(b) The Secretary shall enter into contracts during the period beginning October 1, 1985, and ending September 30, 1990, of not less than seven nor more than fifteen years for the purpose of carrying out this section. In such contract, the owner or operator shall agree to—

(1) effectuate during the agreement period a plan approved by a conservation district (or in an area not within a conservation district, a plan approved by the Secretary) for converting erosion-prone cropland normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use, such as pasture, permanent grass or legumes, or trees substantially in accordance with the schedule outlined therein, except to the extent that any requirements thereof are waived or modified by the Secretary;

(2) forfeit all rights to further payments under the contract and refund to the United States all payments, with interest, received thereunder upon the violation of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil conservation district and the Chief of the Soil Conservation Service, determines that such violation is of such a nature as to warrant termination of the contract, or make refunds or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(3) upon transfer of the owner or operator's right and interest in the farm or ranch during the contract period, forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, or accept such payment adjustments or make such refunds as the Secretary may deem appropriate and consistent with the objectives of this section, unless the transferee of any such land agrees with the Secretary to assume all obligations under the contract;

(4) not conduct any harvesting or grazing or otherwise make commercial use of the forage or trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract; and

(5) such additional provisions as the Secretary determines are desirable and are included in the contract to effectuate the purposes of the program or to facilitate the practical administration thereof.

(c) The plan, as described in subsection (b)(1) of this section for converting erosion-prone cropland normally devoted to the production of agricultural commodities on a farm or ranch to a less intensive use, shall set forth the conservation measures and practices to be installed by the owner or operator during the agreement period and the commercial use, if any, to be made of the land during such period and may provide for the permanent retirement of any existing cropland base and allotment history for such land.

(d) In return for such agreement by the owner and operator, the Secretary shall agree to (1) provide technical assistance, (2) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest, and (3) pay an annual land rental fee, for a period of years not in excess of the duration of the contract, necessary for converting erosion-prone cropland normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use and necessary for obtaining the retirement of any cropland base and allotment history that the owner or operator agrees to retire permanently.

(e) The Secretary shall base the amount of cost sharing for conservation measures and practices under this subsection on that part of the total cost thereof that the Secretary determines is necessary and appropriate to effectuate the installation and maintenance of the conservation plantings and practices for the normally expected life of such a planting or practice.

(f) In determining the amount of land rental to be paid for converting erosion-prone cropland to less intensive uses, the Secretary may consider, among other things, the amount necessary to encourage owners or operators of erosion-prone cropland to participate in the program. The total amount payable to owners or operators in the form of annual payments under contracts entered into in accordance with this section may be determined through the submission of bids in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary may take into consideration the extent of erosion on the land that is the subject of the contract and the productivity of the acreage diverted.

(g) Notwithstanding any other provision of law, payments under this section shall be made in cash or in commodities in such amount and on such time schedule as agreed upon and specified in the contract. Such payments may be made in advance of determination of performance.

(h) If a producer who is entitled to any such payment or compensation dies, becomes incompetent, or disappears before receiving such payment or compensation, or is succeeded by another who renders or completes the required performance, the Secretary shall make or provide such payment or compensation, in accordance with regulations and without regard to any other provi-

sions of law, in such manner as the Secretary determines to be fair and reasonable in light of all the circumstances.

(i) No agreement shall be entered into under this section concerning land with respect to which the ownership has changed in the three-year period preceding the first year of the agreement period unless (1) the new ownership was acquired by will or succession as a result of the death of the previous owner, (2) the new ownership was acquired prior to January 1, 1985, or (3) the Secretary determines that the land was acquired under circumstances that give adequate assurance that such land was not acquired for the purpose of placing it in the program. This provision shall not be construed to prohibit the continuation of an agreement by a new owner after an agreement has once been entered into under this section, nor to require a person to own the land as a condition of eligibility for entering into the agreement if the person has operated the land to be covered by an agreement under this section for as long as three years preceding the date of the agreement and controls the land for the agreement period.

(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program.

(k) The Secretary may terminate any contract by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts as the Secretary may determine to be desirable to carry out the purposes of this section or facilitate its administration.

(l) Notwithstanding subsection (c) of this section, the Secretary may provide by appropriate regulations for preservation of cropland base and allotment history, applicable to acreage converted from the production of crops under this section, for the purpose of any Federal program under which such history is used as a basis for participation in such program or for an allotment or other limitation in such program, unless the owner or operator agrees under the contract to retire permanently such cropland base and allotment history.

(m) In carrying out this section, the Secretary may use the facilities, services, authorities, and funds of the Commodity Credit Corporation, except that the Secretary may not use funds of the Corporation for such purpose unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this section.

(n) The Secretary may enter into contracts in any fiscal year that require payments to producers only to such extent or in such amounts as provided in appropriation Acts. There are hereby authorized to be appropriated such sums as are necessary for the administration of this section, including such amounts as may be required to make payments to the Commodity Credit Corporation for its costs to be incurred under this section.

ADMINISTRATIVE PROVISIONS

SEC. 1107. (a) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8 of the Soil Conservation and Domestic Allotment Act.

(b) The Secretary shall establish, by regulation, an appeal procedure under which a person who is adversely affected by any determination made under this title may seek review of such determination.

(c) The Secretary shall, within one hundred and eighty days after the enactment of this title, publish in the Federal Register such regulations as the Secretary determines desirable to implement this subtitle.

(d) The authority provided by this subtitle shall be in addition to and not in place of other authorities available to the Secretary and the Commodity Credit Corporation for carrying out soil and water conservation programs.

Subtitle B—Wetland Conservation

SHORT TITLE

SEC. 1108. This subtitle may be cited as the "Wetland Conservation Act of 1985".

DEFINITIONS

SEC. 1109. As used in this subtitle—

(1) the term "agricultural commodity" means any agricultural commodity planted and produced by annual tilling of the soil, including tilling by one-trip planters;

(2) the term "wetland", except when such term is part of the term "converted wetland", means land that is inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances does support, a prevalence of vegetation typically adapted for life in saturated soil conditions; and

(3) the term "converted wetland" means land that has been drained, dredged, filled, leveled, or otherwise manipulated by any activity that results in impairing or reducing the flow, circulation, or reach of water for the purpose of, or that has the effect of, making the land suitable for the production of agricultural commodities if—

(A) the production of agricultural commodities would not have been possible if such action had not been taken; and

(B) before such action was taken—

(i) the land was wetland; and

(ii) the land was neither highly erodible land nor highly erodible cropland, as defined in section 1102.

PROGRAM INELIGIBILITY

SEC. 1110. (a) Except as provided in section 1111 and notwithstanding any other provision of law, following the date of enactment of this subtitle, any person who produces in any crop year an agricultural commodity on converted wetlands shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) any type of price support or payments made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(2) farm storage facility loans under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h);

(3) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(4) disaster payments under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); and

(5) loans made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary of Agriculture determines that such loan will be used for a purpose that will contribute to the conversion of wetlands.

(b) The secretary shall issue regulations defining the term "person" and prescribing rules to govern determinations of person who shall be ineligible for program benefits under this section so as to ensure fair and reasonable determination of ineligibility, including regulations that protect the interests of tenants and sharecroppers.

EXEMPTIONS

SEC. 1111. (a) Section 1110 shall not apply to any person who produces an agricultural commodity on land that is converted wetland if such land became converted wetland before the date of enactment of this subtitle.

(b) Section 1110 shall not apply with respect to any loan made before the date of enactment of this subtitle.

CONSULTATION WITH SECRETARY OF THE INTERIOR

SEC. 1112. The Secretary of Agriculture shall consult with the Secretary of the interior for the purpose of issuing regulations with respect to identifying, and establishing criteria to identify, wetland and converted wetland.

TITLE XII—FARM CREDIT ASSISTANCE

SHORT TITLE

SEC. 1201. This title may be cited as the "Farm Credit Assistance Act of 1985".

TRANSITION ASSISTANCE FOR CERTAIN BORROWERS

SEC. 1202. The Consolidated Farm and Rural Development Act is amended by inserting after section 331B as new section 331C as follows:

"TRANSITION ASSISTANCE FOR CERTAIN BORROWERS

"SEC. 331C. (a) Any borrower owing claims or obligations administered under this title and facing imminent foreclosure or bankruptcy may be released from personal liability and receive a release of any lien the Secretary may hold upon the borrower's assets valued not in excess of $10,000, as determined by the Secretary on the basis of their current market value, if—

"(1) in accordance with regulations issued by the Secretary, the remaining security property is transferred to the Secretary or the remaining security property is sold by the borrower and the proceeds paid to the Secretary on such claims or obligations;

"(2) the borrower has a negative net worth at the time of the transaction;

"(3) the borrower certifies that the released assets or cash realized from the sale of the asset will be used to assist in the transition from farming and ranching and not for other purposes;

"(4) the Secretary determines that the borrower has no reasonable debt-paying ability, considering the assets and income of the borrower at the time of the transaction; and

"(5) the county committee certifies that the borrower has acted in good faith, used due dilgence to maintain the security property from loss, and has otherwise fulfilled the covenants incident to the loan to the best of the borrower's ability.

"(b) Notwithstanding any other provision of this Act, the Agricultural Credit Insurance Fund established under section 309 of this Act may be used by the Secretary in implementing this section.".

FEDERAL-STATE COOPERATIVE INTEREST BUY-DOWN PROGRAM

SEC. 1203 Effective for the period beginning on the date of enactment of this Act and ending September 30, 1986, the Consolidated Farm and Rural Development Act is amended by adding at the end thereof a new section 350 as follows:

"FEDERAL-STATE COOPERATIVE INTEREST BUY-DOWN PROGRAM

"SEC. 350. (a) To assist farmers and ranchers whose debts are restructured by com-

mercial or cooperative lenders, the Secretary may make grants to States for use in buying down the interest rates charged by such lenders.

"(b) The grant program established under this section shall—

"(1) be used to provide interest reduction payments on loans secured by real estate or other assets made to restructure debts;

"(2) provide for interest reduction agreement of not less than three years; and

"(3) expect as provided in subsection (d), be administered by States that provide equal matching funds for interest reduction payments.

"(c) The Secretary shall provide, and the State may provide, for the recapture of any assistance provided under this section from the assisted borrower or such borrower's heirs upon the disposition of, or other transfer of title or ownership to, the real estate or other assets. The amount to be recaptured shall be secured by a lien on the real estate or other assets.

"(d) The Secretary shall make grants for interest reduction payments under this section without requiring that a State provide equal matching funds whenever the Secretary determines that it would not be practicable for such State to provide matching funds.

"(e) Notwithstanding any other provision of this Act, the Agricultural Credit Insurance Fund established under section 309 of this Act may be used by the Secretary in implementing this section.

"(f) The total amount of funds used by the Secretary in making grants under this section shall not exceed $200,000,000.".

IMPROVEMENTS IN THE PROCESSING OF APPLICATIONS FOR FARMERS HOME ADMINISTRATION LOANS

SEC. 1204. (a) The Secretary of Agriculture shall immediately take steps—using authorities of law provided by the Secretary, including the Agricultural Credit Insurance Fund and the employment procedures used in connection with the emergency disaster loan program—to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration sufficient to enable the Farmers Home Administration to process applications from farmers for assistance expeditiously and in a timely manner with respect to farm operations relating to the planting and cultivation of the 1986 crops.

(b) Subsection (h) of section 309 of the Consolidated Farm and Rural Development Act is amended by—

(1) designating the existing text thereof as paragraph (1); and

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

"(2) In implementing the approved lender program established under section 339 of this Act on May 4, 1984, the Secretary shall ensure that each request of a lending institution for designation as an approved lender under the program is reviewed, and a decision made on the application, within fifteen days after the lending institution has submitted a completed application to the Farmers Home Administration.".

DISPOSITION OF FARM PROPERTY INVENTORY HELD BY THE FARMERS HOME ADMINISTRATION

SEC. 1205. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended by—

(1) amending subsection (b) to read as follows:

"(b)(1) Except as provided in paragraph (2) of this subsection, real property administered under the provisions of this title may be operated or leased by the Secretary for such periods or periods as the Secretary may deem necessary to protect the Government's investment therein.

"(2) Farmland administered under the provisions of subtitle A, B, or C of this title, the sale of which is not immediately practicable under subsection (c) of this section, shall be leased by the Secretary to qualified family farmers and qualified limited resource farmers. The Secretary shall consider providing, in conjunction with the provisions of subsection (c) of this section, leases that contain purchase options for qualified family farmers or limited resource farmers and loans at the limited resource rate to such farmers to cover any payments due under the lease or the option. If no qualified family farmer or limited resource farmer is identified, the land shall be leased to other borrowers eligible for loans under subtitle A or B of this title. If the previous owner-operator of a particular tract of land is eligible for assistance under subtitle A or B of this title, such previous owner-operator shall be given special consideration, as appropriate, in the leasing of that tract. The Secretary shall implement the provisions of this section within sixty days after enactment of the Food and Agriculture Act of 1985.".

(2) amending the first sentence of paragraph (1) of subsection (c) to read as follows: "Except as provided in paragraphs (2) and (4) of this subsection with respect to the disposition of farmland, the Secretary may determine whether real property administered under this title is suitable for disposition to persons eligible for assistance under any law administered by the Farmers Home Administration.".

(3) amending paragraphs (2), (3), and (4) of subsection (c) to read as follows:

"(2) (A) Farmland administered under this title shall be, wherever practicable, sold by the Secretary to qualified family farmers and qualified limited resource farmers. The sale of such farmland may be through the exercise of a purchase option provided in a lease under subsection (b) (2) of this section. The Secretary shall provide, to the extent possible, financing for the sale of farmland to such qualified farmers from funds available for such purposes under this title and may, without regard to the availability of funds to finance the purchase of farmland under this title, sell such farmland to qualified family farmers and qualified limited resource borrowers through the use of installment land contracts, or similar devises, that contain such terms as the Secretary deems necessary to protect the Government's investment in such farmland. The Secretary shall offer such farmland for sale to family farmers and limited resource farmers at a price that reflects the average annual income that can be reasonably anticipated to be generated from farming such land. If more than one qualified candidate to purchase, or lease with the option to purchase, the farmland is identified, the county committee shall, by majority vote, select the final candidate on such basis as the Secretary by regulation may prescribe.

"(B) For the fiscal years 1985, 1986, and 1987, not less than 20 per centum of the farm ownership funds under subtitle A of this title shall be made available for loans at the limited resource rate for the purchase of suitable farmland from the inventory of the Farmers Home Administration by qualified limited resource borrowers. The amount provided under this subparagraph shall be in addition to the minimum use of funds at such rate required by section 346 of this title.

"(C) If suitable farmland is available for disposition under this subsection, the Secretary shall publish an announcement of the availability of such farmland in at least one newspaper that is widely circulated in the county in which the farmland is located and and shall post an announcement of the availability of such farmland at a prominent place in the local office of the Farmers Home Administration that serves the county in which the farmland is located. The Secretary shall also identify and notify current borrowers under subtitles A or B, giving special attention to limited resource borrowers, who might be interested in purchasing inventory farmland.

"(3) Farmland that the Secretary determines is not suitable for sale or lease to limited resource or other eligible farm borrowers under subtitle A or B of this Act because such farmland is in a tract or tracts that the Secretary determines to be larger than that necessary for family-size farms shall be subdivided into tracts suitable for limited resource or other eligible borrowers under subtitle A and B of this Act. The disposition of such subdivided farmland shall be in accordance with paragraph (2) of this subsection.

"(4) If farmland used as security for a Farmers Home Administration loan is transferred to a party other than the Farmers Home Administration, the Secretary shall not permit any of the terms of the loan that are provided for in this title to be assumed by the party to whom the land is transferred unless such party is eligible for loan assistance under subtitle A of this title. If the party to whom the farmland is to be transferred is a limited resource farmer of a farmer who is otherwise eligible for loan assistance under subtitle A of this title, the Secretary shall take appropriate steps to provide such a farmer with reasonable assistance, including refinancing of the original loan, to help ensure that the transfer will occur. Within sixty days after the enactment of the Food and Agriculture Act of 1985, the Secretary shall adopt interim regulations to implement this subsection. Such interim regulations shall be subject to public comment and final promulgation as soon as practicable.".

IMPROVEMENT OF FARMERS HOME ADMINISTRATION APPEALS PROCEDURE

SEC. 1206. (a) The Secretary of Agriculture shall conduct a study regarding the administrative appeals procedure applicable to the farm loan programs of the Farmers Home Administration. In conducting the study, the Secretary shall examine—

(1) the number and type of appeals initiated by borrowers;

(2) the extent to which initial administrative actions are reversed on appeal;

(3) the reasons that administrative actions are reversed, modified, or sustained on appeal;

(4) the number of appeals in which the borrower is represented by legal counsel, and the extent to which such representation may affect the outcome of the appeal;

(5) the amount of time required to complete action on appeals and the reasons for delays;

(6) the feasibility of the use of administrative law judges in the appeals process; and

(7) the desirability of electing Farmers Home Administration county committee members.

(b) The Secretary shall submit a report containing the results of study required by subsection (a) of this section to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry not later than September 1, 1986.

PROTECTION OF FARM CREDIT SYSTEM BORROWER CAPITAL

SEC. 1207. (a) The Farm Credit Administration shall conduct a study regarding the need for establishment of a fund to be used to insure System institutions against losses on loans or for any other purpose that would assist in stabilizing the financial condition of the Farm Credit System and provide for the protection of borrower capital. In conducting the study, the Farm Credit Administration shall consider the advisability of using the revolving funds provided for in section 4.1 of the Farm Credit Act of 1971 to provide startup capital for any insurance fund and estimate the amount and level of future assessments for System institutions that would be necessary to ensure the long-term liquidity of such an insurance fund.

(b) The Farm Credit Administration shall submit a report containing the results of the study required by this section to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry not later than one hundred and eighty days after the enactment of this title.

TITLE XIII—TASK FORCE ON AGRICULTURAL CREDIT

SHORT TITLE

SEC. 1301. This title may be cited as the "Agricultural Credit Task Force Act of 1985".

ESTABLISHMENT OF AGRICULTURAL CREDIT TASK FORCE

SEC. 1302. (a) There is established a National Task Force on Agricultural Credit to conduct a study of the credit problems confronting United States agricultural producers and related businesses.

(b)(1) The task force shall be composed of fifteen persons appointed or designated by the President and selected as follows:

(A) the President shall select five members; and

(B) the Speaker of the House of Representatives and the majority leader of the Senate shall each select five members.

(2) In selecting persons as members of the task force, the President, the Speaker, and the majority leader shall endeavor to ensure that the task force has a balanced membership representing all major functions in agriculture, such as farmers, suppliers, marketers, and lenders.

(c) A vacancy in the task force shall be filled in the manner in which the original appointment was made.

(d) The task force shall elect a chairman from among the members of the task force.

(e) The task force shall meet at the call of the chairman or a majority of the task force.

CONDUCT OF STUDY

SEC. 1303. The task force shall—

(1) identify and describe the components of the existing agricultural credit system;

(2) identify and describe the credit needs of agricultural producers and related businesses; and

(3) evaluate the ability of the existing agricultural credit system to meet the credit needs of agricultural producers.

SEC. 1304. (a) On the basis of its study, the task force shall make findings and develop recommendations for consideration by the President and Congress with respect to the agriculture-related credit policies, programs, and practices of the United States, and the manner in which such policies, programs, and practices can be improved to ensure that United States agricultural producers obtain credit at interest rates conducive to debt servicing and profitmaking.

(b) The task force shall submit to the President and Congress—

(1) such interim reports on its work as may be requested by the chairman of the House Committee on Agriculture or the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry; and

(2) a report containing the final results of its study and recommendations therefrom by July 1, 1986.

ADMINISTRATION

SEC. 1305. (a) The heads of executive agencies, the General Accounting Office, and the Congressional Budget Office shall, to the extent permitted by law, provide the task force such information as it may require in carrying out its duties and function.

(b) Members of the task force shall serve without any additional compensation for work on the task force. However, members appointed from among private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Upon request of the task force, the Secretary of Agriculture and the Governor of the Farm Credit Administration shall furnish the task force with such personnel and support services as are necessary to assist the task force in carrying out its duties and functions.

(d) Upon request of the task force, the heads of other Executive agencies and the General Accounting Office are each authorized to furnish the task force with such personnel and support services as the head of the agency or office and the chairman of the task force agree are necessary to assist the task force in carrying out its duties and functions.

(e) The task force shall not be required to pay or reimburse any agency or office for personnel and support services provided under this section.

TERMINATION

SEC. 1306. The task force shall terminate sixty days after the transmission of its final report to the President and Congress.

PART C—RESEARCH, EXTENSION, AND TEACHING

TITLE XIV—AGRICULTURAL RESEARCH AND EXTENSION

SHORT TITLE

SEC. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985".

FINDINGS

SEC. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) strking out "and" at the end of clause (10);

(2) striking out the period at the end of clause (11) and inserting in lieu thereof "; and"; and

(3) adding at the end thereof a new clause as follows:

"(12) The Nation's agricultural system is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment; and a constant supply of food and agricultural scientific expertise is imperative to maintain this dynamic system.".

DEFINITIONS

SEC. 1403. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended by—

(1) striking out "and" at the end of clause (H);

(2) adding "and" to the end of clause (I); and

(3) adding a new clause as follows:

"(J) international food and agricultural issues such as agricultural development, institution development, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1404. Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1989".

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1405. Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1989".

FEDERAL-STATE PARTNERSHIP AND COORDINATION

SEC. 1406. Section 1409A(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by—

(1) striking out "and" at the end of clause (2);

(2) striking out the period at the end of clause (3) and inserting in lieu thereof ";", and

(3) adding a new paragraph (4) as follows:

"(4) international agricultural programs under title XII of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2220a).".

SECRETARY'S REPORT

SEC. 1407. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) adding "and" immediately after the semicolon at the end of clause (2);

(2) striking out the semicolon and "and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) striking out clause (4).

COMPETITIVE, SPECIAL AND FACILITIES RESEARCH GRANTS

SEC. 1408. Section 2 of the Act of August 4, 1965 (7 U.S.C. 450i) is amended by—

(1) striking out the last sentence in subsection (b) and inserting in lieu therof the following: "There are hereby authorized to be appropriated annually for the purpose of carrying out the provisions of this subsection, such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not in excess of such sums as may be authorized by law for any subsequant fiscal year."; and

(2) adding at the end thereof a new subsection (i) to read as follows:

"(i) The Federal Advisory Committee Act and title XVIII of the Food and Agriculture Act of 1977 shall not apply to panels or boards created for the purpose of reviewing applications or proposals submitted under the provisions of this section.".

RESEARCH FACILITIES ACT

SEC. 1409. (a) Section 1 of the Act of July 22, 1963 (U.S.C. 390) is amended by—

(1) inserting "and equipment" after "finance physical facilities"; and

(2) striking out "an adequate research program" and inserting in lieu therof "agricultural research and related academic programs".

(b) Section 3 of the Act of July 22, 1963 (7 U.S.C. 390b) is amended by—

(1) inserting "the District of Columbia, Guam, the Virgin Islands of the United States, American Samoa, and Micronesia" after "Puerto Rico" in clause (1); and

(2) inserting "forestry, or veterinary medicine" after "to conduct agricultural," in clause (2).

(c) Section 4 of the Act of July 22, 1963 (7 U.S.C. 390c) is amended by—

(1) striking out all after "in section 1 of this Act," in subsection (a) and inserting in lieu thereof: "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not 30, 1990, and not in excess of such sums as may after in excess of such sums as may be authorized by law for any subsequent fiscal year."

(d) Section 7 of the Act of July 22, 1963 (7 U.S.C. 390f) is amended by inserting "equipment and" after "multiple-purpose", and inserting "and related programs, including forestry and veterinary medicine," after "food and agricultural research".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1410. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended by—

(1) striking out "Such grants shall be made without regard to matching funds, but each" in paragraph (2) and inserting in lieu thereof "Each"; and

(2) striking out the last sentence in paragraph (3) and inserting in lieu thereof "Each recipient institution shall have significant ongoing commitment to the food and generally and to the specific subject area for which such a grant is to be used.".

(b) Section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out all after "provisions of this section" and inserting in lieu thereof "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not in excess of such sums as may be authorized by law for any subsequent fiscal year.".

STUDY

SEC. 1411. (a) Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out "Sec. 1424. Study." and inserting in lieu therof "Sec. 1424. Repealed.".

HUMAN NUTRITION RESEARCH AND INFORMATION MANAGEMENT SYSTEM

SEC. 1412. (a) Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out "Sec. 1427. Report to Congress." and inserting in lieu thereof "Sec. 1427. Repealed.".

ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD

SEC. 1413. Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194) is amended by striking out "1985" and inserting in lieu thereof "1989".

APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS

SEC. 1414. Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS

SEC. 1415. Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

EXTENSION AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1416. Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by striking out ", through the fiscal year ending September 30, 1985," in the third sentence.

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES

SEC. 1417.(a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the act of August 30, 1890 (7 U.S.C. 321, et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of extension facilities and equipment so that eligible insitutions may participate fully with the State Cooperative Extension Services in a balanced way in meeting the extension needs of the people of their respective States.

(b) There are authorized to be appropriated for the purpose of carrying out the provisions of this section $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, such sums to remain available until expended.

(c) Four per centum of the sums appropriated under this section shall be available to the Secretary for administration of the grants program under this section. The remaining funds shall be made available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to provide adequate facilities to conduct extension work in their prospective States.

(d) Grants awarded under this section shall be made in such amounts and under such terms and conditions as the Secretary shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be used for the payment of any overhead costs of the eligible institutions.

(f) The Secretary may promulgate such rules and regulations as the Secretary may deem necessary to carry out the provisions of this section.

AGRICULTURAL RESEARCH AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE

SEC. 1418. Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by adding at the end of subsection (a) the following: "No more than 5 percentum of the funds received by an institution in any fiscal year, under the provisions of this section, may be carried forward to the succeeding fiscal year."

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1419. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended by—

(1) striking out "the training" in clause (3) and inserting in lieu thereof "technical assistance and the training and advising"; and

(2) inserting "through the development of highly qualified scientists with specialization in international development" in paragraph (4) after "countries".

WEATHER AND WATER ALLOCATION STUDY

SEC. 1420. (a) Section 1460 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out "Sec. 1460. Weather and Water Allocation Study." and inserting in lieu thereof "Sec. 1460. Repealed.".

ORGANIC FARMING STUDY

SEC. 4121. (a) Section 1461 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3303) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out "Sec. 1461. Organic Farming Study." and inserting in lieu thereof "Sec. 1461. Repealed.".

AGRICULTURAL RESEARCH FACILITIES STUDY

SEC. 1422. (a) Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3304) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out "Sec. 1462. Agriculture Research Facilities Study." and inserting in lieu thereof "Sec. 1462. Repealed.".

AUTHORIZATION FOR APPROPRIATIONS FOR EXISTING AND CERTAIN AGRICULTURAL RESEARCH PROGRAMS

SEC. 1423. (a) Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking out all after "of this section," and inserting in lieu thereof: "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not in excess of such sums as may be authorized by law for any subsequent fiscal year.".

(b) Section 1463(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(b)) is amended by striking out "$120,000,000" and all that follows thereafter through "September 30, 1985" and inserting in lieu thereof: "such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not in excess of such sums as may be authorized by law for any subsequent fiscal year.".

AUTHORIZATION FOR APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1424. Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended to read as follows:

"SEC. 1464. Notwithstanding any authorization for appropriations for extension and related programs administered by or funded through the Extension Service in this or any other Act, there are hereby authorized to be appropriated for such purposes such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, and not in excess of each sums as may be authorized by law for any subsequent fiscal year.".

GENERAL AUTHORITY TO ENTER INTO CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1425. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318), is amended by—

(1) redesignating subsections (b), (c), and (d) as (c), (d), and (e) respectively; and

(2) inserting a new subsection (b) to read as follows:

"(b) Notwithstanding the provisions of chapter 63 of title 31, United States Code, the Secretary is authorized to use a cooperative agreement as the legal instrument reflecting a relationship between the Department of Agriculture and State cooperative institutions, as defined in section 1404 (16) of this Act, State Departments of Agriculture, all colleges and universities, other research or education institutions and organizations, Federal and private agencies and organizations, individuals and any other party, when the Secretary determines that the objectives of the agreement will serve a mutual interest of the parties to the agreement in agricultural research, extension, and teaching activities, including statistical reporting, and that all parties will contribute resources to the accomplishment of those objectives. Notwithstanding any other provision of law, any Federal agency may participate in such cooperative agreements by contributing funds through the appropriate agency of the Department of Agriculture or otherwise when it is mutually agreed that the objectives of any such agreement will further the authorized programs of the contributing agency.".

RESTRICTION ON TREATMENT OF INDIRECT COSTS AND TUITION REMISSION

SEC. 1426. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by inserting at the end thereof the following: "The prohibition on the use of funds for the reimbursement of indirect costs shall not apply to funds transferred, advanced, or reimbursed to the Department of Agriculture under the provisions of the Foreign Assistance Act of 1961, as amended, For agreements involving the use of such funds, the amount of indirect costs to be reimbursed shall be negotiated on a case-by-case basis.".

AQUACULTURE ADVISORY BOARD

SEC. 1427. Section 1476 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking out "1985" and inserting in lieu thereof "1989".

AUTHORIZATION OF APPROPRIATIONS

SEC. 1428. Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking out "1985" and inserting in lieu thereof "1989".

RANGELAND RESEARCH ADVISORY BOARD

SEC. 1429. Section 1482 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335) is amended by striking out "1985" and inserting in lieu thereof "1989".

APPROPRIATIONS

SEC. 1430. Section 1483 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336) is amended by striking out "1981" and inserting in lieu thereof "1986" and striking out "1985" and inserting in lieu thereof "1989".

AGRICULTURAL RESEARCH IN 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE INSTITUTE

SEC. 1431. Section 1432(b)(5) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3222 note) is amended by striking out all after "ending" through "September 30, 1985," and inserting in lieu thereof "September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.".

AUTHORITY TO AWARD GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES

SEC. 1432. (a) Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries", after "research facilities and equipment".

(b) Section 1433(b) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3223(b)) is amended by—

(1) striking out "and" before "September 30, 1986"; and

(2) inserting "and September 30, 1987," after "1986,".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1433. Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 2281 note) is repealed.

PART D—RURAL DEVELOPMENT AND AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

TITLE XV—RURAL DEVELOPMENT

Subtitle A—Rural Water And Waste Disposal

SHORT TITLE

SEC. 1501. This subtitle may be cited as the "Rural Water and Waste Disposal Program Improvement Act of 1985".

WATER AND WASTE DISPOSAL LOAN AND GRANT PROGRAM

SEC. 1502. Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by—

(1) adding at the end of paragraph (2) the following: "The Secretary shall fix the grant rate for each project in conformity with regulations promulgated by the Secretary that shall provide for a graduated scale of grant rates establishing higher rates for projects in communities that have lower community population and income levels and that are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in the area in which the applicant is located for loans for similar purposes and periods of time: *Provided*, That the grant rate shall be the maximum rate permitted under this paragraph for any project in a community that has a population of fifteen hundred or less inhabitants and a median household income level below 80 per centum of the statewide nonmetropolitan median household income and that is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing rates and terms in the area in which the applicant is located for loans for similar purposes and periods of time."; and

(2) adding at the end thereof new paragraphs (16), (17), (18), (19), and (20) as follows:

"(16) In providing financial assistance for water and waste disposal facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. Such project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of relative need as reflected by (A) low community median income; (B) low population; and (C) severity of health hazards resulting from inadequate provision for the reliable supply of potable water or from adequate means of disposing of waste. For purposes of the project selection system, each of these three factors shall be weighted equally.

"(17)(A) The Secretary may make payments to associations described in paragraph (1) of this subsection that are reasonably likely to receive financial assistance under paragraph (1) or paragraph (2) of this subsection for community water and waste disposal facilities, for predevelopment costs incurred in connection with the planning and design of such facilities. Such costs may include the costs of drilling test wells and of preparing alternative engineering designs to determine the most feasible and economical method to improve the water supply or waste disposal system of the community involved.

"(B)(i) The amount of any payment received under subparagraph (A) with respect to a project by an association that receives, before the expiration of the five-year period beginning on the date that such payment is received, a loan under paragraph (1) or a grant under paragraph (2) of this subsection to finance such project shall be treated as part of the amount of such loan or the amount of such grant, as the case may be.

"(ii) The amount of any payment received under subparagraph (A) with respect to a project by an association that does not receive, before the expiration of the five-year period beginning on the date that such payment is received, a loan under paragraph (1) or a grant under paragraph (2) of this subsection to finance such project shall be repaid to the Secretary as if such payment were a loan made under paragraph (1) unless the Secretary waives the repayment requirement with respect to all or part of such amount.

"(C) The total of payments made by the Secretary under subparagraph (A) for any fiscal year shall not be less than 5 per centum of any funds provided in appropriation Acts to carry out paragraph (2) of this subsection for the fiscal year unless the applications for payments received by the Secretary from eligible associations for the fiscal year total less than 5 per centum of such amount.

"(D) For purposes of section 346 of this Act, each payment made under subparagraph (A) shall be deemed to be a loan

unless and until such payment is offset against a grant or the Secretary waives the repayment of such payment.

"(18)(A) The Secretary may make grants to private nonprofit organizations for the purpose of enabling them to provide to associations described in paragraph (1) of this subsection technical assistance and training to—

"(i) identify, and evaluate alternative solutions to, problems relating to the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(ii) prepare applications to receive financial assistance for any purpose specified in paragraph (2) of this subsection from any public or private source; and

"(iii) improve the operation and maintenance practices at any existing works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

"(B) In selecting recipients of grants to be made under subparagraph (A), the Secretary shall give priority to private nonprofit organizations that have experience in providing the technical assistance and training described in subparagraph (A) to associations serving rural areas in which residents have low incomes and in which water supply systems or waste facilities are unhealthful.

"(C) The total of grants made by the Secretary under subparagraph (A) for any fiscal year shall not be less than 2 per centum of any funds provided in appropriation acts to carry out paragraph (2) of this subsection for the fiscal year unless the applications for grants received by the Secretary from eligible associations for the fiscal year total less than 2 per centum of such amount.

"(19) In the case of water and waste disposal projects serving more than one separate rural community, the Secretary shall use the median population level and the median community income level of all the separate communities to be served in applying the formulas provided in paragraphs (2) and (16) of this subsection and section 307(a)(3)(A) of this title.

"(20) In providing financial assistance for essential community facilities under this section, the Secretary shall use a project selection system to determine which of the applicants for assistance meeting the basic requirements of this section shall be selected to receive assistance. Such project selection system shall provide for the objective and uniform comparison of requests for assistance (in the form of preapplications) on the basis of the factors of (A) a community median household income level below 80 per centum of the statewide median household income, (B) a community rate of unemployment and underemployment that takes account of individuals employed on a part-time or seasonal basis, or both, and individuals not participating in the work force because of continued inability to find employment (commonly referred to as 'discouraged workers') and that exceeds the national nonmetropolitan average rate thereof by at least 10 per centum of such rate, and (C) a sudden economic dislocation the community has experienced or is about to experience resulting in a loss of jobs that is significant, both in terms of the number of jobs eliminated and the effect on the unemployment rate of the community. For purposes of the project selection system, each of the factors described in clauses (A), (B), and (C) of the preceding sentence shall be weighted equally.".

SEC. 1503. Section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A)) is amended by—

(1) striking out "the poverty line prescribed by the Office of Management and Budget as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971(d)" and inserting in lieu thereof "80 per centum of the statewide nonmetropolitan median household income";

(2) inserting before the period at the end thereof the following: "; and not in excess of 7 per centum per annum on loans for such facilities that do not qualify for the 5 per centum per annum interest rate but are located in areas where the median household income of the persons to be served by the facilities does not exceed 100 per centum of the statewide nonmetropolitan median household income"; and

(3) adding at the end thereof the following: "The interest rate on loans for water and waste disposal facilities and loans for essential community facilities shall be the lower of (i) the rate in effect at the time of the loan approval, or (ii) the rate in effect at the time of the loan closing.".

SEC. 1504. The amendments made by this subtitle shall become effective October 1, 1985, and shall apply to any association described in section 306(a)(1) of the Consolidated Farm and Rural Development Act without regard to whether the application for the loan or grant involved was made by such association before such effective date.

Subtitle B—Community Facilities Loan Program

COMMUNITY AND MIGRANT HEALTH CENTERS

SEC. 1505. (a) Section 329(d)(2) of the Public Health Service Act is amended by inserting before "; and the cost" the following: "; the costs of repaying loans made by the Farmers Home Administration for buildings".

(b) The Secretary of Agriculture and the Secretary of Health and Human Services shall revise not later than thirty days after the date of enactment of this title the memorandum of understanding concerning financing for rural health centers in effect on such date of enactment to reflect the provisions of subsection (a) of this section and to provide for the maximum period permitted by law for the amortization of loans covered by such memorandum of understanding.

TITLE XVI—AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

SHORT TITLE

SEC. 1601. This title may be cited as the "Agricultural Stabilization and Conservation Committee Act of 1985".

LOCAL COMMITTEES

SEC. 1602. (a) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by—

(1) inserting, after the third sentence, the following: "The county committee for a county, by majority vote, may petition the Secretary to change the number of local areas in the county, and the Secretary shall make such change as petitioned by the county committee, except that any such change may not result in the number of local areas in a county exceeding the number of such areas in the county on December 31, 1980.";

(2) striking out "annually" in the fourth sentence;

(3) inserting, after the fourth sentence, the following: "Each member of a local committee shall be elected for a term of three years. Each local committee shall meet (1) one time each year, and (2) at the direction of the county committee, with the approval of the State committee, such additional times during the year as may be necessary to carry out this section. Notwithstanding section 388 of the Agricultural Adjustment Act of 1938 (7 U.S.C 1388), the Secretary may not provide compensation or payments to a member of a local committee under such section for work performed at, or travel expenses incurred in attending, more than four meetings of such committee in any year. The meetings of a local committee shall be held on different days of the year."; and

(4) inserting after the eighth sentence, the following: "The local committees in each county shall (1) in counties in which there are more than one local committee, serve as advisors and consultants to the county committee; (2) periodically meet with the county committee and State committee to be briefed on farm program issues; (3) communicate with producers within their communities on issues or concerns regarding farm programs; (4) report to the county committee, the State committee, and others on changes to, or modifications of, farm programs recommended by producers in their communities; and (5) perform such other functions required by law or as the Secretary may specify. The Secretary shall ensure that the information regarding changes in the Federal laws in effect with respect to agriculture programs and in the administration of such laws, are communicated in a timely manner to the local committees for areas that contain farmers who might be affected by such changes.".

(b) The amendments made by subsection (a) of this section shall take effect on January 1, 1986, except that the amendments made by clauses (2) and (3) of subsection (a) shall not apply with respect to the term of office of any member of a local committee elected before January 1, 1986.

(c) If a change in the number of local administrative areas in a county under section 8(b) of the Soil Conservation and Domestic Allotment Act under the amendment made by subsection (a)(1) of this section will increase the number of the county's—

(1) local administrative areas, and

(2) local committees,

any member of a local committee elected before January 1, 1986, shall serve the unexpired portion of the member's term following such increase as a member of the local committee for the local administrative area in which such member resides.

COUNTY COMMITTEES

SEC. 1603. Effective January 1, 1986, the first sentence of the fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended by—

(a) inserting "and as otherwise directed by law with respect to other programs and functions," after "Alaska,"; and

(2) inserting a semicolon and "and the Secretary may utilize the services of such committees in carrying out other programs and functions of the Department of Agriculture" before the period at the end thereof.

SALARY AND TRAVEL EXPENSES

SEC. 1604. Effective January 1, 1986, section 388 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1388) is amended by—

(1) adding, at the end of subsection (b), the following: "In addition, the Secretary

shall provide compensation for members of such county committees, and to members of local committees of farmers within a county, for work actually performed by such persons in cooperating in carrying out the provisions of such Acts; and such persons shall be compensated for such work (1) in the case of persons who are members of local committees within a county, at a rate (per hour of work actually performed) not less than the rate for grade GS-9 in the General Schedule set out in section 5332 of title 5 of the United States Code, as adjusted to an hourly rate; and (2) in the case of persons who are members of county committees, at a rate (per hour of work actually performed) not less than the rate for grade GS-11 in the General Schedule set out in section 5332 of title 5 of the United States Code, as adjusted to an hourly rate."; and

(2) adding, at the end thereof, a new subsection (c) as follows:

"(c) The Secretary shall make payments to members of local, county, and State committees to cover the expenses for travel incurred by such persons (including, in the case of members of local and county committees, travel between their homes and the local county office of the Agricultural Stabilization and Conservation Service) in cooperating in carrying out the provisions of the Acts in connection with which such committees are used. Such travel expenses shall be paid in the manner authorized, under section 5703 of title 5 of the United States Code, for the payment of expenses and allowances for individuals employed intermittently in the Government service. No part of such travel expense payments may be deducted from the Soil Conservation payments, parity payments, or loans, or other payments under such Acts.".

PART E—FOOD RESERVES AND FOOD ASSISTANCE PROGRAMS

TITLE XVII—FOOD RESERVES

SHORT TITLE

SEC. 1701. This title may be cited as the "Emergency Food Reserve Act of 1985".

DOMESTIC EMERGENCY FOOD RESERVE

SEC. 1702. (a) Notwithstanding any other provision of law, the Secretary of Agriculture shall establish, maintain, and dispose of a separate reserve of inventories of wheat and feed grains in such quantities as the Secretary determines necessary for the purpose of alleviating distress resulting from conditions within the United States for which a national emergency has been proclaimed.

(b)(1) The reserve of wheat and feed grains under this section shall be established initially by the designation by the Secretary of wheat and feed grains owned by the Commodity Credit Corporation for such purpose.

(2) Wheat and feed grains to replenish the reserve may be acquired (A) through purchases from producers or in the market if the Secretary determines that such purchases will not unduly disrupt the market, and (B) by designation by the Secretary of stocks of wheat and feed grains otherwise acquired by the Commodity Credit Corporation. No wheat or feed grains may be purchased by the Secretary from producers or in the market under this paragraph unless funds are made available for such purchases in appropriations Acts.

(3) Except as provided in paragraph (4) of this subsection, stocks of wheat and feed grains designated or acquired for the reserve under this section shall not be released by the Secretary except when a state of emergency has been proclaimed by the President or by concurrent resolution of Congress and shall be released only for the purpose of meeting domestic food, animal feed, and seed requirements that may arise under such an national emergency.

(4) The Secretary may sell at an equivalent price, allowing for the customary location and grade price differentials, substantially equivalent quantities of wheat and feed grains in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such reserve.

(c) The Secretary may use the Commodity Credit Corporation to the extent feasible to fulfill the purposes of this title. To the maximum extent practicable consistent with the provisions of this title, the Secretary shall utilize the usual and customary channels, facilities, and arrangement of trade and commerce for the effective and efficient administration of this title.

(d) The Secretary may issue such rules and regulations as may be necessary to carry out the purposes of this title.

(e) There is hereby authorized to be appropriated such sums as may be necessary to carry out the purpose of this title.

EXTENSION OF FOOD SECURITY WHEAT RESERVE

SEC. 1703. Section 302(i) of the Food Security Wheat Reserve Act of 1980 is amended by striking out "1985" at each place that it appears and inserting in lieu thereof "1989".

TITLE XVIII—FOOD STAMPS

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1801. Effective October 1, 1985, the first sentence of section 18(a)(1) of the Food Stamp Act of 1977 is amended by—

(1) striking out "and" after "September 30, 1984"; and

(2) inserting before the period at the end thereof the following: "; and such sums as may be necessary for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.".

TITLE XIX—COMMODITY DISTRIBUTION

EXTENSION OF THE COMMODITY DISTRIBUTION PROGRAM

SEC. 1901. Effective October 1, 1985, the first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 is amended by striking out "1982, 1983, 1984, and 1985," and inserting in lieu thereof "1986, 1987, 1988, and 1989,".

EXTENSION OF THE COMMODITY SUPPLEMENTAL FEEDING PROGRAM

SEC. 1902. Effective October 1, 1985, section 5(a)(2) of the Agriculture and Consumer Protection Act of 1973 is amended by striking out "1982 through 1985" and inserting in lieu thereof "1986 through 1989".

EXTENSION OF THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983

SEC. 1903. Effective October 1, 1985, the Temporary Emergency Food Assistance Act of 1983 is amended by—

(1) in section 204(b), striking out "September 30, 1984, and September 30, 1985" and inserting in lieu thereof "September 30, 1986 and September 30, 1987";

(2) in section 210, striking out subsection (c) and inserting in lieu thereof the following new subsection:

"(c) The Secretary shall, not later than October 1, 1985 and October 1, 1986, publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under this Act during the fiscal years ending September 30, 1986 and September 30, 1987, respectively: *Provided*, That the actual types and quantities of commodities made available under this Act may differ from the estimates."; and

(3) in section 212, striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1987".

PART F—EXTENSION OF FIFRA AND EFFECTIVE DATE

TITLE XX—EXTENSION OF THE FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

SEC. 2001. Section 31 of the Federal Insecticide, Fungicide, and Rodenticide Act is amended by adding at the end thereof the following new sentence: "There are hereby authorized to be appropriated to carry out the provisions of this Act for the period beginning October 1, 1985, and ending September 30, 1986, $57,067,300, and for the period beginning October 1, 1986, and ending September 30, 1987, such sums as may be necessary.".

TITLE XXI—EFFECTIVE DATE

SEC. 2101. Except as otherwise provided herein, the provisions of this Act shall become effective October 1, 1985.

EXPLANATION OF THE MAJOR PROVISIONS OF SENATOR ZORINSKY'S FOOD AND AGRICULTURE ACT OF 1985

PART A—COMMODITY PROGRAMS

Title I—Wheat.
Title II—Feed Grains.
Title III—Soybeans.
Title IV—Peanuts.
Title V—Sugar.
Title VI—Wool and Mohair.
Title VII—Dairy.
Title VIII—Tobacco.
Title IX—Miscellaneous Commodity Provisions.

PART B—AGRICULTURAL EXPORTS, CONSERVATION, AND CREDIT

Title X—Export Trade and Market Development.
Title XI—Natural Resource Conservation.
Subtitle A—Soil Conservation.
Subtitle B—Wetland Conservation.
Title XII—Farm Credit Assistance.
Title XIII—Task Force on Agricultural Credit.

PART C—RESEARCH, EXTENSION, AND TEACHING

Title XIV—Agricultural Research and Extension.

PART D—RURAL DEVELOPMENT AND AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

Title XV—Rural Development.
Subtitle A—Rural Water and Waste Disposal.
Subtitle B—Community Facilities Loan Program.
Title XVI—Agricultural Stabilization and Conservation Committees.

PART E—FOOD RESERVES AND FOOD ASSISTANCE PROGRAMS

Title XVII—Food Reserves.
Title XVIII—Food Stamp Program.
Title XIX—Commodity Distribution.

PART F—EXTENSION OF FIFRA AND EFFECTIVE DATE

Title XX—Extension of the Federal Insecticide, Fungicide, and Rodenticide Act.
Title XXI—Effective Date.

TITLE I—WHEAT

Price support loan program—the bill provides that, if marketing quotas are in effect, the Secretary of Agriculture shall make loans and purchases available to producers of wheat at the higher of (a) 75 percent of the national average cost of production, as determined by the Secretary of Agriculture, or (b) $3.55 per bushel.

If quotas are not proclaimed by the Secretary of Agriculture, or if quotas are disapproved by producers of wheat voting in a referendum, price support and income protection would be made available through a system of loans and purchases and deficiency payments under provisions modeled on existing law. The loan rate could not be less than the higher of (a) 85 percent of the average market price received by wheat producers during three of the preceding five marketing years for the five preceding crops in which the price of wheat was neither the lowest or the highest, or (b) $3.30 per bushel.

Target price/deficiency payment program—the bill provides that, if marketing quotas are in effect, the target price will not be less than the higher of the national average cost of production, as determined by the Secretary, or, $4.65 per bushel. (For the 1986 crop, the target price would likely not exceed $4.65.)

If quotas are not effect, the target price will not be less than $4.38 per bushel for 1986 wheat, and, in case of the 1987 through 1989 crops, will not be less than the price for the preceding crop adjusted to reflect any changes in costs of production.

Marketing quotas—the bill provides that:

(1) The Secretary of agriculture shall, prior to April 15, determine the level of inventories of wheat required to meet anticipated needs in the next marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, carryover stocks, and such other uses as shall be deemed necessary.

(2) Subject to the Secretary's determination that, in the absence of marketing quotas, the total supply of wheat in the coming marketing year would be excessive and subject to the affirmative vote of a majority of the products of wheat voting in a referendum, the Secretary shall, by June 1 of the calendar year preceding the marketing year, implement a system of mandatory marketing quotas for wheat.

Normal conserving acreage requirement—the bill provides that, whenever marketing quotas are in effect for one or more of the 1986 through 1989 crops of wheat, the Secretary of Agriculture may require—as a condition of eligibility for loans, pruchases, and payments on any commodity under the Agricultural Act of 1949—that the acreage normally planted to crops designated by the Secretary be reduced by the acreage of wheat diverted from production as the result of the marketing quota program in effect for wheat.

TITLE II—FEED GRAINS

Price Support Loan Program—the bill provides that the Secretary shall make loans and purchases available to producers of corn at a level not less than 85 percent of the average price received by corn growers during the three of the preceding five marketing years in which the price of corn was neither the highest or the lowest. The loan rate for corn could not be less than the loan rate in effect for the 1985 crop ($2.55 per bushel). The price support loan rate for grain sorghums, oats, and, if designated by the Secretary, barley shall be such rate as the Secretary determines fair and reasonable in relation to the price support loan rate for corn.

Target Price/deficiency payment program—the bill provides that for the 1986 crop of corn, the target price shall be determined according to a schedule, as follows:

$3.18 per bushel for any portion of a producer's crop that does not exceed ten thousand bushels;

$3.08 per bushel for the portion of a producer's crop that is more than ten thousands bushels, but does not exceed twenty thousand bushels;

$2.98 per bushel for the portion of a producer's crop that is more than twenty thousands bushels, but does not exceed thirty thousand bushels;

$2.88 per bushel for the portion of a producer's crop that is more than thirty thousands bushels, but does not exceed forty thousand bushels;

No deficiency payments will be made on production in excess of 40,000 bushels. for each of the 1987 through 1989 corps, the target price levels would not be less than the levels for the preceding crop, adjusted to reflect any changes in the costs of production.

The target prices for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such prices as the Secretary determines fair and reasonable in relation to the target price of corn.

TITLE III—SOYBEANS

The bill extends for four years the existing program under which price support is made available to producers of soybeans, except that, for any corp year for which marketing quotas are in effect for wheat, the Secretary of Agriculture may require—as a condition of eligibility for price support—that producers comply with any normal conserving acreage requirement established for the farm. The statutory minimum loan rate remains $5.02 per bushel.

TITLE IV—PEANUTS

The bill extends, with certain changes, the existing poundage quota program under which price support is made available to producers of peanuts.

The national poundage quota for peanuts for each of the marketing years 1986 through 1989 shall be not less than 1.1 million tons. The bill provides for "additional peanuts" in excess of quota peanuts.

TITLE V—SUGAR

The bill extends for four years the existing program under which price support is made available to producers of sugarcane and sugar beets. The price support loan rate for sugar will be not less than 18 cents per pound.

TITLE VI—WOOL AND MOHAIR

The bill extends for four years the National Wool Act, which requires the Secretary of Agriculture to support the prices of wool and mohair to producers by means of loans, purchases, payments, or other operations.

TITLE VII—DAIRY

Milk marketing orders—the bill extends for four years those sections of the Agricultural Marketing Agreement Act of 1937 that (a) authorize the inclusion in Federal milk marketing orders of provisions providing for seasonal adjustments in the payments received by producers for milk; (b) specifically require the Secretary of Agriculture to conduct a hearing on a proposed amendment to a marketing order, if the amendment is one that may be legally made to an order, on the written request of one-third or more of the producers under the order; and (c) with respect to the Secretary's prescribing minimum prices under milk marketing orders under certain conditions, require the Secretary to specifically consider the effect of the minimum price on current needs and on the maintenance of adequate productive capacity to meet future needs.

Milk price support—the bill provides that the price of milk will be supported at not less that $11.60 per hundredweight during fiscal year 1986. After 1986 and through the 1990 fiscal year, the Secretary can adjust the support price to a level not less than 95 percent of the previous year's support price, if the Secretary estimates that net price support removals of milk will exceed 5 billion pounds. The adjustment can occur only once during each fiscal year, at the beginning of the fiscal year.

TITLE VIII—TOBACCO

The bill provides that the existing programs under which price support is made available to producers of tobacco—and which are now governed by permanent legislation—will be subject to reauthorization every four years.

TITLE IX—MISCELLANEOUS COMMODITY PROVISIONS

Advance Payments—the bill authorizes the Secretary to make available advance deficiency payments for wheat or feed grains if the Secretary establishes an acreage limitation or set-aside program and determines that deficiency payments are likely to be made for the crop. Advance deficiency payments may not exceed 50 percent of the projected payment.

Payment limitation—the bill extends the provisions of existing law limiting to $50,000 the total payments any person may receive under the wheat, feed grain, upland cotton, and rice programs.

TITLE X—EXPORT TRADE AND MARKET DEVELOPMENT

Public Law 480—the bill extends for four years the authority to (a) make agreements to finance sales of agricultural commodities under title I of the Agricultural Trade Development and Assistance Act of 1954, and (b) undertake programs of assistance under title II of that Act.

Cargo preference—the bill provides that the Cargo Preference Act will not apply to export activities carried out by the Commodity Credit Corporation or the Secretary of Agriculture under the Commodity Credit Corporation Charter Act or any other Act, except for exports under Public Law 480 (and certain other exports where cargo preference has traditionally been applied.)

Export credit—the bill requires the Secretary of Agriculture to expand the volume of export shipments through the use of export payments-in-kind, long-term and intermediate-term credit arrangements, and matching programs that enable new and traditional purchasers to qualify for additional quantities of agricultural products through reduced interest and extended term loan programs.

Export subsidies—under the bill, if stocks of United States agricultural commodities exceed a level determined by the Secretary of Agiculture to be excessive, the Secretary must take steps, including payment of export subsidies, to counter the unfair trade practices of other nations.

Trade agreements—the bill promotes free trade by emphasizing the use of long-term bilateral and multilateral trade agreements.

TITLE XI—NATURAL RESOURCE CONSERVATION

Subtitle A—Soil Conservation

Conservation reserve—the bill requries the Secretary of Agriculture to implement a conservation reserve program under which farmers agreeing to carry-out long-term—seven to fifteen years—conservation measures on erosion-prone lands will receive payments to help offset the cost of the conservation practices.

Sodbuster—the bill includes a so-called "sodbuster" section that provides that any person who, after the date of enactment of the bill, produces during any crop year an agricultural commodity on highly erodible land on a field on which the highly erodible land is the predominant class, shall be ineligible for certain agricultural program benefits on any commodity produced by that person during the same year.

A person who produces on such highly erodible land—and who is not otherwise exempted—would be ineligible for price support or commodity loan payments, farm storage facility loans, Federal crop insurance, disaster payments, and any Farmers Home Administration insured or guaranteed loan if the loan would be used for a purpose that would contribute to excessive erosion on the field.

Exemptions to the provisions of this section of the bill are provided for a person who produces a commodity on highly erodible land if the commodity is (1) produced on land cultivated during any of the 1981-1985 crop years; (2) planted before the date of enactment of the bill; (3) planted during any crop year beginning before the date of enactment of the bill; or (4) produced under an approved conservation system.

Subtitle B—Wetland Conservation

Wetland Conservation—the bill provides that any person who, after the date of enactment of the bill, produces during any crop year an agricultural commodity on land identified as wetland on the date of enactment, shall be ineligible for certain agricultural program benefits (the same benefits identified under the sodbuster provision) for any commodity produced during any year in which the wetland is cultivated.

TITLE XII—AGRICULTURAL CREDIT

Transition assistance for certain Farmers Home Administration borrowers—the bill authorizes the Farmers Home Administration to release to certain borrowers up to $10,000 (current market value) in assets used as security for a loan. The assistance would be directed to borrowers who have a negative net worth and who are faced with imminent foreclosure or bankruptcy.

The proposal is designed to allow qualified borrowers to keep or liquidate enough assets so that the borrower will have $10,000 in cash or assets with which to assist in a transition out of farming. The borrower, in consideration for his transition assistance, would convey the remainder of his property to the Government or conduct a sale of the property.

The program would save the Government the legal fees and administrative problems associated with foreclosure or bankruptcy proceedings. In addition, the problems of abandonment would be reduced and the Government would likely recover more of the principal owed if a farmer had some incentive to conduct a sale of his property and maintain the property until it is liquidated and the proceeds applied against his loan.

Federal/State interest buy-down—the bill authorizes the Farmers Home Administration to use the resources of the Agricultural Credit Insurance Fund to provide $200 million in matching funds to States that implement a program to buy down the interest rate on loans made by commercial or cooperative lenders to limited resource farmers. The bill requires the Secretary of Agriculture to make exceptions and allow Federal funds to be used to buy down interest rates in cases where it is not practicable for States to provide matching funds.

Under the bill, the interest buy-down would apply to at least the first three years of loans made for the purpose of restructuring a borrower's debts. The Federal interest subsidy would be recaptured when the land or other asset is sold or the title is otherwise transferred. The States would also have the option to recapture the interest subsidy.

Additional personnel for loan processing—the bill directs the Secretary of Agriculture to use existing authorities to hire personnel needed to process Farmers Home Administration farm loan applications whenever the number of such applications exceeds normal levels.

Improvements in the approved lender program—the bill requires the Farmers Home Administration to act on the request of a lender for designation as an approved lender within 15 days after the lender has submitted a completed application.

Orderly disposition of inventory property—the bill authorizes the Farmers Home Administration to use special terms—including low-interest, long-term financing—to sell farm property in inventory to limited resource farmers.

Study possible improvements in the Farmers Home Administration appeals procedure—the bill requires the Farmers Home Administration to conduct a study of its current administrative appeals procedure and issue a report on the operation of the appeals process. The report will include information on the number of appeals initiated by borrowers and the number of administrative actions reversed.

In addition, the agency will be required to examine the feasibility of using administrative law judges to provide for third party resolution of problems. Further, the bill requires the agency to study the desirability of electing FmHA county committee members.

Under the bill, FmHA must complete its study and report its findings to Congress by September 1, 1986.

Protection of Farm Credit System borrower capital—the bill requires the Farm Credit Administration to study the feasibility of obtaining insurance that will effectively protect Farm Credit System borrower stock. Under the bill, the study must be completed within 180 days after enactment.

Farm Credit System borrowers are required to invest capital, in the form of stock, in the lending institution from which they obtain a loan. In the event of financial problems, the stock or "risk capital" might be partially or entirely lost as was the case when several production credit associations began liquidation proceedings during the past year.

TITLE XIII—AGRICULTURAL CREDIT TASK FORCE

The bill establishes a special task force to study agricultural credit problems and make recommendations on what steps can be taken to provide long-term solutions. Under the bill, the task force must complete its final report by July 1, 1986. (Such a task force was called for in Senate Resolution 287, which was approved on May 2, 1984.)

TITLE XIV—AGRICULTURAL RESEARCH

The bill extends for four years certain agricultural research, extension, and teaching programs administered by the Secretary of Agriculture, including animal health and disease research programs.

TITLE XV—RURAL DEVELOPMENT

Subtitle A—Rural Water and Waste Disposal

Improvements in the Farmers Home Administration water and waste disposal program—the bill restores the agency's rural water and waste disposal loan programs to their original purpose of helping rural communities obtain the safe and sanitary drinking water and waste disposal facilities they need but cannot otherwise afford.

Subtitle B—Community Facilities Loan Program

Improvements in the Farmers Home Administration community facility program—the bill requires the agency to work with the Department of Health and Human Services to provide financing for rural health centers.

TITLE XVI—AGRICULTURAL STABILIZATION AND CONSERVATION COMMITTEES

Improvements in the operation of the Agricultural Stabilization and Conservation committee system—this section of the bill is designed to increased local participation in the development and implementation of Federal agricultural programs.

The bill (1) allows the number of local (or community) ASC committees to increase to the same number that existed on December 31, 1980; (2) increases the compensation for local and county commmittee members; (3) lengthens the term of local committee members from one to three years: and (4) reduces the minimum number of local committee meetings to be held in any one year from four to one and limits to four per year the number of meetings for which a committee member can be compensated.

TITLE XVII—FOOD RESERVES

Emergency food reserve—the bill provides for the establishment of a domestic food reserve for wheat and feed grains in quantities to be determined by the Secretary of Agriculture. The reserve would be used only in the event of a national emergency.

Food security wheat reserve—the bill provides for the extension of authorities to maintain the food security reserve for wheat established under the Food Security Wheat Reserve Act of 1980.

TITLE XVIII—FOOD STAMP PROGRAM

The bill extends for four years the food stamp program and authorizes such sums as may be necessary to carry out the program.

TITLE XIX—COMMODITY DISTRIBUTION PROGRAM

Commodity Distribution Program—the bill extends for four years section 4 of the Agriculture and Consumer Protection Act of 1973, which allows the Secretary to purchase and distribute agricultural commodities.

Commodity Supplemental Feeding Program—the bill extends for four years the authority provided to the Secretary to provide administrative costs to States and local agencies operating the program.

Temporary Emergency Food Assistance Program—the bill extends for two years the Secretary's authority to provide surplus

commodities to private organizations assisting the needy.

TITLE XX—FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT AMENDMENTS

The bill extends the authorization for appropriations for the program for two years.

TITLE XXI—EFFECTIVE DATE

This title provides for the effective date of the bill.

ADDITIONAL COSPONSORS

S. 6

At the request of Mr. CRANSTON, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 6, a bill to amend title 38, United States Code, to make certain improvements in Veterans' Administration health-care programs, and for other purposes.

S. 58

At the request of Mr. DANFORTH, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 58, a bill to amend the Internal Revenue Code of 1954 to increase research activities, to foster university research and scientific training, and to encourage the contribution of scientific equipment to institutions of higher education.

S. 84

At the request of Mr. INOUYE, the names of the Senator from Rhode Island [Mr. PELL], the Senator from Arkansas [Mr. PRYOR], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of S. 84, a bill to incorporate the Pearl Harbor Survivors Association.

S. 177

At the request of Mr. HART, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 177, a bill to authorize a national program of improving the quality of education.

S. 419

At the request of Mr. GRASSLEY, the names of the Senator from Oklahoma [Mr. BOREN], the Senator from Arkansas [Mr. BUMPERS], the Senator from North Dakota [Mr. BURDICK], the Senator from Texas [Mr. BENTSEN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Wisconsin [Mr. KASTEN], the Senator from Idaho [Mr. MCCLURE], the Senator from Georgia [Mr. NUNN], and the Senator from Virginia [Mr. TRIBLE] were added as cosponsors of S. 419, a bill to amend the Internal Revenue Code of 1954 to allow a deduction for one-half of the expenses paid by a self-employed taxpayer for individual health insurance premiums.

S. 721

At the request of Mr. BOREN, the names of the Senator from South Carolina [Mr. THURMOND], and the Senator from North Dakota [Mr. ANDREWS] were added as cosponsors of S. 721, a bill to amend the Commodity Credit Corporation Charter Act regarding the export of agricultural commodities.

S. 879

At the request of Mr. PROXMIRE, the names of the Senator from Michigan [Mr. LEVIN], and the Senator from Hawaii [Mr. MATSUNAGA] were added as cosponsors of S. 879, a bill to authorize funds for research, development, test, and evaluation in connection with Strategic Defense Initiative Programs and advanced strategic missile systems for fiscal year 1986, and for other purposes.

S. 896

At the request of Mr. GRASSLEY, the names of the Senator from Montana [Mr. BAUCUS], and the Senator from Louisiana [Mr. LONG] were added as cosponsors of S. 896, a bill to amend the Internal Revenue Code of 1954 to apply rural electric cooperative plans to the provisions relating to cash or deferred arrangements.

S. 961

At the request of Mr. SARBANES, the names of the Senator from Pennsylvania [Mr. HEINZ], the Senator from New York [Mr. MOYNIHAN], and the Senator from Colorado [Mr. HART] were added as cosponsors of S. 961, a bill to authorize the Alpha Phi Alpha Fraternity to establish a memorial to Martin Luther King, Jr. in the District of Columbia.

S. 1007

At the request of Mr. BOSCHWITZ, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1007, a bill to amend title 38, United States Code, to direct the Administrator of Veterans' Affairs to develop and carry out a pilot program to determine the most cost effective methods of acquiring medical facilities to meet the needs of the Veterans' Administration and otherwise to promote additional health care for eligible veterans, and for other purposes.

S. 1008

At the request of Mr. HART, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 1008, a bill to provide for a demonstration program in which a limited number of States would be permitted to provide unemployment compensation to individuals for the purpose of funding self-employment.

S. 1018

At the request of Mr. GORTON, the name of the Senator from Illinois [Mr. DIXON] was added as a cosponsor of S. 1018, a bill to amend the National Labor Relations Act to clarify the meaning of the term "guard" for the purpose of permitting certain labor organizations to be certified by the National Labor Relations Board as representatives of employees other than plant guards.

SENATE JOINT RESOLUTION 24

At the request of Mr. BRADLEY, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of Senate Joint Resolution 24, a joint resolution to designate the month of October 1985 as "National Make-A-Wish Month."

SENATE JOINT RESOLUTION 57

At the request of Mr. CHILES, the names of the Senator from Kentucky [Mr. FORD], and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of Senate Joint Resolution 57, a joint resolution to designate the week of October 20, 1985, through October 26, 1985, as "Lupus Awareness Week."

SENATE JOINT RESOLUTION 59

At the request of Mr. HATCH, the names of the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from Wisconsin [Mr. KASTEN], the Senator from Missouri [Mr. DANFORTH], and the Senator from Virginia [Mr. TRIBLE] were added as cosponsors of Senate Joint Resolution 59, a joint resolution to designate "National Science Week."

SENATE JOINT RESOLUTION 64

At the request of Mr. RIEGLE, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of Senate Joint Resolution 64, a joint resolution to designate the week beginning May 5, 1985, as "National Correctional Officers Week."

SENATE JOINT RESOLUTION 88

At the request of Mr. LEVIN, the names of the Senator from Maine [Mr. MITCHELL], the Senator from South Carolina [Mr. THURMOND], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Nevada [Mr. HECHT] were added as cosponsors of Senate Joint Resolution 88, a joint resolution to designate the week beginning September 8, 1985, as "National Osteopathic Medicine Week."

SENATE JOINT RESOLUTION 92

At the request of Mr. DENTON, the names of the Senator from South Dakota [Mr. ABDNOR], and the Senator from Montana [Mr. BAUCUS] were added as cosponsors of Senate Joint Resolution 92, a joint resolution to designate the October 1985 as "National Foster Grandparents Month."

SENATE JOINT RESOLUTION 98

At the request of Mr. D'AMATO, the name of the Senator from Colorado [Mr. ARMSTRONG] was added as a cosponsor of Senate Joint Resolution 98, a joint resolution condemning the passage of Resolution 3379, in the United Nations General Assembly on November 10, 1975, and urging the U.S. Ambassador and U.S. delegation to take all appropriate actions necessary to erase this shameful resolution from the record of the United Nations.

SENATE JOINT RESOLUTION 104

At the request of Mr. DENTON, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of Senate Joint Resolution 104, a joint resolution to proclaim October 23, 1985, as "A time of remembrance" for all victims of terrorism throughout the world.

SENATE JOINT RESOLUTION 117

At the request of Mr. LEVIN, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of Senate Joint Resolution 117, a joint resolution designating the week beginning September 22, 1985, as "National Adult Day Care Center Week."

SENATE JOINT RESOLUTION 128

At the request of Mr. BYRD, the name of the Senator from Tennessee [Mr. SASSER] was added as a cosponsor of Senate Joint Resolution 128, a joint resolution to designate May 7, 1985 as "Vietnam Veterans Recognition Day."

SENATE RESOLUTION 65

At the request of Mr. BUMPERS, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of Senate Resolution 65, a resolution commending the Soil Conservation Service.

AMENDMENT NO. 24

At the request of Mr. CRANSTON, the names of the Senator from North Dakota [Mr. BURDICK], and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of amendment No. 24 intended to be proposed to Senate Concurrent Resolution 32, an original concurrent resolution setting forth the congressional budget for the U.S. Government for the fiscal years 1986, 1987, and 1988, and revising the congressional budget for the U.S. Government for the fiscal year 1985.

SENATE RESOLUTION 152—SUPPORTING "SOLIDARITY SUNDAY"

Mr. MOYNIHAN (for himself, Mr. ANDREWS, Mr. ARMSTRONG, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, Mr. BRADLEY, Mr. BUMPERS, Mr. BYRD, Mr. CHAFEE, Mr. COHEN, Mr. CRANSTON, Mr. D'AMATO, Mr. DECONCINI, Mr. DIXON, Mr. DODD, Mr. DOLE, Mr. DURENBERGER, Mr. EXON, Mr. GARN, Mr. GLENN, Mr. GORE, Mr. GRASSLEY, Mr. HART, Mr. HATCH, Mr. HATFIELD, Mr. HEINZ, Mr. HOLLINGS, Mr. JOHNSTON, Mrs. KASSEBAUM, Mr. KERRY, Mr. LAUTENBERG, Mr. LEAHY, Mr. LEVIN, Mr. LONG, Mr. LUGAR, Mr. MATTINGLY, Mr. MITCHELL, Mr. MURKOWSKI, Mr. NICKLES, Mr. PELL, Mr. PRESSLER, Mr. PROXMIRE, Mr. QUAYLE, Mr. RIEGLE, Mr. ROTH, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SASSER, Mr. SIMON, Mr. SPECTER, Mr. SYMMS, Mr. THURMOND, Mr. TRIBLE, Mr. WARNER, Mr. WEICKER, and Mr. ZORINSKY) submitted the following resolution; which was considered and agreed to:

S. RES. 152

Whereas on May 5, 1985, the constituent agencies of the Coalition to Free Soviet Jews will convene the fourteenth annual "Solidarity Sunday for Soviet Jewry" in reaffirmation of the American People's resolve to secure freedom for Soviet Jews and beleaguered persons everywhere; and

Whereas Americans of all faiths will join in myriad activities on that day in public expression of solidarity with the long suffering Jewish community in the Soviet Union; and

Whereas the right to emigrate freely and to be reunited with one's family abroad is denied Jews and many others in the Soviet Union; and

Whereas the Universal Declaration of Human Rights, adopted by the United Nations General Assembly, and the Helsinki Final Act explicitly assert guarantees of those rights; and

Whereas representatives of the Helsinki signatory States will meet in Ottawa for a six week period beginning on May 7, 1985 at a Human Rights Experts Meeting to discuss "questions concerning respect, in their States, for human rights and fundamental freedoms, in all their aspects, as embodied in the Final Act," including the plight of Soviet Jewry; and

Whereas the Government of the Soviet Union has nevertheless continued to implement new restrictive measures inhibiting the ability of persons to emigrate, reducing Jewish emigration from the Soviet Union in 1984 to 896 persons; and

Whereas the Government of the Soviet Union is persecuting its Jewish citizens and denying them even those few rights and privileges accorded other recognized religions in the Soviet Union; and

Whereas the Government of the Soviet Union discriminates against Jewish cultural activities by banning and suspending Hebrew and Jewish cultural classes, by arresting teachers of Hebrew, and by harassing those Soviet Jews who seek only to practice their religion; and

Whereas leading Soviet Jewish activist and prisoner of conscience Anatoly Shcharansky, who was arrested in March of 1977 and falsely charged with espionage and "anti-Soviet agitation", continues to suffer exeptionally harsh treatment in Chistopol prison; and

Whereas a virulent anti-Semitic campaign continues unabated in the Soviet Union and Soviet Jews are increasingly deprived of occupational and educational opportunities; and

Whereas thousands of innocent Jews and other persons, having applied to leave the Soviet Union, have been subjected to immediate induction into the armed forces, improper incarceration in mental institutions, expulsion from school, and constant surveillance and harassment; and

Whereas the Government of the Soviet Union will not succeed in isolating Soviet Jews from their friends in the free world so long as those who cherish liberty continue to speak on behalf of beleaguered people everywhere; and

Whereas "Solidarity Sunday for Soviet Jewry" shall provide vigorous expression of American determination to secure freedom for Soviet Jewish prisoners of conscience incarcerated solely for their desire to emigrate; and

Whereas the Government of the Soviet Union refuses to permit the free exercise of religious beliefs and cultural expression and also refuses to remove all obstacles to the free emigration of its Jewish citizens and others who wish to leave and live in other countries: Now, therefore, be it

Resolved, That it is the sense of the Senate that the Congress fully supports "Solidarity Sunday for Soviet Jewry" and encourages Americans to participate.

AMENDMENTS SUBMITTED

FIRST CONCURRENT RESOLUTION ON THE BUDGET

HAWKINS (AND OTHERS) AMENDMENT NO. 45

Mr. DOLE (for Mrs. HAWKINS, Mr. D'AMATO, Mr. SPECTER, and Mr. PRESSLER) proposed an amendment to amendment No. 43 as proposed by Mr. DOLE (for himself and Mr. DOMENICI), and subsequently amended, to the concurrent resolution (S. Con. Res. 32) setting forth the congressional budget for the U.S. Government for fiscal years 1986, 1987, and 1988 and revising the congressional budget for the U.S. Government for the fiscal year 1985; as follows:

In the pending amendment, do the following:

On page 3, increase the amount on line 12 by $700,000,000.

On page 3, decrease the amount on line 13 by $500,000,000.

On page 3, decrease the amount on line 14 by $800,000,000.

On page 3, increase the amount on line 18 by $2,900,000,000.

On page 3, increase the amount on line 19 by $7,800,000,000.

On page 3, increase the amount on line 20 by $13,400,000,000.

On page 3, increase the amount on line 25 by $2,900,000,000.

On page 4, increase the amount on line 1 by $7,800,000,000.

On page 4, increase the amount on line 2 by $13,400,000,000.

On page 4, decrease the amount on line 6 by $200,000,000.

On page 4, increase the amount on line 8 by $1,100,000,000.

On page 4, decrease the amount on line 12 by $200,000,000.

On page 4, increase the amount on line 13 by $200,000,000.

On page 4, decrease the amount on line 14 by $1,100,000,000.

On page 24, decrease the amount on line 2 by $400,000,000.

On page 24, decrease the amount on line 3 by $300,000,000.

On page 24, decrease the amount on line 12 by $600,000,000.

On page 24, decrease the amount on line 13 by $400,000,000.

On page 24, decrease the amount on line 22 by $700,000,000.

On page 24, decrease the amount on line 23 by $400,000,000.

On page 25, decrease the amount on line 17 by $400,000,000.

On page 25, increase the amount on line 18 by $3,100,000,000.

On page 26, decrease the amount on line 2 by $500,000,000.

On page 26, increase the amount on line 3 by $7,600,000,000.

On page 26, decrease the amount on line 11 by $1,600,000,000.

On page 26, increase the amount on line 12 by $12,300,000,000.

On page 32, increase the amount on line 17 by $100,000,000.

On page 32, increase the amount on line 18 by $100,000,000.

On page 33, increase the amount on line 2 by $600,000,000.

On page 33, increase the amount on line 3 by $600,000,000.

On page 33, increase the amount on line 11 by $1,500,000,000.

On page 33, increase the amount on line 12 by $1,500,000,000.

On page 40, decrease the first amount on line 16 by $3,143,000,000.

On page 40, decrease the amount on line 17 by $7,832,000,000.

On page 40, decrease the second amount on line 18 by $12,564,000,000.

On page 51, decrease the first amount on line 7 by $3,143,000,000.

On page 51, decrease the amount on line 8 by $7,832,000,000.

On page 51, decrease the second amount on line 9 by $12,564,000,000.

GRASSLEY (AND OTHERS) AMENDMENT NO. 46

Mr. DOLE (for Mr. GRASSLEY, for himself, Mr. HATFIELD, Mr. SIMON, and Mr. PRESSLER) proposed an amendment to amendment 43 as proposed by Mr. DOLE (for himself and Mr. DOMENICI), and subsequently amended, to the concurrent resolution (S. Con. Res. 32), supra; as follows:

In the pending amendment, do the following:

On page 3, decrease the amount on line 12 by $10,500,000,000.

On page 3, decrease the amount on line 13 by $12,100,000,000.

On page 3, decrease the amount on line 14 by $14,100,000,000.

On page 3, decrease the amount on line 18 by $3,200,000,000.

On page 3, decrease the amount on line 19 by $6,900,000,000.

On page 3, decrease the amount on line 20 by $9,700,000,000.

On page 3, decrease the amount on line 25 by $3,200,000,000.

On page 4, decrease the amount on line 1 by $6,900,000,000.

On page 4, decrease the amount on line 2 by $9,700,000,000.

On page 4, decrease the amount on line 6 by $3,200,000,000.

On page 4, decrease the amount on line 7 by $10,100,000,000.

On page 4, decrease the amount on line 8 by $19,800,000,000.

On page 4, decrease the amount on line 12 by $3,200,000,000.

On page 4, decrease the amount on line 13 by $6,900,000,000.

On page 4, decrease the amount on line 14 by $9,700,000,000.

On page 6, decrease the amount on line 15 by $10,300,000,000.

On page 6, decrease the amount on line 16 by $3,000,000,000.

On page 6, decrease the amount on line 24 by $11,500,000,000.

On page 6, decrease the amount on line 25 by $6,300,000,000.

On page 7, decrease the amount on line 8 by $12,800,000,000.

On page 7, decrease the amount on line 9 by $8,400,000,000.

On page 32, decrease the amount on line 17 by $200,000,000.

On page 32, decrease the amount on line 18 by $200,000,000.

On page 33, decrease the amount on line 2 by $600,000,000.

On page 33, decrease the amount on line 3 by $600,000,000.

On page 33, decrease the amount on line 11 by $1,300,000,000.

On page 33, decrease the amount on line 12 by $1,300,000,000.

On page 51, decrease the amount on line 17 by $10,300,000,000.

On page 51, decrease the amount on line 19 by $11,500,000,000.

On page 51, decrease the amount on line 20 by $12,800,000,000.

NOTICES OF HEARINGS

SUBCOMMITTEE ON NATURAL RESOURCES DEVELOPMENT AND PRODUCTION

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of an oversight hearing before the Natural Resources Development and Production Subcommittee of the Senate Energy and Natural Resources Committee.

The hearing is scheduled for Friday, June 14, 1985, beginning at 1:30 p.m. in the South Courtroom on the second floor of the U.S. Courthouse, 111 North Fifth Street, Muskogee, OK. Testimony is invited regarding the state of the coal industry in Oklahoma, with specific emphasis on the impact of Federal regulations.

For further information regarding this hearing, you may wish to contact Mr. Bob Terrell or Mr. Pat Sullivan on the subcommittee staff at (202) 224-5205. Those wishing to testify or who wish to submit a written statement for the hearing should write to the Natural Resources Development and Production Subcommittee, Committee on Energy and Natural Resources, Dirksen Senate Office Building, Washington, DC 20510.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce for the information of all Senators that following the hearings on the Smithsonian regent appointment and the Federal Election Commission's fiscal year 1986 authorization on Thursday, May 2, 1985, the Rules Committee will turn to administrative business. Amendments to the mass mail regulations, including the general use of postal patron mail for newsletters, and an increase in the paper allowance will be considered. It is anticipated that these administrative items will be dealt with by the committee at approximately 10:30 a.m. on Thursday morning.

ADDITIONAL STATEMENTS

TRADE SANCTIONS AGAINST NICARAGUA

● Mr. DANFORTH. Mr. President, once again the United States has turned to the weak and often counterproductive weapon of economic sanctions because of our inability to carry out a strong and consistent foreign policy. And who is to blame? We in Congress are.

Congress has forced the President to choose among a limited number of unattractive options in Central America. By denying the President even the minimal aid he requested to oppose the aggressive expansion of Nicaraguan communism, we have left him with little more than a trade embargo at his disposal. It is not adequate to the task at hand.

We have played the embargo card before. It has proven time and again an unproductive means of effecting foreign policy goals—indeed, one that tends to punish this country more than the ostensible target.

In 1980 our farmers lost $3 billion in grain sales and 40 percent of the Soviet grain market because we were protesting the invasion of Afghanistan. The effect of our protest on the U.S.S.R. was twofold: one, the Soviets received our signal of disapproval and, two, they were forced—for a short period of time—to pay an extra 25 percent for other sources of grain. They are still in Afghanistan.

We have tried economic sanctions before in Nicaragua. In 1980 we cut off economic aid because of the Sandinistas' support for Communist guerrillas in El Salvador. In 1982, the United States cut back on sugar imports from Nicaragua in a further attempt to moderate the Government's behavior. The benefits of these punitive actions have been nil. In fact, Nicaragua's military growth and aggressive behavior have increased in the interim.

The supporters of the trade embargo argue that it will send a message that we are serious about Sandinista transgressions within Nicaragua and against their neighbors. It will demonstrate our concern. It will show our resolve.

But let us not kid ourselves about what the results will be. A trade embargo will hamper the already weak Nicaraguan economy. But Nicaragua will soon find other sources for the agricultural machinery, fertilizers, and pesticides that we now supply. Nicaragua will soon find other buyers for the bananas and coffee we buy from them. President Ortega is already in Moscow negotiating a generous package of economic aid. This embargo will only drive him to further dependence on the Soviets and their allies. We need look no further than the 1960 trade

embargo still in effect with Cuba to see the proof of this proposition.

The Washington Post reports that the President is "responding to congressional urging" in taking this action. Well, there may be some Members of Congress who have urged this step. I was not one. But let us not forget that Congress delivered its real message last week—and that message was "No" to military aid for the Contras and "No" to humanitarian aid. Congress declared for the world to see that the United States does not care about the establishment of a Soviet client state that openly advocates "revolutions without borders" in Central America.

Our votes last week demonstrated our inability to support real sanctions against Nicaraguan expansionism. And when we are weak on foreign policy, when we are supine on foreign policy, we rush in with these ineffectual trade sanctions. The real question remains, "Will we support our friends?" The President's actions are inadequate to the task at hand, and Congress has tied his hands from going further.

What we in the Congress have orchestrated, Mr. President, is the elimination of any coherent policy for dealing with Central America, and the President's announcement of economic sanctions against Nicaragua does not let us off that hook. Unless and until we reverse the actions we took last week, we in Congress remain responsible for what comes next in the Americas. What is at stake is not only the survival of the fragile democracies in Central America but the prevention of the spread of revolutionary communism to our friends in Mexico.●

TRIBUTE TO MURRAY KEMPTON

● Mr. MOYNIHAN. Mr. President, a cheer went up in city rooms of newspapers across the Nation, and many a living room also, when it was learned that Murray Kempton had been awarded a Pulitzer Prize. If it comes late in his career, which now spans a full half-century of irresistibly intelligent commentary on American life and politics, it seems all the more welcome for being so long overdue. If, on the other hand, the wise arbiters of these matters on the Pulitzer board thought simply to wait until a mid-career prize seemed in order, we can be doubly pleased to think that this newest sage of Baltimore is only just getting going, and that the best is yet to come.

Mr. President, I ask that there be printed in the RECORD a tribute to Mr. Kempton by his colleague, Fred Bruning, of Newsday.

The tribute follows:

[From Newsday, Apr. 25, 1985]

AN UNSUNG TALENT FINALLY GETS A CHEER

(By Fred Bruning)

Murray Kempton is a self-effacing man who likes to recall that a libel suit against him once was dismissed because the judge could not decipher the story being contested.

If Kempton, 67, has a modest estimation of his work, he seems distinctly in the minority. Although until yesterday he had not won a Pulitzer Prize, the columnist received a National Book Award in 1973 for a volume about the Black Panthers called "The Briar Patch" and, five years later, a citation for literary achievement from the National Academy and Institute of Arts and Letters. As a newspaperman he won a Sidney Hillman Award in 1954, the George Polk Award in 1967 and, last year, the Carey McWilliams Award, a political writing prize.

Kempton is death on labels—doesn't want to be called liberal or conservative or very much of anything—but his commentary hardly would endear him to those who favor subway vigilantism, aid to Nicaraguan rebels or presidential visits to German military cemeteries.

After graduating from Johns Hopkins University in 1939, Kempton, who is from an old-line Democratic Maryland family, worked as a welfare investigator in Baltimore and a union organizer in Peekskill, N.Y. In 1941, he became publicity director for the American Labor Party. The next year he joined the New York Post but within three months took another assignment—with the U.S. Army. He saw combat in the Pacific and was discharged in 1945 as a corporal. He worked as a reporter in North Carolina before returning to the Post for a job assisting Victor Riesel, the famed labor writer.

Kempton's prose, which has appeared in some of the most estimable American publications, was described by Current Biography as "epigrammatic, allusive and at times haunting." In March, 1981, he joined Newsday as a columnist.

Suspicious of limousines and, to some extent, taxicabs, Kempton, who lives in Manhattan, negotiates the city by way of public transportation or, securing the cuffs of his trousers with rubber bands, a blue two-wheeler.

He is famous for saying, "God bless you," instead of good-bye, although for a long time people said he wasn't famous at all. A magazine story about him in 1982 was titled: "The Best-Kept Secret in American Journalism is Murray Kempton." Yesterday, the Pulitzer Committee made Murray Kempton a secret no more.●

THE HIGH COSTS OF DENYING CONTRA AID

● Mr. QUAYLE. Mr. President, the recent defeat of funding for the Contras has been widely reported as being a major defeat for President Reagan. This view is incorrect. True, the President did not get the funding he sought, but the real loser is not the President; it's the United States.

If there is any doubt on this score, the costs of denying Contra aid are spelled out in this week's Newsweek. There, in a lead article by chief diplomatic correspondent, John Walcott, the magazine details the findings of a recent administration report to Congress. The annual cost of containing the Sandinistas without the help of the Contras are estimated to be nearly $3.8 billion more than we are currently spending to aid the entire region. Such containment, moreover, would entail a dramatic and risky escalation of arms aid to El Salvador and Honduras.

As the article points out:

Getting out of the secret war is likely to have exactly the opposite effect from that intended by congressional Democrats. It would remove whatever modest pressure there is on the Sandinistas to negotiate, both with their neighbors and with their opponents at home, and it would add to the pressures on Nicaragua's neighbors to cut the best deals they can with the Soviet-and-Cuban-backed regime. To counter that temptation and to reassure its friends that abandoning the Contras is not the prelude to a general U.S. withdrawal from Central America, the United States would have to spend far more than the $28 million a year the administration wants for the Contras.

Mr. President, Congress will have to consider funding for the Contras again before the close of this fiscal year. In hopes that the true costs of denying aid to the Contras will be considered in future debate, I ask that the full text of "The Stakes in Nicaragua" by John Walcott be placed in an appropriate place in the RECORD.

The article follows:

THE STAKES IN NICARAGUA

(By John Walcott)

Far more than $14 million is at stake in the battle over whether or not the United States should help the anti-Sandinista rebels in Nicaragua. The Reagan administration has made the contras the keystone of its policy in Central America, and pulling out now is not likely to improve the chances for a negotiated settlement in Central America, stop the killing in Nicaragua, moderate the Sandinistas' totalitarian tendencies or reduce the danger of being dragged into another tropical quagmire.

Getting out of the secret war is likely to have exactly the opposite effect from that intended by congressional Democrats. It would remove whatever modest pressure there is on the Sandinistas to negotiate, both with their neighbors and with their opponents at home, and it would add to the pressures on Nicaragua's neighbors to cut the best deals they can with the Soviet-and Cuban-backed regime. To counter that temptation and to reassure its friends that abandoning the contras is not the prelude to a general U.S. withdrawal from Central America, the United States would have to spend far more than the $28 million a year the administration wants for the contras—and might have to increase its already considerable military presence in Honduras and El Salvador. Instead of its current single-track policy, what Washington needs is a combination of political, economic and military pressure on the Sandinistas.

In Managua, Newsweek's Joseph Contreras reports, there was little evidence last week that Reagan's congressional defeat would improve the Sandinistas' behavior. Nicaraguan President Daniel Ortega immediately began backing away from his hints that Nicaragua had a "moral obligation" to offer concessions if the United States cut off aid to the rebels. His rationale: only the

House voted against the aid. The Sandinistas also continued to rule out any direct talks with the rebels. If anything, the Sandinistas seemed to be digging in their heels, sending Ortega off on his third visit to Moscow in less than a year and announcing token moves to send 100 (of an estimated 3,500) Cuban military advisers home and to free 107 (of an estimated 3,000) prisoners accused of counterrevolutionary activities. Relations between the Sandinistas and the Roman Catholic Church suffered another jolt when the government expelled a Spanish priest accused of helping the opposition.

Choice: Faced with such intransigence, the administration and Congress must make a choice: either they can devise a compromise to keep the contras afloat, or they can give up trying to force the Sandinistas to deal and concentrate on defending Nicaragua's neighbors from the spread of Sandinismo.

Containment, however, is as flawed as the secret war. A top-secret administration report to Congress says it "would mean providing Honduras with advanced combat aircraft, antitank and anti-air-defense systems and underwriting a military-force increase from about 18,000 to perhaps 35,000." El Salvador, too, will need more military aid and an aggressive attempt to crush the guerrillas "before the Sandinista pipeline picks up again," the report notes, and Costa Rica will have to decide whether to start an army and whether to host U.S. military exercises. Containment is likely to be expensive, too, officials warn: it could require as much as $5 billion a year in aid to Central America, compared to the $1.2 billion committed in fiscal 1985.

Administration officials worry that a Congress that refused to provide modest aid to the contras will balk at providing much larger sums to the military and intelligence services in imperfect democracies like Honduras and El Salvador. Dramatic expansion of the Honduran military would undoubtedly speed Nicaragua's continuing militarization. Delivering advanced aircraft to Honduras would give the Sandinistas a reason to import their own jet fighters—the one contingency U.S. officials have warned could trigger direct American military action against Nicaragua.

Menace: Fulminate though it may about Democratic appeasement and the Vietnam syndrome, the administration has mostly itself to blame for the mess. Reagan has practiced a diplomatic double standard in Latin America, exaggerating the menace of communism and shrugging off the sins of right-wing despots like Chile's Augusto Pinochet. But his policies have been strangely out of tune with his anticommunist rhetoric: while denouncing the Sandinistas as a threat to all Central America—occasionally including Texas—the United States has continued to recognize the regime in Managua and has remained Nicaragua's biggest trading partner.

In 1981 the administration backed away from a confrontation with Cuba because it might have jeopardized Reagan's economic program, and this month a number of White House aides tried to postpone the fight for aid to the contras until after Congress voted on Reagan's budget. Partly out of a desire to confront the Sandinistas without attracting too much attention, the administration reached for the CIA long before it had exhausted its diplomatic and economic options. When it did, the agency proved to be its own worst enemy, first lying to Congress about the purpose of the secret war and then concocting a series of harebrained operations, including the mining of Nicaraguan harbors, in an attempt to turn up the heat.

A plan for the graduated use of diplomatic, economic and military pressure on Managua would be a far more effective instrument of American power than either the secret war or containment. Congress and U.S. allies could sustain it and it would help to isolate the Sandinistas instead of making heroes of them. For the first time, the administration's opponents have a strong incentive to help invent such a policy. By removing the keystone of Reagan's policies but not replacing it with a sturdier one, House Speaker Tip O'Neill and company have accepted a share of responsibility for whatever happens next.●

INHUMAN TREATMENT OF VIETNAM WAR REFUGEES

● Mr. SIMON. Mr. President, recently I received a letter from Lt. Comdr. T.J. Cutler of the U.S. Naval Academy in Annapolis. He is a man of honor and a mariner who was compelled to write to me about a situation that simply cannot be tolerated any longer.

Ten years after the Vietnam war, this country continues to remember unspeakable atrocities and the loss of tens of thousands of lives. Perhaps we would like to believe that it is over, that we no longer are involved, should not be involved, in the political strife that still tears that region apart. Because of the Nation that we are, because of what we stand for and because we as the Members of the Senate have a responsibility to safeguard the rights of those trying to find freedom, it is time for us to take action.

Since the end of the Vietnam war refugees have fled that country by boat. Lieutenant Commander Cutler's letter brings to our attention the absolutely inhuman treatment these people suffer at the hands of pirates who roam the South China Seas and the Gulf of Thailand. We cannot stand by now and watch as these people are destroyed. We have given military aid to the Thai Navy in hopes of ensuring safe passage for those fleeing Vietnam. It is not working. We must examine the situation and find a more effective course of action.

Mr. President, I ask that Lieutenant Commander Cutler's letter be printed in the RECORD.

The letter follows:

DEAR SENATOR SIMON: There comes a time in the life of a great nation, if it is indeed to remain great, that it must make commitments that are based not upon material gain or even upon questions of security and survival, but have their roots instead in matters of simple humanity and compassion. The United States finds itself today facing a matter that begs not only these considerations but is a matter of responsibility as well. If this nation is to be true to its heritage of freedom and human rights it must find that it has no alternative but to intervene in an area of great human injustice.

Since 1975, more than half a million people have fled Vietnam by boat. The actual total number can never be known with certainty because so many have perished without trace. Despite the news media's flagging interest, an average of 2,700 of these refugees still are landing on Southeast Asian shores each month. The issue of what the free world's responsibility is to these people once they have reached asylum is an important one, but it pales in the light of the extreme urgency surrounding the issue of what is happening to them on the seas.

The irrefutable stories of shootings, clubbings, knifings, drownings, abductions, and rapes by lawless pirates are compounded in their horror when the ages, sexes, and helplessness of the victims are considered. Six year old girls have been sexually assaulted and small children have watched as their mothers have been raped and then clubbed to death with hammers. Statistics and eyewitness accounts abound to tell a story of incredible savagery.

It is impossible to comprehend that anyone, whether he is a member of Congress, a professional military man, or a common citizen of democracy, can tolerate the barbaric acts that are being committed in the South China Sea and the Gulf of Thailand. The atrocities that are being committed upon helpless people by these feral deviants from human-kind must be terminated!

This is not the appeal of a veteran trying to refight a lost war. The quarrel is not with any nation, the cause has no politics. The centuries-old law-of-the-sea demands that no mariner can ignore another vessel in distress. That law calls us to action now.

The Congress of the United States, as the representatives of a people who will surely see the right in such action, must declare war (either literally or figuratively) on the pirates of Southeast Asia. The money we have spent on the Thai navy for this purpose has accomplished little or nothing. It is time for the United States Navy to take action. American naval forces must be deployed to the area with the sole and specific purpose of taking whatever action is necessary to stop this barbarism. I can personally guarantee the information of an all-volunteer force for such a purpose.

If the tone of this letter is emotional, so be it. I *am* emotional! I am incensed and enraged! I am *ashamed* that I have not written this sooner, that my country has not taken action before now.

Please consider this situation: as a legislator with the power to make things happen, as a human being who sees his own kind in dire distress.

Sincerely,

T.J. CUTLER.●

U.S. ARMY COMMUNIQUES ON PROBLEMS IN ARMED FORCES

● Mr. GOLDWATER. Mr. President, the Association of the United States Army constantly is publishing short communiques relative to problems they see in our Armed Forces. With the coming deluge of amendments aimed at cutting the defense budget, I think it wise that as much material as possible be presented to my colleagues so that their judgments can be better backed up in the case of these amendments.

Today, I am submitting two of these reports. One deals with the sad, dangerous situation that the United States is not prepared in any manner, shape, or form to be confronted with a chemical warfare situation. The other is a plainly written statement on the question of whether the budget provides the Army with enough strength to meet the threat.

I ask that both of these be printed in the RECORD.

The material follows:

IN THE LIKELY EVENT OF CHEMICAL WAR, THE UNITED STATES IS NOT PREPARED

A long-standing national security objective of the United States is to eliminate the use of chemical weapons in war. U.S. policies to achieve this objective have two major aspects. The first deals with chemical weapons arms control; the second, with military capabilities to deter chemical warfare.

Unfortunately, an acceptable agreement on chemical disarmament is not readily available, due primarily to the intransigence of the Soviet Union on verification.

On the military front, the U.S. position for years has been that chemical weapons should be maintained as a deterrent to chemical war (through the threatened sanction of retaliation in kind).

However, the U.S. retaliatory stockpile has become increasingly unusable and obsolete in the 16 years since we last produced chemical munitions. Further, there is ample evidence of an extensive and continuing buildup in chemical warfare capabilities by the Soviet Union and its Warsaw Pact allies.

In response to these negative trends, the Reagan Administration has repeatedly sought limited funding to improve the U.S. deterrent retaliatory posture. In virtually every instance, the requested funds have been denied by Congress, more often than not on the premise that the U.S. chemical stocks are sufficient to meet our military requirements.

But that argument simply won't wash. The Secretary of Defense, the Chairman of the Joint Chiefs, the Secretary of the Army and the Army Chief of Staff have all testified before Congress about the dangerously deteriorating condition of the chemical munitions upon which we must rely to deter potential aggressors from initiating chemical war against the U.S. or our allies.

We cannot keep our heads in the sand any longer. While we have occupied the "moral high ground" of a unilateral freeze on the production of chemical munitions, our most likely adversary has developed such a lopsided chemical war capacity that he would be foolish if he did not exploit his obvious military advantage. Unless we take action now to reconstitute a believable chemical retaliatory capability we are encouraging the use of those weapons against us.

THE ARMY'S BUDGET—ARE WE STRONG ENOUGH TO MEET THE THREAT?

With so many moves afoot to reduce the federal deficit at the expense of national defense, many lawmakers will probably think it heresy when they are told that the Army's $82 billion budget request for fiscal 1986 is inadequate. But when the cognizant congressional committees begin deliberating over the President's budget, the shortfalls in the Army program will become painfully evident.

For example, the members of Congress will learn early on that, while this budget seeks to improve our conventional warfighting capabilities by activation of an eighteenth Army division, it does not provide the manpower needed to fill out all the combat and support units and to keep them at a high state of readiness.

Similarly, the Army's decision to forego requesting an increase of nearly 80,000 people means that it will meet only 88 percent of its documented manpower requirements. The Army is seeking increased reserve component strengths, but similar requests in fiscal 1985 were drastically reduced.

Other inadequacies in nearly every one of the Army's budget objectives for 1986 will adversely impact on planned equipment modernization, mobilization and deployment capabilities, readiness, and on the Army's growing backlog of construction of needed buildings and facilities.

All these shortfalls are contained in the Army program as it is proposed by the Administration. When the members of the Budget, Appropriations and Armed Services Committees of both houses of Congress attempt to balance defense needs against available resources, they will face many perplexing problems.

In the present congressional climate, a radical cut from the top seems almost a certainty, a cut that will, in turn, erode the various military department's programs. When that happens, the Army is traditionally forced to take a full share of the cut.

Hopefully, Congress will be alert to the existing inadequacies in the Army's budget request and will provide the nation's prime landpower element with sufficient resources to accomplish its mission. Otherwise, the Army's commitment may need to be reduced.●

CONVENTION II

● Mr. SIMON. Mr. President, from February 5 through February 9 this year, a distinguished group of youths assembled in the Halls of Congress to propose and debate topics which could ultimately affect all of us. In this, the 10th anniversary session of Convention II, these high school students from across our Nation convened to deliberate issues of interest to all of us and to all of our constituents—amendments to the U.S. Constitution.

On these dates, 115 young Americans from 17 States and the District of Columbia considered over 100 proposed amendments to the Constitution. Of the 41 resolutions reported or discharged from the 5 standing committees, 11 were considered by the convention as a whole. Convention II adopted two of their amendments proposed this year. The two resolutions adopted by the convention were relative to securing the right to euthanasia and eliminating the exclusionary rule—an interesting comment from our young people. Their debates included many exciting exchanges of ideas in true veteran lawmakers' style. As a member of the Convention II Founders Committee, I have the honor of transmitting to the Senate the findings of the 10th annual session of Convention II, and to include their report in the RECORD.

Mr. President, I invite my colleagues to join me in commending the delegates to Convention II for their leadership and initiative, as well as their involved interest in their Government. I also salute the leaders of Convention II, all of whom serve as volunteers, for giving of themselves to these successful youths of America. My appreciation also goes to the Speaker and Members of the other body who allowed the delegates to convene for their final session on the floor of the House.

Mr. President, I ask that the findings of Convention II be placed in the RECORD.

The material follows:

FINDINGS OF THE 10TH ANNUAL SESSION OF CONVENTION II

CR 366: Relative to establishing a uniform penal code. (Defeated 25-76.)

This resolution sought to establish a uniform penal code in the United States which would make all punishments for all crimes the same throughout the United States. It would also set out uniform definitions for crimes to be used throughout the country.

CR 251: Relative to providing the President with a line-item veto. (Defeated 50-57.)

This resolution would allow the President to veto an item of a bill presented to him by Congress and not necessarily the whole bill. An item would be defined as an appropriations item or non-germane section.

CR 492: Relative to providing for the recall of Members of Congress. (Defeated 29-73.)

This resolution would allow all Members of Congress to be subject to recall by the people of their district or State. It also set provisions for such a recall.

CR 364: Relative to the abolition of the death penalty. (Defeated 43-64.)

This resolution stated that the death penalty would not be imposed by the United States or any State as punishment for any crime.

CR 220: Relative to providing for the direct election of the President and the Vice President. (Defeated 71-37.)

This resolution would change the method of election of a President of the United States from the Electoral College to a popular vote. This would repeal the twelfth Article of Amendment to the Constitution.

CR 171: Relative to securing the right to euthanasia. (Adopted 84-26.)

This resolution secured a citizen's right to and expressed wish for euthanasia. It was further defined as the right to reject the aid of artificial devices for the sustaining of life. A definition of euthanasia was also set forth in this resolution.

CR 412: Relative to establishing a four-year term for Members of the House of Representatives. (Defeated 49-56.)

This resolution repealed Clause 1 of Section 2 of Article 1 of the Constitution and would require that the House of Representatives be composed of Members chosen every fourth year, and that the entire body be elected two years following a Presidential election.

CR 455: Relative to requiring a balanced federal budget. (Defeated 48-55.)

This resolution would require that the budget adopted by Congress be designed so that total outlays are not greater than total receipts. The Congress could provide for an excess of outlays over receipts not to exceed

five percent of total receipts when a two-thirds majority deemed it necessary. In the case of a declaration of war, Congress could vote to exceed the five percent limit if the immediate safety and well-being of the United States citizens are threatened.

CR 352: Relative to the exclusionary role. (Adopted 65-32.)

This resolution stated that the right of people to be secure in their persons, houses, papers, and effects would not be violated, except by peace officers acting under the authority of a warrant issued on probable cause by a detached and neutral magistrate or judge. The warrant would be required to describe the place to be searched and/or items to be seized. No evidence collected under color of such warrants would be excluded as being outside the limits thereof unless the place searched was not described in the warrant.

CR 541: Relative to prohibiting the extension of credit to nations not allied to the United States. (Defeated 15-82.)

This resolution required that all commerce with non-allied nations be conducted on a cash-and-carry basis, and that any credit extended to non-allied nations not exceed three percent of that nation's gross national product. Any credit extended to a non-allied nation would be repaid within three years in precious metals or currency.

CR 202: Relative to permitting naturalized citizens to be President. (Defeated 30-59.)

This resolution made naturalized citizens eligible to the Office of President of the United States so long as that person had attained the age of thirty-five years and had been a resident of the United States fourteen years.

The Rules of Convention II require concurrence of two-thirds of those present for passage. Perhaps the fact that two Resolutions were adopted reflects a national desire for Constitutional change. Or perhaps it merely reflects the Delegates' skills in building durable coalitions and achieving compromises.

The Delegates to Convention II wish to extend their appreciation to the Members of the United States Senate and House of Representatives, who enabled them to deliberate in several historic and inspirational chambers on Capitol Hill. They also offer special thanks to the Speaker of the House for permitting the Final Plenary Meeting to take place on the floor of the House.

The Official Journal of the Tenth Anniversary Session of Convention II will soon be available. For a copy of the Journal, and for further information on Convention II, please call or write: Convention II, P.O. Box 44086, Washington, DC 20026. (202) 544-1789.

Respectfully submitted,

JON ENRIQUEZ,
Convention Secretary.●

CAN DEMOCRACIES SURVIVE?

●Mr. BOSCHWITZ. Mr. President, I ask consent to place in the RECORD a most insightful essay by the distinguished French commentator, Jean-Francois Revel, entitled "Can Democracies Survive." I am confident that the Revel treatise has been read by several of my colleagues, but highly recommend it to all who, like myself, struggle under the load to read and gain insights from the professionals.

This article is a sobering analysis of the systemic vulnerabilities and frailties of democracy in combating communism. Revel's rather philosophic argument and concern for democracy's ability to survive has real-world dimensions for the formulation of U.S. foreign policy.

As the author contends, and I must agree, we "democrats" do tend to ignore, even deny, external threats to our political system, and more often loathe doing what is needed to counter them. We do self-flagellate to excess at times, and assume most of the guilt for all the ills of the developing world.

We will all agree that self-criticism is vital to democracy, but we ought not to assume that we or our policies are always wrong. In this regard, I think Revel has direct application to our policy efforts to defend U.S. interests in Central America. Our recent debate and apparent inability to come to grips with the "threats" issue in this region makes it important that all of us read this article and take a lesson from Mr. Revel.

The essay follows:

CAN THE DEMOCRACIES SURVIVE?

(By Jean-Francois Revel)

Democracy may, after all, turn out to have been a historical accident, a brief parenthesis that is closing before our eyes.

If so, in its modern sense of a form of society reconciling governmental efficiency with legitimacy, authority with individual freedoms, democracy will have lasted a little over two centuries, to judge by the speed at which the forces bent on its destruction are growing. And, really, only a tiny minority of the human race will have experienced it. In both time and space, democracy fills a very small corner. The span of roughly two-hundred years applies only to the few countries where it first appeared, still very incomplete, at the end of the 18th century. Most of the other countries in which democracy exists adopted it under a century ago, under half a century ago, in some cases less than a decade ago.

Democracy probably could endure if it were the only type of political organization in the world. But it is not basically structured to defend itself against outside enemies seeking its annihilation, especially since the latest and the most dangerous of these external enemies—Communism—parades as democracy perfected when it is in fact the absolute negation of democracy, the current and complete model of totalitarianism.

Democracy is by its very nature turned inward. Its vocation is the patient and realistic improvement of life in a community. Communism, on the other hand, necessarily looks outward because it presides over a failed society and is incapable of engendering a viable one. The nomenklatura, the body of bureaucrat-dictators who govern the system, has no choice, therefore, but to direct its abilities toward expansion abroad. It is also more skillful, more persevering than democracy in defending itself. Democracy tends to ignore, even deny, threats to its existence because it loathes doing what is needed to counter them. It awakens only when the danger becomes deadly, imminent, evident. By then, either there is too little time left for it to save itself, or the price of survival has become crushingly high.

In addition to its external enemy (once Nazi, now Communist), whose intellectual energy and economic power are primarily destructive, democracy faces an internal enemy whose right to exist is written into the law itself.

Totalitarianism liquidates its internal enemies or smashes opposition as soon as it arises, it uses methods that are simple and infallible because they are undemocratic. But democracy can defend itself from within only very feebly; its internal enemy has an easy time of it because he exploits the right to disagree that is inherent in democracy. His aim of destroying democracy itself, of actively seeking an absolute monopoly of power, is shrewdly hidden behind the citizen's legitimate right to oppose and criticize the system. Paradoxically, democracy offers those seeking to abolish it a unique opportunity to work against it legally. They can even receive almost open support from the external enemy without its being seen as a truly serious violation of the social contract. The frontier is vague, the transition easy between the status of a loyal opponent wielding a privilege built into democratic institutions, and that of an adversary subverting those institutions. To totalitarianism, an opponent is by definition subversive; democracy, for fear of betraying its principles, treats subversives as mere opponents.

What we end up with in what is conventionally called Western society is a topsy-turvy situation in which those seeking to destroy democracy appear to be fighting for legitimate aims, while the defenders of democracy are pictured as repressive reactionaries. Identification of democracy's internal and external adversaries with the forces of progress, legitimacy, even peace, discredits and paralyzes the efforts of people who are only trying to preserve their institutions.

Already besieged by this combination of hostile forces and negative logic, the democracies are also harassed by guilt-producing accusations and intimidation such as no other political system has ever had to tolerate. Like the "industry of vice" that reform groups used to talk about, there is now an "industry of blame"; it promotes the now universally accepted notion that everything bad that happens in the Third World is the fault of forces necessarily and exclusively located in the "more advanced" or "rich" countries, meaning, in almost every case—and for good reason—the democracies.

The major shareholders in this industry of blame are, first, the despots who oppress the peoples of that unfortunate Third World with impunity. Next come the Communist countries, exploiting the underdevelopment abroad that they cannot remedy at home and converting the poor nations into totalitarian military fortresses.

Here too, in what are termed North-South relations, foreign and domestic enemies of democracy are converging; their maneuvers are of no help at all in improving the lot of the poor countries, but they are marvelously effective in undermining the democracies' confidence in their own legitimacy, their own right to exist. The "progressive" support some Westerners give to the worst of the Third World regimes is merely a geographical relocation of what for sixty years was "progressive" support of the Soviet Union and, later, Mao Zedong's China: complicity by a part of the Western Left against the peoples of the less-developed countries and with the tyrants who enslave, brutalize, starve, and exterminate them.

It seems, then, that the combination of forces—at once psychological and material, political and moral, economic and ideologi-

cal—intent on the extinction of democracy is more powerful than those bent on keeping it alive. Democracy is not given credit for its achievements and benefits, but it pays an infinitely higher price for its failures, its inadequacies, and its mistakes than its adversaries do.

Indeed, democratic civilization is the first in history to blame itself because another power is working to destroy it. The distinguishing mark of our century is not so much Communism's determination to erase democracy from our planet, or its frequent success in pursuing that end, as it is the humility with which democracy not only consents to its own obliteration, but contrives to legitimize the victory of its deadliest enemy.

It is natural for Communism to try with all its might to eliminate democracy, since the two systems are incompatible and Communism's survival depends on the annihilation of democracy. That the Communist offensive is more successful, more skillful than democracy's resistance, will be seen by history as just another example of one power outmaneuvering another. But it is less natural and more novel that the stricken civilization should not only be deeply convinced that it deserves to be defeated, but that it should regale its friends and foes with reasons why defending itself would be immoral and, in any event, superfluous, useless, even dangerous.

Civilizations losing confidence in themselves: an old story in history. They stop believing they can survive, because of an internal crisis that is both insoluble and intolerable, or under threat from an external enemy so strong that the only remaining choice is between servitude and suicide. I do not believe democracy is in either predicament, but it acts as if it were in both. It seems almost eager to believe in its own guilt and in the inevitable result of that guilt. Democracy's predecessors hid such beliefs as shameful even when they thought, or knew, they were doomed. But democracy is zealous in devising arguments to prove the justice of its adversary's case and to lengthen the already overwhelming list of its own inadequacies.

Are these inadequacies real or imaginary? Some are real, of course, just as there is real cause to blame specific democracies or the democracies in general for some of the injustice and misfortune in the world. But many of these alleged inadequacies and much of the democracies' responsibility for the world's ills are exaggerated or conjectural or purely imaginary. And besides, are those real faults serious enough to provide moral justification for totalitarianism to exterminate the democracies? And why are the imaginary flaws so widely credited in the democracies themselves, which thus consent to their own calumniation?

If democracy does succumb, it will not be to the sort of internal crisis, an essential lack of viability, that nearly wrecked it between the two world wars. From 1919 to 1939, the democracies seemed to be eaten from within by an irresistible malady that raised a rash of right-wing dictatorships. One after another, they capitulated to authoritarian or totalitarian governments born of their own inability to govern themselves. In Central Europe, almost none of the parliamentary regimes established after World War I were still functioning ten years later. In Western Europe, first Italy went fascist, then Portugal, Germany, Spain. Of the great European powers, only Britain and France remained faithful to democracy, and in France democracy was so feeble, so incoherent, and so beleaguered that there were grave fears for its survival.

The situation now, as the century nears its end, is nothing like that. For the first time since 1922, when Mussolini took power in Rome, all of Western Europe is democratic. The Greek colonels' seven-year dictatorship (1967–74) ended with their fall and a reinforcement of democracy there. In Spain, the Putsch dreaded since 1975 was tried and failed. The most dangerous, most unrelenting attacks against democracy have come from the revolutionary Left: red terrorism in Italy, Spain, and West Germany, and a minority attempt in 1975 to saddle Portugal with a Communist military dictatorship.

Despite these trials, the old democracies have held firm and the new ones have survived and even developed. The laborious effort the Left periodically makes to frighten people with the specter of a neo-Nazi peril in Europe always collides with the brute fact that none of the fascist movements in Europe today has reached party status or has managed to elect a member of any parliament. As for the stupidly inflated notion of an "extra-parliamentary Left" that flourished in Italy and Germany around 1970, it expressed nothing more than the revolutionary Left's inability to seduce enough voters into making it parliamentary.

Yet while democratic institutions are no longer challenged politically from within, the societies, civilization, and values democracy has created are being increasingly questioned. Self-criticism is, of course, one of the vital springs of democratic civilization and one of the reasons for its superiority over all other systems. But constant self-condemnation, often with little or no foundation, is a source of weakness and inferiority in dealing with an imperial power that has dispensed with such scruples. Believing one is always right, even when the facts say otherwise, is as blinding and weakening to a society as to an individual. But assuming one is always wrong, whatever the truth may be, is discouraging and paralyzing.

Not only do the democracies today blame themselves for sins they have not committed, they have formed the habit of judging themselves by ideals so inaccessible that the defendants are automatically guilty. Clearly a civilization that feels guilty for everything it is and does and thinks will lack the energy and conviction to defend itself when its existence is threatened. Drilling the idea into a civilization that it deserves defending only if it can incarnate absolute justice is tantamount to urging that it let itself die or be enslaved.

The same problem has invariably plagued the foreign policy of the democracies in the struggle against Communist imperialism. From the day President Truman declared that "it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressure," the democracies were locked of their own free will into an almost insurmountable bind. For they laid down the condition that to have the right to resist absorption into the Communist empire, a country must be irreproachably democratic. In so doing, the West condemned itself to failure or opprobrium. It became the prisoner of an insoluble, self-imposed dilemma; either it allowed most of the planet to sink under Communist domination, or, too often, it would be called on to protect countries that did not have democratic governments.

The trap was a boon to Communist propaganda, which on this point was widely supported by the liberal Left in the democracies. And honesty does command that any democrat with consistent ideas deplore the hypocrisy of defending human rights and individual freedom while supporting authoritarian governments. The best of these may be no more than relics or revivals of archaic power structures, the worst are violent, police-run fascist regimes, or pseudo-democracies where elections are held only spasmodically; rarely, if ever, are they genuinely faithful to the ideal of the rule of law on which the West claims to base the legitimacy of its diplomacy and its defense.

From the outset, then, the game has been unfair. Strategic necessary is regarded as justification enough for a Soviet presence in another country, or a Soviet alliance with or aid to that country; anyone calling for further excuses is requested, even in the West itself, to mind his own business. A democracy, on the other hand, is not granted the right to defend the vital barricades of its own security unless the democratic imperative is obeyed. If it is not, the West's duty is evidently to cede the territory in question to the Communists who are unhampered by this democratic obligation.

Thus, defending the independence of South Vietnam in the 1960's and 70's was tinged with infamy because the South Vitnamese regime was hardly one of exemplary purity. But the Hanoi regime had no need to furnish guarantees of its purity to win the right to defend itself or to attack its neighbors. Progressive and even centrist opinion throughout the world granted North Vietnam "popular" legitimacy on trust which its history after 1975 did not support, but which its totalitarian and aggressive behavior even before 1975 never seemed to diminish.

Better still: if Moscow's worldwide strategic interests so require, the Soviet Union is allowed to ally itself with traditional-style fascist regimes that dispense with even a facade of progressivism. And the Soviets can do so without bringing down on their heads the vehement criticism that world opinion levels at any democratic nation attempting the same expedient. The Soviet Union and Cuba, for example, loudly took Argentina's side against Britain in the 1982 Falkland Islands war simply because it was obviously in the Kremlin's interest to oppose the Western democracies; suddenly, no one in the Communnist world minded the evil international reputation of the "odious and bloody fascist dictatorship" of the junta in Buenos Aires.

The Soviet Union, then, is licensed by most people to safeguard its economic interests and capitalize on its strategic advantages by realistic links with any government notorious for its disregard of human rights. But we hear only clamor and vituperation when a Western country is cornered into collaboration with South Africa or the Shah's Iran or Turkey.

This double standard gives the Soviet empire an automatic advantage over the West: it not only can defend itself and expand without having to bother about the rules governing the foreign policy of the democracies, but its satellites and clients are also exempted. This is really a two-pronged advantage: although it need not respect human rights at home, the Soviet empire is free to condemn violations, real or fictitious, anywhere else, to exploit them and set its agents to exploiting them. It can even provoke violations, using terrorism to elicit re-

pression in the Western countries or those associated with them.

The Soviet Union, then, enjoys the privilege of being entitled not only to defend its empire, but to enlarge it without being judged on the basis of its subject states' standards of living, social justice, political freedoms, or respect for human rights. When subjugated peoples rise against Communism, the West usually refrains from helping them, thus recognizing the legitimacy of Communist domination in all circumstances. The Communists, on the other hand, recognize the legitimacy of no government outside their empire, least of all in the democratic countries.

Conversely, the democracies suffer the theoretical handicap in their struggle with the Soviet Union of being responsible on all the above-mentioned grounds both for their own behavior and for that of their allies. For example, when military governments took over in Greece in 1967, and in Turkey ten years later, the question immediately arose in the democracies of whether these countries, which had broken faith with democracy, deserved to remain within the Western defense system. But when Poland declared a state of martial law to allow its army to shore up the shaky Communist-party dictatorship, Westerners immediately argued that no real liberalization is possible in a country like Poland because it is a vital strategic zone for the Soviet Union. Yet Turkey is just as essential to the West as Poland is to the Soviets. Driving it out of NATO, or even suspending weapons shipments to the Turkish army (which was done because of the Greco-Turkish conflict over Cyprus in 1974), means opening a fatal breach in the Atlantic alliance's southern flank.

Detractors of the United States and the "free world"—the expression is usually employed as a term of derision, as though there were not really a free world and a slave world—have always maintained that we cannot fight in the name of democracy by consorting with non-democratic countries. And, of course, it would be ideal if the democracies could survive by defending only other democracies. In most cases, however, this moral ideal runs up against local traditions of government or de-facto situations the West cannot easily alter. President Carter's human-rights policy, under which he suspended American aid to the dictatorships in Argentina, Chile, and Bolivia, produced no political improvement in those countries, but the Soviet Union leaped into the breach to increase trade with them. In Iran, Carter hastened the fall of what was certainly a detestably tyrannical regime—which was succeeded by a much worse one.

It takes a profound ignorance of history to blame American imperialism alone for the long Latin American tradition of coups d'état, military dictatorships, civil wars, corruption, revolution, bloody terror, and repression; all this goes back to the very founding of independent states nearly two centuries ago. On the African continent, it is striking that one-man, one-party rule has triumphed almost everywhere, in North Africa and Black Africa, in the former French colonies as in the former Belgian and British colonies, in "progressive" and "moderate" regimes alike. Even such leaders as President-for-Life Kenneth Kaunda in Zambia and Zimbabwe's Prime Minister Robert Mugabe, after opting for multiparty systems when their countries received independence, soon changed their minds on the ground that one-party systems are "more in tune with the African character." Some of the most barbarous examples of internal genocide, like slaughter in Burundi, had nothing at all to do with Western "imperialism"; neither have some of Africa's most monstrous tyrants, such as Uganda's Idi Amin. And for the people of Uganda, the country's "liberation" from Amin by troops from "progressive" Tanzania inaugurated an era of suffering and martyrdom that has been every bit as abominable as the one that preceded it.

In any case, the free world's moral turpitude and political inconsistency are recognized, proclaimed, and condemned whenever it collaborates with largely or wholly undemocratic governments that violate human rights, whether it merely accepts them passively or assists them actively. To escape this contradiction and avoid condemnation before the tribuanal of free-world opinion, the West must therefore deny itself the support, in its struggle against Soviet expansionism, of any country that is undemocratic and disrepectful of human rights. This principle means that the right of the democracies to defend themselves must be subordinated to the conversion of the whole world to democracy. Clearly, this can only lead to the disappearance of what subsists of democracy in today's world.

In short, without always going as far as to approve, we nevertheless consider it natural for the Soviet Union to defend its interest, increase its power, install its henchmen through a craftily spaced series of coup d'état and purges. No one asks these imperialists to make the people they capture happy; no one thinks the Communists can be scolded into retreating. Nor does anyone in the democratic camp recognize his own right—not openly, at least—to fight Soviet imperialism with its own weapons. Instead, the free world again risks being accused of impure complicity with a reactionary "feudal" regime when it defends Saudi Arabia, say, against the undermining and subversion that the Soviet Union and its agents, including the Libyans, have been carrying on there for years. The moral is that the Soviet Union must be allowed to take over the Arabian peninsula unless all the countries there mold themselves to Western democratic ideals, an eventuality I would wish for but scarcely expert, at least in the immediate future which is all that counts.

Also at stake in the immediate or very near future is the fate of southern Africa, especially that of the Republic of South Africa, which has earned the rightful hostility of all defenders of human rights for its official policy of racial segregation. That it should be excluded from all international sports events is not surprising—until we remember that the Soviet Union, the People's Republic of China, North Korea, and Rumania, which have as many or more human-rights blots on their records, do take part in these events.

This is another example of the double standard. But athletics is just a side issue here. What really matters is whether the West should, as the most enlightened and respectable voices of Western public opinion recommend, refuse any political and strategic cooperation with South Africa until apartheid has been eliminated. Considering that, at best, it would take a long time to end racial segregation in South Africa, that the Soviet Union is already strongly entrenched in the region, and that the slow process of reform might be radically accelerated by an uprising of South Africa's blacks, the West might gain little from abandoning South Africa and would certainly be seriously weakened. For, as we know, the sea route around the Cape of Good Hope is the main channel for our supplies of oil from the Persian Gulf. Moreover, South Africa's soils holds most of the world's deposits of rare minerals outside the Soviet Union, supplying most of the metals needed by the industrialized countries.

In other words, if South Africa were to come under Soviet influence, Moscow would control not only its own vast mineral resources, but also those of South Africa and Namibia, where the pro-Communist SWAPO (Southwest African People's Organization) is likely to take power. The Soviet Union would then have a stranglehold on most and, in some cases, all the minerals vital to our industries. It could block oil shipments to us—if it had not already shut them off at the source along the Persian Gulf. That kind of economic power would make the Soviet Union master of the West without recourse to war, nuclear or conventional, in Europe.

The Soviet Union's great strength lies in its freedom to invade areas where history has left the decaying remnants of archaic regimes that are important to the West's security or are sources of vital materials. Never mind that these regimes are replaced, as they always are, by bloodier, more repressive Communist police states and that the change leaves the area's poor more starved than they were before. The Soviets still come out ahead. For local and world opinion perceive the relative advantages of the old regime and the horrors of Communist putrefaction only after the new regime is in power and irreversible.

When the West tries to protect archaic regimes or those of "modernistic authoritarians" like the Shah of Iran from disintegration, or attempts to restrain their abuses, it cannot help seeming to defend the Right against the Left, the past against the future, the billionaires against the poverty-stricken masses. The fact that when the Communist Left overturns the Right it brings with it rampant famine, the camps, and the boat people never works as a preventive. If the West tries to pressure an archaic regime into becoming more liberal, either it is accused of "interference" by outraged nationalists, or its well-meaning proselytizing shoves the country into unforeseeable chaos, as exemplified by the Islamic revolution in Iran. And while the Ayatollah's bloody terror may now be partly anti-Communist for essentially religious reasons, the Kremlin knows very well that in the long run, when the brink of anarchy is reached, Iran may topple into the Soviet camp, but is unlikely ever to tip back into the free world.

The Soviet Union's advantage over the free world is that neither world opinion nor, of course, its own muzzled public expects it to preach to its allies before associating with them, or to hold on to its satellites by any method but sheer force; it is not even required to provide enough food for the peoples it absorbs into its imperial system.

But "international opinion"—the phrase describes part of the free world's public opinion plus Soviet propaganda—will not accept violation of the rules of democracy by the West's friends. Even when such countries as Taiwan, South Korea, Malaysia, and Singapore develop thriving economies that most other nations in the Third World envy and that would bring cries of admiration from the Western Left if they

blossomed under Soviet banners, they are not appreciated. For they have curtailed their citizens's freedom. The socialist regimes, of course, have obliterated freedom without even achieving comparable prosperity.

This inequality of duties that so favors the Communists over the free world, however, prevents no one from turning around and equating the two sides when argument requires it. The technique for doing this seems fair but is in fact disciminatory: it simply consists of lumping the democracies and the Soviets together in inequity.

This technique represents a change of tactics. Almost throughout the 20th century, the politically cross-eyed Left in the democracies has unsheathed its fury only against the crimes of the capitalist world. Around 1970, the amnesia that periodically rejected unsavory disclosures about the Communist world began to show cracks. Tell-tale scars remained after each new cleansing absolution. Soon the mass of facts grew too dense to deny out of hand. At this point a new hoax was devised.

It consisted of admitting the existence of Communist crimes and failures provided these could instantly be matched by equivalents in the capitalist world. Communism was now absolved not because it never sins, but because the democracies sin as grievously. In this new dialectical game, everyone is free, without necessarily being dishonest, to retail the misdeeds and failings of totalitarian Communism, but on condition that we hasten to present their capitalist twins. Any deviation from the rule is immediately vilified as "selective indignation" and earns the severe censure of impartial players.

For example, a doctrinally pure French Socialist, Louis Mermaz, president of the National Assembly since 1981, replied to a reporter's question about the gulags: "I am as horrified as you are by the gulags, which are a perversion of Communism. But I ask that you also condemn that monstrosity of the capitalist system: hunger throughout the world that kills 50 million people each year, 30 million of them children." The retort, remarkable for its speed, is less so for its objectivity. For the parallel is only apparent: the gulags are a "perversion" of Communism, but famine, according to the Socialist leaders, is a product of the basic nature of capitalism. And while the magic of parallelism makes the Communist sin almost venial, that of capitalism remains mortal. Indeed, absolution is usually a one-way grant—to forgive the horrors of Communism. It seems unlikely that, if questioned on famine in the world, Mermaz would have replied with a diatribe against the gulags; he would have protested violently against the shocking malnutrition of some of our fellow humans, and he would have been right. That the gulags exist does not make Third World poverty less morally intolerable. But by what sorcery is the reverse true?

Besides, the magician was using phony statistics. As demographers know, some 50 million people die in the world every year. They can't all die of starvation and three-fifths of them can't be children. The fight against infant mortality in the poor countries has reduced its incidence, which is why their populations are increasing. Nutritionists estimate the number of deaths annually due to malnutrition at 10 percent of the total and this includes the Communist countries, which slightly weakens the indictment of capitalism. Death from starvation in the Communist world may be better hidden, but the victims are just as dead as any others. Mao's successors have confirmed what demographers had already determined from their study of Chinese population patterns: that tens of millions of Chinese died of starvation in 1960–70.

A final objection to the Mermaz comparison: the gulags came into being by deliberate political decisions of Communist governments, whereas historically, capitalism has in fact rid Europe of the periodic famines that plagued it until the middle of the 18th century, as they now do the less-developed countries. Capitalism has even begun to relieve starvation in some of the poorer countries, India and Brazil for example, which now export foodstuffs. Much, enormously much, remains to be done everywhere before all mankind can enjoy the high nutritional standard that not even the capitalist West reached until the 19th century. But this problem has nothing whatever to do with the question at issue: the deliberate creation by an organized political regime of a repressive concentration-camp system that doubles as a system of government.

I am not going here into why industrial capitalism, the first and only system of production that has wrested people from penury and that could perform the same service for those still experiencing penury, is the most decried. Nor will I waste time arguing at length that since the 18th century, the nations where industrial capitalism has developed also happen to be those where modern democracy took root. This does not mean that these countries have kept consistent faith with democracy, or that democracy is found wherever capitalism goes. But it does mean that two centuries of history are witness to a general concomitance between capitalism and democracy. I will only note that this monumental file of evidence has been filched and that the democracies themselves have adopted the Communists' image of the world and their perspective on history.

The falsest and most pernicious characteristic of this image and this perspective lies probably in the antithesis between socialism and capitalism, between totalitarianism and democracy. This functions in most minds as an interpretive grid, even for those opposed to socialism. Its imposition is not the least of disinformation's victories, for this disinformation no longer bears on events, but on ideas: it is philosophical disinformation, a sort of ideological mole that has burrowed into the understanding most of us have of these forces.

Adopting this grid means accepting the principle that any regime that is less than perfectly democratic may be likened to totalitarianism and so loses its right to defend itself against Communism. Since the world is full of governments that are neither totalitarian nor democratic, their futures are sealed. For one thing, because none of the democracies, even those recognized as such, is perfect, and since there are oppressive features to any society, which regime can claim a genuine right to defend itself against Communism? None. And, following the same line of reasoning, if all that need be done to legitimize Communism is to show that capitalism has its faults, its vices and crises, then let world power be turned over to the Communists at once, on the principle that the best way to correct a limp is to cut off both legs.

The real antithesis is not that of totalitarianism to democracy or Communism to capitalism, but of totalitarian Communism to all the rest. Communism is a necrosis of economics, totalitarianism a necrosis of politics, of the body civic and of culture. As a dead society, totalitarianism can be contrasted with countless social forms now and in the past that cannot be called democratic as the term is understood in a few societies today, but which were not and are not dead, either. Medieval Europe, Ming China, African, Polynesian, and American societies before their contact with Europeans, the France of Louis XV and Napoleon III, Elizabethan England, the Spain of Philip IV, India under the Gupta dynasty and the Germany of Kant's day were neither democratic nor totalitarian, but they were all living societies that, each in its own way, created valuable civilizations.

The existence of injustice, persecution, oppression in a group is one thing; for a group to be a negation of human nature in every aspect of its structure and ideology is something else again. This is the group to which totalitarianism belongs. True, today we believe that to fulfill themselves, all societies should aspire to democracy, progress toward it, and finally achieve it. I certainly do. Nevertheless, thousands of social organizations down through history, while not comparable to modern democracies, were not negations of humanity and did contribute elements of civilization to our present patchwork culture.

Unlike capitalism, Communism is not an economic system, it is a political system that must necessarily asphyxiate an economy. We should therefore refuse to lump Communism in with other authoritarian systems or them with it. Totalitarianism endangers not democracy alone, but life itself. Communism is not simply one despotic political system among many, or one inefficient and unjust economic system among others. In normal life, despotism and inefficiency are among the rare qualities that can be corrected, as is shown by all of history—except the history of Communism. To survive, Communism seeks to destroy not just existing democracy, but every possibility of democracy.

Any society of any type in the world today can accede to democracy, with a single exception: Communist society, which cannot go democratic without destroying itself. Understandably, then, totalitarian strategists try to reverse or block this tendency in the still malleable world around them. What is less easy to understand is that they can recruit some of their assiduous disciples from among democracy's guides and thinkers.

But recruit them they do. Broad sectors of public opinion and of the West's political and cultural elite see the democracies as more reactionary, more damaging to the Third World, more aggressive militarily, especially as regards nuclear warfare, than the Soviet Union and its satellites. Westerners who favor an effective nuclear deterrent and a verifiable balance of forces are still viewed as "conservatives,," "right-wingers," "warmongers," or, at best, as "cold warriors." Those "liberals" advocating unilateral disarmament or, at any rate, prior and increasingly juicier concessions to the Soviet Union without reciprocal guarantees are considered generous souls who love peace.

In practice, what these "liberals" are really promoting is an imbalance that would enable the Soviet Union to force its economic and political will on a growing number of countries without going to war, thus enlarging an already spacious orbit. For history teaches us that never, anywhere, have concessions coaxed the Soviet Union into making concessions. From this unhappy

truth, for which they are in no way responsible, the democracies do not conclude that they must change their diplomatic approach, but that they must concede still more.

Indeed, anyone with his ear to the political ground might think the only danger to the West is Western arms and Western diplomacy. For example, the New York Times of April 2, 1983 announced that "An Adverse Impact Among Allies Is Feared After Reagan Remark on Soviet Superiority." That is, the real danger to America's European allies is not seen as possible Soviet military superiority but in America's plan to counter it by reinforcing West European defenses. Any President of the United States visiting Western Europe has been treated to demonstrations so hostile that an unsuspecting spectator would think he were the worst enemy Europe ever had.

True, the people often show better judgment then the elites and the activists. In 1982, a survey revealed that all the peoples of Western Europe except the Spanish thought the growth of the Soviet military potential was more important in explaining international tension than the growth of America's military potential. (This had its clownish side, however: by a margin of 45 percent to 21 percent, the French people believed that American interest rates and the dollar's role in international finance were much more serious causes of tension than the USSR's bulging arsenal.)

Despite an improved and, by 1981, clearer perception of Soviet power, or perhaps because of the realism of that perception, most Europeans, and not just militant pacifists, said that if their countries were invaded, they would rather submit than resist. Asked in another poll, "If the Soviet army entered French territory, do you think the President of France should immediately open peace talks with the Soviet Union?," 63 percent of the French answered "yes," 7 percent favored the use of nuclear weapons; and 31 percent thought France should fight, but without using its nuclear missiles.

Now, one may very well prefer servitude to death. But we can also avoid putting ourselves in a situation in which that grim choice is all that is open to us. Yet the will to avoid such a situation is precisely what the West seems to lack. The relentless Soviet "peace offensive," therefore, has every chance of succeeding, that is, of persuading the West and the rest of the world to accept permanent military inferiority by portraying this as an absolute guarantee against war.

Any normal person naturally hates the idea of war, and, of course, this feeling interferes with proper public information about strategy, as though the information itself were dangerous. But a Soviet "peace" is synonymous with subjugation, for which the West is already being psychologically conditioned, and its continued pursuit will lead by imperceptible stages to a state of undeclared but total satellization. Even economic weapons, not to mention military deterrence, have been forbidden to the West, or rather, the West has forbidden itself to use them. This refusal to apply stern economic sanctions against the Soviet Union must have vastly reassured the men in the Kremlin. And if the West can not longer resort to a credible strategic deterrent or to economic weapons, what is there to prevent the Soviet Union from continuing to trample the sovereignty of other countries, other continents, the whole world?

The practical conclusion Communist leaders draw from Western military and economic passivity is that they can go right on doing what they have been doing. Jean-Francois Deniau, a former cabinet minister under Giscard d'Estaing, quoted a high Soviet official as having told him:

"We took Angola and did not protest. We even saw that you could have beaten us in Angola—the government was on our side, but it was within an ace of giving up—and that you did nothing to win; on the contrary. And when, to save ourselves, we sent in 30,000 Cuban soldiers, Ambassador Andrew Young, a member of the American cabinet, said it was a positive step and an element of stability. All right, we noted the fact and included it in our analyses. Then we took Mozambique. Forget it, you don't even know where it is. Then we took Ethiopia, a key move. There again we noted that you could have replied via Somalia or Eritrea or both. No reply. We noted that and put it into our analyses. Then we took Aden and set up a powerful Soviet base there. Aden! On the Arabian peninsula! In the heart of your supply center! No response. so we noted: we can take Aden."

Throughout the course of relations between the Communists and democratic worlds, the question of which will destroy the other has always been obscured in the democratic camp by advertitious side issues. Communism's leaders have never concealed their belief that this is the only question that counts and that they are determined to answer it with a total Communist victory. No temporary compromise, they feel, can alter the final judgment of history.

If people in the West find if hard to bear this vision of merciless struggle between the two forms of society, if they sometimes drive it out of their minds, it is partly because the socialist cause was forged within the democracies themselves in the 19th century, was one of their offspring that then because an independent component of political life. We have trouble understanding that this offspring's heir presumptive, 20th-century Communism, has assumed the historical mission of destroying the democracy from which it issued. We persist in viewing it as just another political persuasion that may have degenerated, but which can mend its ways, calm down, participate someday in a global concert. To think otherwise, we feel, sins against tolerance. Unfortunately, the democracies are not making the rules in this game. The Communists in no way share their concern for tolerance and the coexistence of systems.

Communism considers itself permanently at war with the rest of the world, even if it must occasionally agree to an armistice. This is nothing to be indignant about. We must simply recognize it; unless we do, we obviously cannot begin taking suitable political countermeasures. The Communists' war is fought in many ways. If necessary, this includes military action, but to communism's leaders, all forms of action are part of this war, beginning with negotiation, at least their very particular notion of negotiation.

In their minds, the aim of negotiation has never been to reach a lasting agreement, but to weaken their adversary and prepare him to make further concessions while fostering his illusion that the new concessions will be the last, the ones that will bring him stability, security, tranquility.

The Soviets' "peace" propaganda, which to them means convincing others not to defend themselves, always overlies a threat of war, of implicit intimidation that exploits our very justifiable fear of an atomic cataclysm. This belligerent demand for peace merely summons the democracies to buy their security with slavery; it is an elaborate way to say "surrender or be wiped out." It has been called "attack through pacifism."

Because in its social system, as in its foreign policy, Communism is meeting increasing disapproval, Communist leaders do not rely much any more on honey to catch their future victims (except, perhaps, in some badly informed Third World countries). Having given up trying to seduce the unwary by pretending to represent leftist ideals, they are stripping off their mask and using pure force. Unlike the Western leadership, which is tormented by remorse and a sense of guilt, the Soviet leaders have perfectly clear consciences, which allows them to use brute force with utter serenity both to preserve their power at home and to extend it abroad.

Many in the West take comfort from the internal weaknesses of Communism—especially its economic inefficiency. But I for one am more frightened than comforted by these weaknesses. A system that has grown so strong despite so many failings, that increasingly dominates the world even when no one wants anything to do with it, at least not the majority of the people in the countries it seeks to penetrate, and that, where it is in power, everyone except the nomenklatura longs to be rid of—this system must nevertheless embody a principle of action and a monopolization of power more effective than any mankind has ever known before. Communism and the Soviet empire are unprecedented in history. None of the classic concepts that make the past intelligible explains Communist imperialism. The Soviet empire does not follow the bell-shaped expansionist curve of previous empires. Yet the democracies persist in believing that it will decline of itself and inevitably grow more moderate.

The truth is, however, that the longer Soviet Communism lasts, the more expansionist it becomes and the more difficult it is to control. Other Communist states, notably Cuba, Vietnam, and North Korea, have shown similar propensities for conquest. It does not follow that because Communism is showing signs of rot and suffers reverses, it will turn to the path of peace. Except when they were disintegrating, few other empires had to deal with as many national and popular rebellions as the Soviet empire has had since 1953. But it has withstood and quelled them without going to pieces. And these difficulties have in no way slowed its expansionist thrust.

Frequently, part or all of a Soviet ruler's reign is scarred by serious setbacks. This happened under Stalin from 1925 to 1935, it happened during the reign of Khrushchev, who for a while seemed to be digging the empire's grave, and in the years immediately following his fall: the break with China, the loss of Albania, North Korean and Vietnamese neutrality in the Moscow-Peking quarrel, insurrections in Poland, Hungary, and Czechoslovakia, Rumania's new standoffishness, cracks in the monolithic Communist International. Yet never did the empire expand so much or so boost its military power as in the years that followed this critical period.

The closer we get to the end of the century, the more Communist imperialism becomes the chief problem of our time. No other threat to world freedom has endured as long. Other totalitarian systems were defeated or simply crumbled with age. In many other unhappy countries that have

been or still are ruled by dictators, democracy and dictatorship—or, at least, adulterated forms of dictatorships (and democracy)—have swept in and out like tides. Only Communist totalitarianism is both durable and immutable.

To the question of what should the non-Communist countries do, I am tempted to answer by turning to Demosthenes. "Some people," he said, "think they can stump the man who mounts the tribune by asking him what's to be done. To those I will give what I believe is the fairest and truest answer: don't do what you are doing now."

This is not as summary an answer as it seems, even to today's problems. What, indeed, can we do? To go on as we have been doing would guarantee the continued advance of totalitarianism, for, as experience has shown, it will not be stopped by its own weaknesses and internal failures.

A second option is based on the hope that the Soviet Union will change its ways voluntarily if we acknowledge its place in the sun and show clearly through concessions that we have no intention of attacking it. Anchored to peaceful coexistence and détente, this option has too adequately proved its harmfulness to warrant further discussion. But since we have yet to scrap it, I can only warn people not to count on it to save us. It will keep us out of war by ushering us into subordination or slavery.

A third choice proposed, reviving—horrors!—the "cold war," which we are so repeatedly admonished not to do, really does not exist, since there has never been a cold war. What is called the cold war has simply been a toned-down version of détente that has certainly not attained its theoretical goal of "containment." The democracies selfishly thought to use detente to guarantee their own security by signing treaties finally and officially confirming the subjugation of the peoples already under Communist dictatorship. In this they have failed. All we have succeeded in doing is abandoning these enslaved peoples to their masters. As he was being exchanged for a Chilean Communist, the Soviet dissident Vladimir Bukovsky found a cruel symbol of this complicity: "The Chekist [secret policeman] who took off my handcuffs, remarked for my edification, 'These handcuffs, incidentally—they're American.' And he showed me the stamp. As though I had waited this long to learn that since the Soviets took power, or just about, the West has been supplying us with handcuffs, literally and figuratively."

Yet this complicity has not brought us the security we expected from it. Never were the democracies more vulnerable, more baffled, more exposed to the blows of Communist imperialism than they were when the so-called détente period ended. The years since 1981 have been especially tragic, with confusion sown in the democratic camp by the Polish and Afghan affairs, by the democracies' gradual but irresistible acceptance of Soviet military superiority despite the more and more threatening, impudently biting, and brutal way the Kremlin talks to them.

Some responsible thinkers are pessimistic enough to believe that the West has become so docile that it can no longer call a halt without risking war. I have reached the opposite conclusion. I am convinced that the Soviets are intent on maintaining their nuclear superiority over Western Europe as a way to increase their pressure on us without being dragged into a general war while gradually disengaging the United States from the continent of Europe. Thus the Western nuclear deterrent remains the principal guarantor of peace it has proved to be for the past thirty-five years. The nomenklatura doesn't want to die either.

Once this first point is well understood, and acted upon, the second article of a worthy foreign policy would be to reply to any Soviet encroachment with immediate reprisals, mainly economic, and to make no further concessions without manifest, equivalent, and palpable counterconcessions. The free world's revised foreign policy must and can have a precise objective: to make the Soviets understand once and for all the irrevocable prior condition for resumption of negotiations and the granting of concessions of any kind is a definitive halt to Communist imperialism everywhere in the world.

Activating this new policy, which really would be no more than a return to normal diplomacy, presupposes an almost total Western intellectual reconversion, sound understanding—at last—of what Communism is and how it works, and a hitherto unprecedented harmonization and coordination of policy among all the democracies. This amounts to saying that while such a new diplomatic departure appears objectively possible, it seems to me highly unlikely because of the intellectual frivolity, indecisiveness, and discord of the men called on to apply it. And that is why I fear that democracy may not survive the closing years of the 20th century.●

SECURITIES SAFETY AND SOUNDNESS ACT OF 1985

● Mr. DOMENICI. Mr. President, on last Tuesday, April 23, 1985, I introduced legislation that would temporarily put an end to hostile takeovers that involve noninvestment quality bonds and restricts the practices of federally insured financial institutions from investing in these so-called junk bonds. Senator CHILES is also a sponsor of the bill and a number of our colleagues have signed up as cosponsors, including Senators ABDNOR, BINGAMAN, DIXON, EAGLETON, EVANS, FORD, KERRY, MURKOWSKI, NICKLES, SIMON, and WILSON.

Yesterday I came across a timely article that lends support to my concerns regarding junk bonds. The Wall Street Journal described Mr. T. Boone Pickens' plans to slash the capital spending and exploration budgets of the Unocal Corp. if his hostile takeover attempt is successful. This is exactly why I am worried. Let us not hastly proceed to sacrifice valuable resources to service unnecessary debt—a projected $9.1 billion in the Unocal case. If exorbitant debt is taken on now we may have difficulties exploring new reserves in the future. We should take heed from Phillips Petroleum, which attributed a 45-percent decline in their posted first quarter earnings to the cost of escaping two hostile takeover bids.

Let me reiterate that I merely suggest caution in our approach to this issue. I hope we will pay attention to the changes happening in one of our vital industries and allow time for careful evaluation of what is going on before we are placed in a precarious position with respect to the future of our economy and energy resources.

I ask that the Wall Street Journal article be printed in the RECORD.

The article follows:

[From the Wall Street Journal, Apr. 30, 1985]

MESA PLAN TO CONTROL UNOCAL SOUGHT CUTS IN BUDGET, DATA SAY

Federal court records in Los Angeles disclose that T. Boone Pickens Jr.'s Mesa Partners II, upon taking control of Unocal Corp., envisioned slashing the oil company's capital spending and exploration budgets to service an indicated $9.1 billion in debt that would result from the takeover.

The plans may not represent Mr. Picken's current thinking, since they preceded vigorous anti-takeover measures by Unocal. The company, in a "poison pill" defense, has said it will add at least $3.6 billion in debt to its books through a large purchase of its shares.

But a confidential financing document circulated April 8 by Drexel Burnham Lambert Inc., Mesa's investment banker, indicates that the group led by Mr. Pickens, Mesa Petroleum Co., chairman, intended to take out an $889 billion bank loans to reduce margin borrowings on which it has bought Los Angeles-based Unocal's stock. Mesa also intended to subordinate the $4.7 billion of debt it would offer for the second half of the company about $4.4 billion in existing Mesa and Unocal debt.

The Drexel document, while still sealed by the court, is described in a memorandum written by U.S., Distict Court Judge A. Wallace Tashima. In the memorandum, Judge Tashima says the document, intended only for Mesa's lenders, described a "materially different scenario" from a public offering document circulated by Mesa on the same day in connection with its $54-a-share offer for Unocal.

It wasn't clear how deeply the Pickens group intended to slash Unocal's spending. But an earlier, internal Mesa memo also filed with the court indicated that Unocal's total capital outlays might be slashed to as low as $230 million in 1992 from $1.94 billion in 1984.

David Batchelder, chief spokesman for the Mesa group, said the projections were based on "the minimum budget required to maintain Unocal's current assets." The projections didn't necessarily reflect the group's actual plans, he said, adding that the document says "actual capital expenditures would exceed" the forecast amounts.●

IN REMEMBRANCE OF THE ARMENIAN GENOCIDE

● Mr. SARBANES. Mr. President, the past several weeks have been a time of remembrance of and reflection on some of the tragic occurrences of the past, as we commemorate the 10th anniversary of the end to American military involvement in Vietnam, the 40th anniversary of the end of World War II and the liberation of the Nazi death camps, and also the massacre of over a million Armenians by the Ottoman regime in 1915, which was discussed on this floor last week. In that connection, I would like to call attention to a

recent editorial in the New York Times paying tribute to the Armenian victims, and I ask that it be printed in the RECORD.

The editorial follows:

THE SORROWS OF ARMENIA

Americans with their scant sense of history must be mystified by the resurgence of Armenians' anger about an atrocity that occurred 70 years ago. Impermissibly, that anger has recently been invoked by terrorists to justify the murder of Turkish diplomats. But fittingly, it also moved Armenians the world over to memorial observances last week. They plead that Turkey at least acknowledge the massacres of their ancestors and that the State Department remove the word "alleged" from its references to the 1915 slaughter.

Turkey's indignant rejoinder has been that acknowledging any official guilt for such remote events would only reward terrorism. But that is not a cogent reason.

What did happen in 1915? Armenians assert that two million of their forebears were killed or driven into exile by the Ottoman regime in an attempt to liquidate a long-persecuted Christian minority. They cite firsthand accounts by American and German diplomats, contemporary press reports, the regime's own records and the testimony of survivors.

They are disputed by Turks on every point. Turks maintain that an advancing Russian Army was inciting rebellion among Armenians, requiring their resettlement. Turkish diplomats single out as objective the scholarly history of Sanford and Ezel Kural Shaw, who give this appraisal:

"Armenians claim that as many as 2 million were massacred, but no counts of the dead were ever taken, and the actual total can only be inferred. These claims are based on the supposition that the prewar Armenian population of the Empire was 2.5 million. According to the Ottoman census of 1914, however, it was at most 1.3 million. Half of these people lived in the areas affected by the deportation, but . . . it appears that about 400,000 people were actually transported in 1915–16. In addition, some 700,000 Armenians fled to the Caucasus, western Europe and the United States, As 100,000 remained in Turkey after the war, one can conclude that about 300,000 died if one accepts the Ottoman census reports, or 1.3 million if the Armenian figures are utilized."

So scholars trusted by Turks put the minimum toll at 300,000. Why then should the State Department call the massacres "alleged"? The official excuse that the numbers are in dispute is obviously not the reason. Turkey is an important ally. Indeed, Defense Secretary, Weinberger has even pleaded with Congress not to strain relations by designating April 24 as a day of remenbrance for Armenian victims. Armenia's sorrows deserve better than that.●

SOVIET JEWRY—EMIGRATION OF TAMARA LIVSHITS

● Mr. GRASSLEY. Mr. President, I rise to call attention to the plight of Soviet Jews through the 1985 Call of Conscience for Soviet Jewry. In an important legal decision, the Circuit Court of the 19th Judicial District of Lake County, IL, granted custody of a child in the Soviet Union to his father who has been residing in the United States for the last 6 years. The official documents were delivered to the Soviet Embassy on April 29. This action coincides with an attempt to persuade Soviet authorities to release both Tamara Tretyakova Livshits and her son, Mark. Tamara is now on the 47th day of a hunger strike which has left her weakened and in precarious health. When Simon Levin, the husband of Tamara, and the father of Mark, was allowed to emigrate from the U.S.S.R. in 1978, he was promised that his pregnant wife would soon be able to follow. However, Soviet authorities have repeatedly refused to grant Mrs. Livshits the promised exit visa.

Levin, who lives in the Greater Chicago area has never seen his son. I know that my colleague from Illinois, Senator DIXON, has written to the Soviet Ambassador asking him to urge his Government to act expeditiously to the court order.

Mr. President, I know that all of my colleagues are deeply concerned about the health and welfare of Tamara and Mark, and that we join with people of will the world over, in urging the Soviets to permit their emigration.

Mr. President, I ask that the article from the Washington Post be inserted at this point in the RECORD.

I thank the Chair.

The article follows:

A RUSSIAN'S HUNGER TO LEAVE—WOMAN FASTS IN EFFORT TO JOIN HUSBAND

(By Celestine Bohlen)

Moscow, April 26.—It is the 40th day of her hunger strike and Tamara Tretyakova can barely walk. When she talks. the effort brings tears to her eyes and her voice trails off into silent dispair.

Tretyakova, 38, has lost 35 pounds since she began her fast March 18 to protest the refusal of Soviet authorities to allow her to go with her 6-year-old son to join her husband in the United States. Her husband, Simon Levin, emigrated from here in 1978 and is now an American citizen, living in Deerfield, Ill.

For six years, Tretyakova has applied, been refused and waited, watching her son Mark grow up without a father. Now he clambers up on the sofa next to her and whispers something in her ear. She listens wanly and gently shoos him away.

"I don't live here; I don't live there; I am not living," she says brushing her short brown hair from her red-rimmed eyes. "Six years is enough, they could have been the best years of my life."

In opting for a hunger strike, Tretyakova resorted to the rarest most dramatic and drastic of all actions available to Soviet citizens who are refused permission to leave for the West. Whether her desperate act will work is questionable. Last November, several Soviet citizens, joined by supporting hunger strikers in the United States, fasted for permission to leave their country. None was granted an exit visa.

Her friends and family worry for her health. She weighs 97 pounds. Her muscles are depleted, aggravating the limp from the polio she had as a child.

She cannot bear noises and has trouble swallowing. When she began her fast, she took rosehip water for its vitamin content, but her stomach could not handle it. Now she has to force herself even to drink water.

On Tuesday, she held a press conference with another hunger striker, Yuri Balovlenkov, now on the 33rd day of a fast also protesting six years of refusals from the Soviet authorities for permission to join his wife and daughters in Baltimore.

A third man, Alexander Pereldik, who began a hunger strike with Tretyakova March 18 in his quest for permission to join his wife and son in Peru, was too weak to join the group.

So far the little group's protests have fallen on deaf ears. But they are determined.

"There is no other way out," said Tretyakova.

Balovlenkov, 36, who has gone on two other hunger strikes during his six-year crusade, has vowed this time to take it as far as he can.

"I will go on fighting until I can spend just one day with his family," he said. "I can't live this way. My family can't live this way."

Every year, hundreds of Soviet citizens marry foreigners, and in most cases, with the proper papers and approvals, they are allowed to leave.

But among those who have married Americans, there is a backlog of about 20 people who for one reason or another have been refused permission to go.

Both Tretyakova and Balovlenkov were told at one point that they would not be allowed to leave for security reasons—she because of her training in aviation technology, he because he once worked in a radio institute.

Since then, as their pursuit of an exit visa has wound through the labyrinth of Soviet bureaucracy, those reasons have receded in time. Twice Balovlenko was promised a visa, but he never received it. Tretyakova's father-in-law was told in February her case would require a "special decision."

Confusion about where responsibility rests in such cases was apparent from the answers Balovlenko received to appeals sent to 95 Soviet organizations, offices, ministries and newspapers in January, the month he had been promised more than two years ago that he would receive a visa.

Of the 95 appeals, five were sent back, 12 were forwarded to the Interior Ministry, which oversees the Soviet visa office, three to the prosecutor's office, one to the Supreme Soviet and one to the KGB, or security forces. The rest were unanswered.

Interestingly enough, it was Socialist Law, the journal of the prosecutor's office that sent the letter on to the KGB.

Both Tretyakova and Balovlenko say the hunger strike was a last resort, an attempt to draw attention to their case in spite of advice from friends who fear that the attention will only back the Soviet authorities into a corner.

Last week, Tretyakova said she got a call from the visa office and was told to come in to their office last Friday. On Thursday, a man came to her apartment. She would not let him in, but through the half-opened door, he told her that there was no point in going to the visa office as long as she continued her hunger strike and continued talking to foreign correspondents.

According to Tretyakova, he also said that if she continued to make noise, she would be expelled from Moscow, apparently to a smaller city.

A week before, on her way to a protest in front of the main visa office in Moscow, Tretyakova and her son were picked up in a car and driven around Moscow, while serveral men tried to talk her out of her hunger strike. She said she told them she would stop when she got a decision.

Since then, Mark, a restless child who watches television and plays with electronic toys sent by his father, has been afraid to go outside. His mother will not allow him to; she worries about what might happen to him.

Last winter, before she began her strike, Tretyakova had decided that if worse came to worst, her husband should take custody of the boy because, she said, "this is no life for him here."

She prepared the papers, and her husband went through American courts to establish custody. They were told that for their son to go to the United States, her husband had to come here to get him.

On Tuesday, her father-in-law went to the visa office and was told that her husband had been denied a visa to come to the Soviet Union.

So they spend the day in her two-room apartment, which she used to share with her sister, brother-in-law and two children until her sister moved her family to their mother's home. The curtains are drawn, filtering out the spring sunshine.

Her family helps with the shopping and cooking for her son; she spends most of the day lying down.

When the tears start, she puts her hand to her mouth, as if to hold the emotion.

"I am just an ordinary woman," she said, "and my problem is so small. I just want to be with my husband and for my son to be with his father."●

ON CONTROLLING CRISES THAT COULD LEAD TO WAR

● Mr. BOSCHWITZ. Mr. President, the tragic killing of U.S. Army Maj. Arthur Nicholson by a Russian soldier in East Germany and the subsequent Soviet agreement and turn-about to accept any responsibility for this brutal act bears witness, in part, to the deep, fundamental differences in our respective value systems. As I see it, the major's slaying is but an extension of the Soviet military behavior so devastatingly demonstrated in the downing of the Korean KAL airliner.

Frankly, Mr. President, it is this recurring Soviet military mindset in crisis situations that worries me the most. Concern about the Soviet propensity to shoot first and ask questions later is heightened dramatically when one thinks of the dangerous possibilities of a nuclear confrontation caused either by an accident or yet another misunderstanding from the Kremlin.

It may be too ambitious to think we can change Soviet behavior, but we must continue to seek creative ways of dealing with the Soviet Union to modify their deadly xenophobic approach to crisis management.

I recently read a very important article on crisis management written by William Ury, a Harvard professor, entitled, "Beyond the Hotline." It appeared in the Washington Post magazine, February 24, 1985. I understand parts of this article appear in the author's new book of the same title. I ask that the Post article be printed in the RECORD at the conclusion of my remarks. I highly recommend it to my colleagues who share my concerns on this subject.

Mr. Ury vividly underscores the vital importance of a rational approach to crisis management between the superpowers. Noting that we have been at the brink of nuclear war five times since 1948, the author outlines various measures we need to take to prevent accident- and error-proned confrontations with the Soviets. Describing the so-called hotline as a crude device for sophisticated communications, Mr. Ury believes present day technology and crisis response times require additional safeguards.

The article extols the value of establishing joint, United States-Soviet Crisis Control Centers to manage and prevent a runaway crisis. In fact, establishing these centers has been supported in the past by Senators NUNN, Jackson, and WARNER. I, too, support such a proposal, and I think we need to push this concept along with other useful confidence-building measures to improve United States-Soviet control in a crisis.

The article follows:

BEYOND THE HOTLINE

(By William Ury)

In the days of King Arthur, Modred, the king's son, rebelled and raised an army to overthrow his father. Two great hosts of knights met on the field of Camlan, but at the last moment father and son decided not to fight. They called a truce and sent spokesmen foward to seek an agreement. Meanwhile, each army, suspecting a trick, stood poised.

Negotiations were proceeding smoothly until a snake, slithering in the grass, suddenly bit one of the knights. The knight cried out and drew his sword to kill it. The assembled armies mistook this as a signal for battle and sprang to the attack. By day's end, all but two of the 100,000 warriors lay dead. King Arthur and his son fought and killed each other, and with them perished Camelot.

Today the United States and the Soviet Union face a similar danger. Each side has marshaled enormous military forces poised to strike. Fearing total mutual destruction, the two sides have been talking, but suspiciously and sometimes very little. Yet a regional conflict, a terrorist act or an accident could ignite a deadly confrontation.

For decades, government officials, military strategists and the public have focused on the danger of deliberate nuclear attacks. "Today," as the late Senator Henry Jackson (D-Wash.) said in a speech two years ago, "it is more and more being recognized that a nuclear war could break out even though neither side wanted it. It could break out not by deliberate intent, but by accident or misunderstanding."

The arms talks, which will resume in two weeks in Geneva, focus on reducing nuclear weapons. Reductions are vital, but they cannot stop human error. "Even the most optimistic arms negotiator agrees that for decades ahead we will be living in a world with tens of thousands of nuclear weapons, a few hundred of which could destroy us," says Robert S. McNamara, secretary of defense under Presidents Kennedy and Johnson and former president of the World Bank. Arms reduction alone won't keep us secure. "Therefore," McNamara says, "improving crisis management is an absolutely essential step toward reducing the risk of nuclear war."

The most uneasy days in the nuclear age gave birth to the first crisis control measure—the so-called hotline. The Cuban missile crisis of October 1962 brought home the lesson that in times of great hostility the leaders of the Soviet Union and the United States must be able to talk to each other. During the crisis the two superpowers had to rely on an American Broadcasting Co. reporter and an open radio broadcast to relay extraordinarily sensitive messages. So on June 20, 1963, Washington and Moscow agreed to install the hotline, a teletype whose Washington terminal is in the Pentagon with an extension in the White House.

Every even hour on the hour an American officer sends a test message, usually light poetry or prose, to his Soviet counterpart in Moscow. Every odd hour on the hour, he receives a message back. The hotline has been used in crises such as the Middle East war of 1967 and the Lebanese conflict of 1982. Last July, American and Soviet negotiators agreed to add to the hotline the capability to transmit documents.

But the hotline is a crude device for sophisticated communications. The time available for leaders to respond to a crisis is shrinking as the flight times of missiles grow shorter, their accuracy increases and each side considers targeting missiles to kill the other's leaders.

There are too many ways an unexpected nuclear crisis could erupt: the superpowers could become embroiled in their allies' wars, a missile might be fired by accident or fly an errant path, a terrorist group might detonate a bomb mistaken for an attack by a superpower.

The growing sensitivity of both Soviet and American warning systems creates a danger in times of crisis that a precautionary alert by one side will set off a similar alert by the other, which will in turn provoke the first side to increase its state of alert, and so on toward war.

Washington and Moscow have instituted safeguards against mistaken use of nuclear weapons, but in time of acute crisis many safeguards may be removed to make weapons more readily usable.

The most worrisome danger of accidental war is the possibility that several unexpected events could occur simultaneously at a moment of severe U.S.-Soviet tension. Each event could interact to produce effects none could by itself. In his 1983 book, The Command and Control of Nuclear Forces, Yale professor Paul Bracken describes such an instance. In 1956, just as the Hungarians were revolting, the British and French tried to retake the Suez Canal from Egypt, and the Soviets threatened to destroy London and Paris with nuclear missiles.

"The headquarters of the U.S. military command in Europe received a flash message that unidentified jet aircraft were flying over Turkey and that the Turkish Air Force had gone on alert in response," Bracken wrote. "There were additional reports of 100 Soviet MiG15s over Syria nad further reports that a British Canberra

bomber had been shot down, also over Syria. (In the mid-1950s only the Soviet MiGs had the ability to shoot down the high-flying Canberras.) Finally, there were reports that a Russian fleet was moving through the Dardanelles . . . The White House reaction to these events is not fully known, but reportedly Gen. Andrew Goodpaster was afraid that the events 'might trigger off all the NATO operations plan.' At this time, the NATO operations plan called for all-out nuclear strikes on the Soviet Union.

"As it turned out, the 'jets' over Turkey were actually a flock of swans picked up on radar and incorrectly indentified and the 100 Soviet MiGs over Syria were really a much smaller routine escort returning the president of Syria from a state visit to Moscow. The British Canberra bomber was downed by a mechanical difficulty, and the Soviet fleet was engaging in a long/scheduled exercise."

If this coincidence had been suggested as a "scenario," it might have been dismissed as too improbable.

Two and a half years ago, the U.S. Arms Control and Disarmament Agency asked a group of scholars at Harvard, including Dr. Richard Smoke and myself, to study the problem of improving U.S.-Soviet control in such crises. We began by examining past tense moments and we asked policymakers in Washington and Moscow these questions: "If you were a leader on the verge of a serious crisis with the other superpower, what might you wish you had discussed beforehand with your counterparts on the other side? What joint institutional arrangements might you wish you had in place?"

Our study had its real beginnings in 1981, when Sen. Sam Nunn (D-Ga.) asked the Strategic Air Command if the United States could recognize a "disguised third-country attack," a nuclear strike by a third nation that deceptively appeared to have come from the Soviet Union. The answer from SAC was not encouraging: it recommended major improvements in detecting such a ruse.

Then Nunn, Jackson and Sen. John Warner (R-Va.) proposed establishing a crisis control center. The idea drew support from such well-known defense specialists as Bobby Inman, Brent Scowcroft and James Schlesinger.

Recent events have pushed the concept closer to reality:

In March 1984, Secretary Konstantin Chernenko called on nuclear powers "not to allow situations fraught with danger of nuclear conflict," adding, "if such a danger exists, [they should] hold urgent consultations to prevent a nuclear conflagration."

In June, the Senate urged the president to negotiate with the Soviets to establish crisis control centers in Washington and Moscow.

In July, agreements were reached to improve the hotline.

In September, President Reagan, speaking to the United Nations, proposed regular Cabinet-level meetings as well as "periodic consultations at policy level about regional problems . . . to help avoid miscalculations [and] reduce the potential risk of U.S.-Soviet confrontation."

In November, the Aspen Institute International Group, which included former European heads of state, called for creating a network of crisis control centers.

The most tangible way to go beyond the hotline is to establish two centers, one in Washington and one in Moscow, each jointly staffed by American and Soviet crisis control specialists. The centers would be electronically linked by telephone, computer, facsimile transmitters and teleconferencing. A dozen military and diplomatic officers from each side would work together at each center, a skilled staff ready on an instant's notice to engage in intensive problem-solving.

Imagine the centers' possible use in a future Middle East crisis. War, let us say, breaks out between Israel and Syria. As in October 1973, the war escalates and Soviet forces prepare to enter the fray. The next day Washington calls a worldwide nuclear alert. That night a nuclear explosion devastates downtown San Francisco.

The president and his advisers face extraordinary uncertainty. Was it the Soviets? The act of a terrorist group? A U.S. weapons accident?

The hotline prints out a message from Moscow. The general secretary disavows any responsibility and offers his sympathies. He says he has directed the Soviet staff at the crisis control centers to cooperate in providing proof it was not a Soviet attack.

Many in Washington are suspicious. Soviet submarines are known to be in waters close to the Pacific Coast. The Pentagon insists on a higher alert. The centers swing into action. A teleconference begins among staff officers in Moscow and Washington. The American officers in Washington and the Soviet officers in Moscow have many lines of communication into their respective military services and intelligence agencies, through which questions and information now pour. The meeting goes on for hours.

Is the San Francisco scenario likely? Not at all. Is it possible? Yes.

Even more useful than such crisis management is crisis prevention. At crisis control centers, the United States and the Soviet Union could act jointly to prevent nuclear proliferation, nuclear terrorism or a nuclear attack from a third nation. A precedent exists. In August 1977, the Soviets tipped off the U.S. government that South Africa was planning to test a nuclear device. A strong but quiet American protest followed, and no test took place.

There is, of course, another side to this. Crisis centers could be misused for intelligence gathering or deception. There is no clear protection for misinformation but there are precedents to guide the wary. For example, the American delegation to the U.S.-Soviet Standing Consultative Commission, the monitoring body for SALT I, independently checks Soviet information for accuracy and uses information filters to protect against intelligence leaks. And in any case, the risk of deception is not significantly greater in a staffed center than it is in any communication medium, including the hotline. Face-to-face communication may offer the opportunity to more effectively challenge statements.

Clearly the arrangement should not depend on goodwill, but as Nunn said: "You don't have to trust the Russians to do this; you only need to make an assumption that they are not madmen, and they will act in their own interests."

There is more that can be done beyond crisis control centers. The United States and the Soviet Union could, for example, negotiate an agreement on incidents involving aircraft.

When a Soviet fighter shot down Korean Air Lines Flight 007 18 months agk, killing all 269 passengers, a wave of outrage spread throughout the world, increasing tensions between the superpowers.

Although no serious escalation took place, the sobering "What ifs?" remained: What if the plane had been American with 269 U.S. citizens aboard? What if the attack had come during severe international tension?

The Korean airliner was by no means an isolated incident. Five months ago an American aircraft carrying 200 passengers drifted 500 miles off course and came within 15 minutes of overflying the Soviet Union's Kola Peninsula near Norway, where the Soviets have supersecret military installations. In December, a Soviet cruise missle went astray, flew over northern Norway and finally crashed in Finnish Lapland.

These two recent examples indicate that as hostile superpowers confront each other around the globe, the triggers for accidental war are many.

There is a promising precedent for creating safety mechanisms against these triggers: the Incidents at Sea Agreement reached in 1972.

The accord was reached because Soviet and American naval vessels and tracker planes follow each other, sometimes dangerously closely, all over the world. In the late 1960s and early 1970s this practice had turned into a game of chicken on the high seas. The intimidating behavior included the aiming of ship guns and missiles at an offending vessel. Since 1972, however, the encounters are much rarer.

Captains in both navies now have rule books that tell them how to communicate with each other and how to avoid accidents. Every six months high-ranking American and Soviet officers meet to review the process. This low-profile professional communication goes on even at times of high tension. Many fear we cannot work with the Soviets. The truth is we already do.

Had an "Incidents in the Air Agreement" existed 18 months ago, when KAL 007 strayed into Soviet airspace, the Soviet Air Defense Command might have immediately queried American experts at the Moscow crisis control center about the nature and mission of the Korean airliner.

Working rapidly the American experts in Moscow might have identified the plane as a civilian 747. They could then have worked together with the Soviets to make radio contact with the plane and direct it to a landing spot for Soviet inspection.

Another step to take beyond crisis centers would be to brief the president extensively on crisis control techniques.

Just before 8 a.m. on June 5, 1967, the telephone rang in Lyndon Johnson's bedroom at the White House. Secretary of Defense Robert McNamara was calling with a message never heard before by an American president. "Mr. President," he said, "the hotline is up. The Soviet premier wants to speak with you."

"Well," mumbled the groggy president, "What should I say?"

The fate of millions might rest on a president's ability to communicate effectively with his counterpart in the Soviet Union during a crisis. There is, moreover, no second chance. Yet, presidents receive little preparation for such a role.

A body of knowledge about crisis management does exist. In part it has been captured in the memoirs of participants in past crises. In part it lies as yet untapped in participants' minds.

On entering office, each new president is briefed on the nuclear options at his disposal. President Reagan in addition once observed a war game that pitted the United States against the Soviet Union in an acute

confrontation over Central Europe. But a president receives no detailed briefing on how to defuse an intense crisis.

The idea of a crisis control briefing is not new. After the shock of the Cuban missile crisis, Walt W. Rostow and McGeorge Bundy decided to organize a "crisis game" for President Kennedy. A date for the game was finally set for early December 1963, but Kennedy was killed a month earlier.

In past crisis, American participants have often wished they knew more about the Soviets. A presidential crisis control briefing could discuss the Soviets in detail: the strengths and weaknesses of the leaders, their systems for making decisions in crisis and their responses to high-risk situations.

The crisis centers, the "Incidents in the Air Agreement," and the presidential briefing, together with the hotline and other measures, would constitute key elements of a "crisis control system" much as fire stations, hydrants, emergency exits and smoke detectors make up a fire control system. Like fires, crises are endemic. Some are accidental, others are deliberate. In either case they can be stopped before they are out of control.

A runaway crisis is the greatest nuclear danger. Like the passengers aboard KAL Flight 007, we are all passengers on a fragile craft vulnerable to the consequences of miscalculation, fear, miscommunication and blunder. Crisis control is one way to step back from the brink.●

POLISH CONSTITUTION DAY

● Mr. SARBANES. Mr. President, this Sunday marks the 194th anniversary of the adoption of the May 3 constitution in 1791, one of the great achievements in Polish history and one of the world's most notable historic documents of political freedom and religious tolerance. Maryland's distinguished Polish American community will honor this important occasion with ceremonies organized by the Maryland chapter of the Polish American Congress, a national organization with chapters in all major cities, at Polish Home Hall in Baltimore on Sunday, May 5. Among those I would like to commend for the time and effort they have given to planning this important event are the officers of the chapter: John F. Pasko, president; Melvin Laszczynski, first vice president; Genevieve Jaworski, vice president; Stephen Giernalczyk, vice president; Robert Rutkowski, vice president; Theresa Violanti, financial secretary; Gertrude Jankowiak, recording secretary; Thaddeus Cwalina, treasurer; and Adam Adams, sergeant-at-arms.

On Polish Constitution Day, we not only commemorate the proud triumph of 1791 when Poland immortalized her people's love of freedom in a democratic constitution, we also gratefully acknowlege the many contributions of the Polish people to America, since the earliest days of our colonial beginnings. In 1608, almost 12 years before the Pilgrims landed at Plymouth Rock, Polish artisans arrived in Virginia's Jamestown, and by the fall of that year had built America's first glass factory. A year later two of these Polish colonists saved the life of the colony's leader, Capt. John Smith and in 1619 these sons and daughters of Poland demonstrated a remarkable dignity and astuteness in refusing to work until they were accorded the same voting privileges enjoyed by the English settlers. Being responsible for the colony's glass and soap factories, their services were essential to the well-being of the colony, and they quickly won their rights, in so doing, to use the words of a scholar on the era, they established themselves "among the first champions of American political freedom."

Citizens of Polish descent continued in this tradition, benefiting America throughout its history. During the American Revolution Thaddeus Kosciuszko and Count Casimer Pulaski rallied to the banner of our new-born country as it struggled for its independence. With the single exception of Lafayette, Kosciuszko was the only foreigner ever admitted to the American Order of Cincinnati, an honorary society of Revolutionary War Officers. Jefferson wrote of him: "He is as pure a son of liberty as I have ever known." Count Pulaski, who was commissioned brigadier general shortly after arriving in America in 1777, recruited and organized an independent corps of cavalry and infantry in Baltimore and neighboring areas. Ordered to South Carolina in 1779, Pulaski's legion arrived in time to repulse a British attack on Charleston. Pulaski himself gave his life for the cause of American freedom when he was shot and mortally wounded during the siege of Savannah.

The proud history of the Polish people in American history is set against the splendor and tragedy of their own history. The Polish Kingdom was a center of culture and influence in the middle ages; in the 16th century Copernicus revolutionized human understanding of the Earth and its universe; in the 17th century King Jan Sobieski and his 40,000 Polish troops turned back at Vienna, on September 13, 1683, the Ottoman invasion of Europe.

The Constitution of 1791, reflecting the principles of our own Declaration of Independence and Constitution, transformed Poland's Government into a democracy, setting an example for freedom-loving men and women of courageous commitment to human rights and individual freedom. The 1791 Constitution abolished class distinctions, established absolute religious toleration, and declared the equality and protection of all citizens under law. The subsequent cynical partition of Poland, which brought this heroic experiment to an end, was a tragedy, not just for the people of Poland but indeed for all of Europe. The emergence of Poland after World War I was a tribute to the courage and endurance of the Polish people and to efforts of such distinguished leaders as pianist and statesman Ignacy Jan Paderewski.

As Americans throughout the land celebrate Polish Constitution Day, we must also reflect on the tragic aspects of Polish history, marred so often by invasion and acquisition—Genghis Kahn's in the 13th century, Turkish aggression over several hundred years, repeated partitioning of Poland which in 1795 completely dissolved the independent state, and since World War II the Soviet domination. A brave people, long recognized for their chivalry and compassion, the Polish people have for generations struggled for liberty, a struggle which led them to carry on their national banner the motto "For Our Liberty and Yours."

In recent years we have seen tragic injustice on the suppression of the broad movement within Polish society toward guarantees of basic human rights and a more open society, a movement both symoblized and led by Solidarity. Despite the brutal suppression of that movement and the suspension of individual liberties, the indomitable spirit of the Polish people survives, as it always has and as it always will.

In joining with Polish Americans throughout our land in commemorating that proud triumph in 1791 when Poland immortalized her people's love of freedom in a democratic constitution, let us recall the noble history of Poland and great contributions of Americans of Polish descent to our Nation. Let us recall that our national heritage is rich with the gifts of the Polish people, and let us hope that we will see again a free Poland, fulfilling its heritage and destiny.●

PROGRAM

Mr. DOLE. Mr. President, I do not know of anything else the majority leader can say that would indicate what would follow the defense vote tomorrow, but I would indicate again, as I have previously, that I hope those who took note of the vote this afternoon on Social Security do not misinterpret the vote. As I reviewed the list of names on that particular vote, I believe there are at least 46 Members who would vote for a 1-year COLA freeze, and that does not include any of the 19 Democrats who voted for a 1-year COLA freeze in the past.

So, I would suggest that though there might be a tendency to overstate the action taken today, this Senator is still very hopeful that in the final analysis we will return to this issue in an effort to reduce the Federal deficit to benefit everyone in this country,

and I hope that that opportunity will arise.

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 10 A.M.

Mr. DOLE. Mr. President, this has now been cleared with the distinguished minority leader.

I ask unanimous consent that when the Senate completes its business today, it stand in recess until 10 a.m. on Thursday, May 2, 1985.

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

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. DOLE. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order on tomorrow, there be special orders in favor of the following Senators for not to exceed 15 minutes each: Senator PROXMIRE, Senator MATSUNAGA, Senator COCHRAN, and Senator EVANS.

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

ORDER FOR ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that following the special orders just identified, there be a period tomorrow for the transaction of routine morning business, not to extend beyond 11:30 a.m., with statements therein limited to 5 minutes each.

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

PROGRAM

Mr. DOLE. Mr. President, following routine morning business tomorrow, the Senate will resume consideration of Senate Concurrent Resolution 32, and pending is amendment No. 46, dealing with reduction in defense spending.

I think I can indicate that the vote on this amendment should follow within an hour or hour and a half after we return to the consideration of Senate Concurrent Resolution 32.

Rollcall votes can be expected throughout the session on Thursday, and the Senate is expected to be in late on Thursday.

I indicate for those who have an interest that on the resolution there are still 11 hours and 22 minutes remaining on this side, 16 hours and 14 minutes remaining on the Democratic side. We still have 27 hours and 36 minutes on the resolution, or just about halfway through the 50-hour period.

On amendment No. 46, the majority leader still has 13 minutes remaining, and the distinguished chairman of the committee, Senator GOLDWATER, has 27 minutes remaining, so that there are 40 minutes on the amendment. The vote, as I have indicated, could come within an hour or 2 hours following return to the consideration of that amendment.

RECESS UNTIL 10 A.M. TOMORROW

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 10 a.m., Thursday, May 2, 1985.

The motion was agreed to; and, at 6:22 p.m., the Senate recessed, to reconvene on Thursday, May 2, 1985, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate May 1, 1985:

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Alexander M. Weyand, [redacted] (age 56), U.S. Army.

The following-named officer under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Charles W. Dyke, [redacted], U.S. Army.

IN THE NAVY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be vice admiral

Vice Adm. James A. Sagerholm, [redacted]/1120, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Kendall E. Moranville, [redacted]/1310, U.S. Navy.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1, 1985:

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

James A. Lastowka, of Virginia, to be a member of the Federal Mine Safety and Health Review Commission for a term of 6 years expiring August 30, 1990.

SECURITIES INVESTOR PROTECTION CORPORATION

Stephen L. Hammerman, of New York, to be a Director of the Securities Investor Protection Corporation for a term expiring December 31, 1985.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Jacob Neusner, of Rhode Island, to be a member of the National Council on the Arts for a term expiring September 3, 1990.

Martha Graham, of New York, to be a member of the National Council on the Arts for the remainder of the term expiring September 3, 1986.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

PUBLIC HEALTH SERVICE

Public Health Service nominations beginning Philip E. Coyne, Jr., and ending Noreen A. Hynes, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on January 24, 1985.